

New ITT Activity

--Trustbusting

Milton Moskowitz

MEET ITT, the trustbuster. That description may shock people who remember the headlines made last year by the giant conglomerate, International Telephone & Telegraph.

There was the shredded memo of Dita Beard discussing Sheraton Hotel's generous offer to help defray expenses of the Republican National Convention.

Sheraton is an ITT subsidiary, and the offer was linked to an antitrust settlement that enabled ITT to retain Hartford Fire Insurance in return for giving up a clutch of other companies, notably Avis-Rent-A-Car, Canteen Corp. and the Levitt homebuilding company.

Then there was the charge that ITT had plotted with the CIA to overthrow the leftwing government of Chile.

Few corporations made the front pages as frequently as did ITT, and reporters digging into the stories sketched the amazing growth of this New York-based octopus.

Between 1960 and 1970 ITT acquired more than 150 different companies. From sales of \$811 million in 1960 it went to \$6.3 billion in 1970. It started the decade as the 51st largest industrial manufacturer. It ended the decade in ninth position.



HAROLD GENEEN A big win

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THAT RECORD notwithstanding, ITT has now emerged as an unlikely ally of Ralph Nader and others who are seeking to deconcentrate U.S. industry. Except in the case of ITT, the fight is not ideological. It's just good business strategy.

The strategy goes back to the founding of ITT in 1920 as a telephone manufacturing and service company. Locked out of the U.S. market by the virtual monopoly of American Telephone & Telegraph, ITT concentrated its efforts overseas.

ITT subsidiaries now make telephones in Germany, Britain, Spain and other countries. And ITT has run telephone utilities in Puerto Rico, the Virgin Islands, Indonesia and several Latin American companies.

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ITT'S BOSS, Harold S. Geneen, non wants into the big U.S. market — and he has picked as his first target the largest non-Bell System, General Telephone & Electronics. And in the first skirmish in this battle, Geneen has won handsomely.

The telephone market in the U.S. may be summed up very simply. Of the 130 million phones in operation, the Bell System controls 105 million or more than 80 per cent. Bell, in turn, buys all of its equipment from its own manufacturing subsidiary, Automatic Electric.

That excludes ITT equipment from 90 per cent of the market and after General Tel acquired Hawaiian Telephone in 1967, Geneen filed an anti-trust action.

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FEDERAL JUDGE Martin Pence upheld ITT's claim and last month he ordered General Tel to divest itself of nearly all the acquisitions it has made since 1950. That includes its manufacturing subsidiaries and five telephone operating companies, including Hawaiian Telephone, Northern Ohio Telephone and Central Iowa Telephone.

Judge Pence congratulated ITT for doing what he said the Justice Department should have done "long, long ago" and he awarded the company legal fees of \$810,000.

General Telephone will certainly appeal the ruling — the divestiture would strip the company of 40 per cent of its total assets — but ITT is now basking in its new role of trustbuster. Perhaps Harold Geneen will even be able to get Ralph Nader to file a "friend of the court" brief to help him open up competition in the telephone industry.