

# I.T.T. Dispute Helps Allende Politically

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— The so-called "Chile papers" purported to come from the files of the International Telephone and Telegraph Corporation have provided a political windfall for President Salvador Allende Gossens.

The 82 pages of documents made public on Monday by Jack Anderson, the syndicated columnist, picture I.T.T., which owned the Chile Telephone Company, as pressuring the United States Government to prevent Dr. Allende, Chile's leftist leader, from taking office after he won the presidential election of Sept. 4, 1970.

From election day until Congress ratified Dr. Allende's victory on Oct. 24, the leaders and newspapers of the Communist and Socialist parties constantly denounced what they said was a plot by the Central Intelligence Agency to keep Dr. Allende from taking office.

## New Campaign Charged

The Government press and television system are now devoting most of their space and time to the purported documents, claiming that they not only confirm the left-wing charges of 1970, but also show that there is a campaign at present to topple Dr. Allende and that the C.I.A. is behind it.

Many of the papers were the work of a private intelligence unit made up of former newspapermen, most of whom had experience in Latin America, employed by I.T.T. The company has extensive investments in Latin America in telephones, communications equipment, manufacturing, hotels and car rental.

"The revelations in the United States of the documents should convince every Chilean that the nation's independence is at stake today," said Jaime Gazmuri, a Social Christian leader and supporter of Dr. Allende.

Last night the Government television channel linked I.T.T. and the C.I.A. to the right-wing plot in which General Rene Schneider, Commander in Chief of the army, was assassinated Oct. 22, 1970, in a bungled kidnapping.

## 25 Await Sentencing

Gen. Roberto Viaux Marambio and 24 other people are in jail awaiting sentencing for sedition in the assassination, which had the effect of solidifying military opinion in favor of the "legality" of Dr. Allende's election by Congress.

One of the purported documents, a confidential report from Robert Berrellez, a former correspondent of The Associated Press hired as a political investigator by I.T.T., said on Oct. 16, 1970, that "Viaux was told from Washington last week not to act."

"As part of the persuasion to wait," it said, "Viaux was given verbal assurances that he would receive material help and support from the United States."

In an editorial today, *El Siglo*, the Communist party newspaper, said that "everything indicates that the C.I.A. has not abandoned its intentions" and that "attempts have been detected to free Viaux" from prison here.

The left-wing organs appear to be trying to whip up public agitation against what *El Siglo* called "the right-wing conspiracy" to overthrow Dr. Allende with foreign support.

*El Siglo* said that the C.I.A. was working against Dr. Allende through the conservative National party, the small Democratic Radical party and the militantly right-wing Fatherland and Liberty Movement.

An immediate result of the left-wing campaign has been the banning by the Minister of

the Interior, Hernan del Canto, of a previously authorized march tomorrow by wives of 2,000 workers at the privately owned paper company that produces most of Chile's newsprint. The march was to be in protest against plans to expropriate the company.

A similar march in December swelled into a protest demonstration against food shortages and against a visit here by Prime Minister Fidel Castro of Cuba. The march had to be dispersed with tear gas.

However, a Government-sponsored labor rally in favor of the nationalization of 91 private industries went ahead today on schedule, causing the opposition parties to charge the Government with discrimination in authorizing public meetings.

The Chile Telephone Company, which has been under Government "intervention," or provisional state administration since Sept. 23, 1971, is on the list of companies to be nationalized.

But the anti-Marxist majority in Congress, led by the Christian Democratic and National parties has adopted a constitutional reform that strips Dr. Allende of the power to extend state ownership by decree and requires a law in each case of nationalization.

This has created the most serious problem yet faced by Dr. Allende in carrying out his program to socialize the "heart of the economy," meaning all basic mining, banking, transport and industrial enterprises, as well as export and domestic wholesale commerce and 3,000 large farms.

#### Congress Session Recessed

Dr. Allende had until last night to veto the constitutional reform, but through a parliamentary device he declared the present special session of Congress in recess for 10 days while the Government negotiates with the Christian Democrats on a compromise.

When Dr. Allende won his plurality of 36.3 per cent of the vote in the presidential election, all foreign and domestic private enterprise here was faced with a crisis.

Nationalization of the Chile Telephone Company, which I.T.T., had operated here since 1930, was part of the program of Dr. Allende's Popular Union coalition. This telephone company, the largest in Chile with 360,000 telephones, was one of the biggest earners in the I.T.T. world system, regularly earning over \$10-million a year.

Two of the former newspapermen employed by I.T.T.'s private intelligence unit, which was set up in the late nineteen-sixties, were Hal Hendrix, who

won a Pulitzer Prize in 1962 for his reporting Cuban missile crisis in 1962, and Mr. Berrellez, who had 20 years of reporting experience in Latin America.

#### Aides Visited Chile

Both were in Chile on several occasions during September and October, 1970, reporting to I.T.T.'s home office in New York on political developments. Most of the I.T.T. documents appear to be confidential reports sent by them during this period.

One development was an economic report to the nation by the then Minister of Finance, Andrés Zaldívar, a Christian Democrat, picturing an economic collapse through the flight of capital from Chile and the loss of foreign credit.

The pro-Allende political coalition denounced the report as part of a "campaign of terror" intended to generate opposition to the installing of Dr. Allende.

This is one of the tactics described in a purported document reporting on a meeting between a representative of I.T.T. and William V. Broe, who was then C.I.A. director for Latin America.

There were frequent private consultations at the time between the American Ambassador, Edward M. Korry, and an informal committee of local managers of United States companies. Participants said that Mr. Korry held the view that if Dr. Allende and his coalition came to power the future for foreign private enterprise in Chile was poor, and that Chile would become a socialist dictatorship.

These sources said, however, that no concerted political action by American enterprises here to prevent Dr. Allende from winning a congressional mandate had been discussed in committee sessions.

As for the possibility that General Viaux, a retired general, would organize a successful military coup against the installing of Dr. Allende, it was believed at that time by United States military advisers that such action would be folly.

The legal tactic for blocking Dr. Allende in the Congress, having a majority vote for Jorge Alessandri, the Conservative independent who was runner-up, was supported by Mr. Korry until the Christian Democratic national directorate, in a decisive test, chose to vote with the Left to elect Dr. Allende. In return, the party won constitutional reforms providing stronger guarantees for press freedom and free labor organization and other measures intended to assure the exercise of democratic opposition.