

# Panel Says ITT 'Overstepped' in Chile

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The International Telephone and Telegraph Co. "overstepped the lines of acceptable corporate behavior" in seeking covert Central Intelligence Agency intervention in Chile's 1970 presidential election.

So concluded the Senate Foreign Relations Subcommittee on Multinational Corporations in a report yesterday on ITT's unsuccessful campaign to block the election of Marxist Salvador Allende.

Subcommittee chairman Frank Church (D-Idaho) said, however, that there was nothing illegal in ITT's offer of \$1 million to the CIA to finance Allende's opposition in 1970. Church nonetheless said he was "very much disturbed" by the conduct both of ITT and the CIA in Chile.

The report was accompanied by proposed legislation which would make it a crime for an American citizen or resident to offer money to U.S. agen-

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cies in order to influence the outcome of a foreign election. Solicitation of such contributions by government officials would also become a crime under the proposed law.

In the course of the ITT-Chilean affair in 1970 the corporation's board chairman, Harold S. Geneen offered the CIA \$1 million to influence the outcome of the election in Chile. The offer was also made by Geneen through John McCone, a former director of the CIA, who was serving in the dual role of CIA consultant and ITT director when he interceded in the case.

Church said that his staff considered the question of whether the crime of bribery had been committed in the course of the ITT-CIA dealings but concluded that there was no basis for criminal action. The report, he said, is being forwarded to Henry E. Peterson, Assistant Attorney General in charge of the Justice Department's Criminal Division.

"As you know, the Justice Department is a tower of strength these days," Church remarked.

The report of the ITT investigation was mild in language, reflecting disputes within the subcommittee over how hard to censure the CIA and McCone for their role in the case.

Earlier drafts of the report were said to contain stiff criticism of McCone on conflict-of-interest grounds but they were expunged at the insistence of subcommittee members.

On the question of CIA complicity in the efforts to prevent Allende's election, the report said "it was not in the best interest of the U.S. business community for the CIA to attempt to use a U.S. corporation to influence the political situation in Chile."

This criticism stemmed from testimony that the CIA's chief clandestine officer for Western Hemisphere operations, William V. Broe, proposed that ITT help in carrying out a program of economic sabotage in Chile intended to weaken Allende's political position in the Congressional run-off election.

ITT officials testified that they declined to participate in the CIA plan which called for application of credit pressures against the Chilean economy and withdrawal of technical assistance.

ITT's interest in the case was to prevent nationalization of its Chilean telephone company holdings or at least to sweeten the terms of compensation. The corporation and the Chilean government were negotiating on compensation terms when ITT's dealings with the CIA were made public by columnist Jack Anderson in March, 1972. Chile broke off the talks.

The report raised—but did not answer—a series of questions about the role of the National Security Council's "Forty Committee" in the ITT affair.

The Forty Committee, chaired by National Security Advisor Henry Kissinger, is the senior NSC group which reviews covert operations such as those initially proposed by ITT to CIA and later recommended by CIA to ITT.

"Did the members of the Forty Committee adequately consider the possibility that, once having launched the U.S. down the road of covert intervention, other, more direct, measures might have become necessary to insure the desired result: stopping Allende from becoming President of Chile?" the report asked.

The subcommittee heard testimony that the Forty Committee decided against any significant intervention prior to Allende's first election on September 4, 1970. After the initial victory, the senior operations group met again but government witnesses were unwilling to say what was decided at the meeting.

The meeting was followed, however, by the CIA's first overture to ITT for help in economic sabotage action designed to weaken Allende's chances for winning the Congressional run-off the following October. The double bal-

ancing was necessary because of Allende's failure to win a majority in the earlier popular election.

The subcommittee said that the record of its hearings "calls into question the Administration's stated policy that it was willing to live with a 'community of diversity in Latin America.'" President Nixon used that description in his 1971 foreign policy report to Congress.

Since the Foreign Relations Committee has no jurisdiction over the CIA, the report called for a review by "the appropriate congressional committees" of the authorization and conduct of CIA clandestine operations. The Armed Services and Appropriations Committees do have CIA oversight responsibility but both committees have tended to serve as advocates and protectors of the agency's activities.



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