

McCone Defends I.T.T. Chile Fund Idea

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**Denies Company Sought
to Create Chaos to Balk
Allende Election**
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WASHINGTON, March 21—John A. McCone, former head of the Central Intelligence Agency and now a director of the International Telephone and Telegraph Corporation, denied repeatedly today that a fund of \$1-million or more that the company had offered the United States Government for use in Chile had been intended to finance anything "surreptitious."

The willingness of I.T.T. to commit the money to the cause of preventing the election of Salvador Allende Gossens, a Marxist, as President of Chile was apparently made known both to the C.I.A. and to Henry A. Kissinger, President Nixon's adviser on national security. The person who decided to offer the money was Harold S. Geneen, board chairman of I.T.T.

Mr. McCone no longer headed the C.I.A. at the time of Mr. Geneen's original offer, in mid-1970, though he was still a consultant to the agency. He said that as an I.T.T. director he had not been told of the offer until after the first phase of the Chilean election in September, 1970, in which Dr. Allende won a plurality but not a majority.

Dr. Allende was elected by the Chilean Congress a month later and took office in November, 1970. Subsequently he took over business properties belonging to I.T.T. and some other United States companies.

Mr. McCone was testifying today before a special subcommittee of the Senate Foreign Relations Committee that is looking into the activities of American corporations that operate all over the world.

Mr. McCone said that at no time had Mr. Geneen contemplated that the proffered fund of "up to even figures" would be used to create "economic chaos," despite repeated recom-

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The New York Times/Mike Lien
John A. McCone, former C.I.A. head, testifying yesterday

mendations to that effect from various people within I.T.T. and others within the C.I.A.

"What he had in mind was not chaos," Mr. McCone said, "but what could be done constructively. The money was to be channeled to people who support the principles and programs the United States stands for against the programs of the Allende-Marxists."

These programs, he said, included the building of needed housing and technical assistance to Chilean agriculture.

Both Democratic and Republican members of the subcommittee reacted with considerable skepticism.

Senator Frank Church, Democrat of Idaho, the chairman of the subcommittee on multinational corporations, noted that there was nothing in the scores of internal I.T.T. documents in the committee's possession that indicated the money was for such "constructive uses."

Senator Clifford P. Chase, Republican of New Jersey, asked whether the money might not have been intended to bribe members of the Chilean Congress, who had to decide the election, since none of the three candidates had won a majority. Mr. McCone denied this.

Economic Aid Noted

Senator Case noted that the United States had put more than \$1-billion in economic aid into Chile in the decade before the election of Dr. Allende and that he was elected anyway.

"How could a man of Mr. Geneen's intelligence possibly think that \$1-million for these kinds of purposes in six weeks could make any difference?" he asked, referring to the period remaining before the Chilean Congress decided the election. "I have too much respect for his intelligence to think that."

Senator Charles H. Percy, Republican of Illinois, suggested that another way in which \$1-million might have been used to real effect would have been in subsidizing anti-Allende newspapers, which were in financial difficulties.

Other testimony has showed that I.T.T. officials had proposed this, but, according to Hal Hendrix, the company's director of public relations for Latin America, the plan was never approved.

Mr. Hendrix, who was another of today's witnesses, explained that he had proposed doubling the advertising in such newspapers by Chitelco, the Chilean telephone company owned by I.T.T.

But he said this was vetoed by Chitelco officials "and other executives in New York" because they feared the purpose would be too obvious.

Chilean Source Cited

Mr. Hendrix also disclosed that the source of one of the most widely discussed assertions contained in the internal I.T.T. memoranda that have come to light—that in September, 1970, the American Ambassador to Chile, Edward M. Korry, had received a "green light" from President Nixon to do all possible short of military

action to keep Dr. Allende from taking power—was Chilean, not American.

Mr. Hendrix said that the information had come to him from a highly placed member of the Christian Democratic party, which was opposed to Mr. Allende, a man whom he had known and trusted for years.

Mr. McCone disclosed that as head of the C.I.A. he had received offers of financial help, similar to that made later by I.T.T., from various American corporations.

Such offers were infrequent, he said, and had always been "summarily rejected."

A main point in Mr. McCone's testimony was that none of the plans for interfering in the Chilean election—either by the C.I.A. or by I.T.T.—had been approved by the necessary high officials in either the Government or the company.

Propriety Questioned

Senator Edmund S. Muskie, Democrat of Maine, expressed concern, however, that the plans were ever "seriously considered."

"The instinct for returning to such measures in the future will be very strong and that's what concerns us," he said.

Senator Church questioned the propriety of interference by either the American Government or a company in what appeared to be a free election, no matter how much the United States might dislike the outcome.

Mr. McCone replied that "almost two-thirds of the people of Chile were opposed to Allende."

The popular vote in the election had split fairly evenly among the three candidates, with Dr. Allende receiving a small plurality.

Mr. McCone said that his general philosophy about private corporate involvement in situations such as that in Chile was that any action taken should conform with governmental policy. That is what I.T.T. was proposing, he said.

Senator Church suggested that private financing of such activities abroad was potentially so dangerous—partly because it would put the operations beyond Congressional control—that it might be wise to pass a law forbidding it.