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Senator Charles H. Percy, left, and Edward J. Gerrity, I.T.T. official, at hearing

I.T.T. Officials in Conflict On Purpose of Chile Fund

NYTimes By EILEEN SHANAHAN

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WASHINGTON, March 22—A clear-cut conflict in the testimony of three officials of the International Telephone and Telegraph Corporation emerged today as a Senate subcommittee continued its inquiry into the company's alleged attempts to prevent the election of Salvador Allende Gossens, a Marxist, as President of Chile.

At issue was the question of what use was supposed to be made of the \$1-million or more that the chairman of I.T.T. offered to the Federal Government in 1970—whether it was for "constructive" purposes or for covert means to prevent the election of Dr. Allende.

Today's hearings also disclosed that I.T.T. officials planned to make a deal with Dr. Allende, after he became President, under which they would be paid full value for the telephone company that

I.T.T. owned in Chile, even if the properties of other American businesses were confiscated without payment.

The idea was to persuade President Allende that he could win world opinion to his side by making a "fair deal" with I.T.T. and that he would then be able to confiscate the properties of the Kennecott and Anaconda mining companies with impunity, using the argument that copper was a basic national resource and in a different category from a telephone company.

The company memorandum that disclosed this plan said that I.T.T. had "handled the situation in Peru" in 1968 on the "same basis." The Government of President Juan Velasco Alvarado seized the properties of International Petroleum Com-

Continued on Page 9, Column 1

I.T.T. AIDES OFFER CONFLICTING VIEW

Continued From Page 1, Col. 7

pany, an Exxon subsidiary, but paid for its take-over of the telephone company owned by I.T.T.

The plan was never put into effect in Chile because the Allende Government broke off negotiations over the purchase of the telephone company after publication of internal I.T.T. documents showing company

plans for interference in the 1970 election.

Among other developments, the subcommittee made public internal I.T.T. documents that bore mainly on the company's attempts to bring pressure on the Justice Department to settle three antitrust suits against the company.

They included a letter from Edward Gerrity, I.T.T.'s senior vice president for corporate relations and advertising, to Vice President Agnew in which Mr. Gerrity said, "I deeply appreciate your assistance" but did not explain for what.

Mr. Gerrity then asked for further help in getting to the then Attorney General, John N.

Mitchell, "the facts" concerning the supposed attitude toward I.T.T. of Richard W. McLaren, then head of the Justice Department's antitrust division. According to Mr. Gerrity, Mr. McLaren was out of step with Administration policies, prosecuting I.T.T. simply because it was big, and more interested in the opinions of Democratic members of Congress than of the Nixon Administration.

The new documents also showed that a summary of them released earlier this week by another Congressional committee may have left a false impression about the involvement of Mr. Mitchell in the I.T.T. antitrust suits.

The summary indicated that Mr. Mitchell had talked directly with President Nixon about the suits, contrary to what he testified last year. The complete documents do not support the implication that Mr. Mitchell discussed the matter with the President.

The newly released documents also contained details about a party that was to be given in 1970 at the farm of Rogers C. B. Morton, now Secretary of the Interior.

Among those who were to be present were Harold S. Geneen, th chairman of I.T.T.; Attorney General Mitchell; Vice President Agnew and his wife; a

White House assistant, Peter M. Winton M. Blount, and other high officials and members of Congress. "You know the reason for this party," John F. Ryan of I.T.T. wrote to his boss, W. R. Merriam, the head of the company's Washington office.

Mr. Morton was a member of the House at the time and chairman of the Republican National Committee.

The newly released memorandum also contained a cryptic notation concerning "Dita and dollar." The reference obviously was to Mrs. Dita Beard, whose internal memorandum indicating that the company was trying to trade financial support for the Republican 1972

convention for settlement of its antitrust suits came to light a year ago. The memo mentioned the necessity "to get some feel from Dita as to what is required" without saying what the money was for.

Conflicting Testimony

The conflict in testimony among various I.T.T. officials that became clear today involved John A. McCone, former head of the Central Intelligence Agency and now a director of I.T.T., Mr. Gerrity, the senior vice president, and Jack D. Neal, the company's director of international relations.

Mr. McCone testified yesterday that when \$1-million was first offered to the C.I.A. in

mid-1970, before the first phase of the Chilean election, it was for "constructive" purposes, such as low-cost housing.

Later, Mr. McCone said, after Dr. Allende had won a plurality but not a majority of the vote in September, the money was intended to finance an anti-Allende coalition in the Chilean Congress, which had to make the final choice of a president.

Today Mr. Gerrity insisted the purpose was always "constructive."

He was asked who made the offer to the Government after the September election and he said it had been Mr. Neal,

who made it to the Assistant Secretary of State for Latin American Affairs, Charles A. Meyer.

Jerome Levinson, counsel to the special subcommittee on multinational corporations, then read back Tuesday's testimony by Mr. Neal on his meeting with Mr. Meyer in which he said "I didn't elaborate" on what the \$1-million would be used for. "We didn't go into it," he said then.

The subcommittee chairman, Senator Frank Church, Democrat of Idaho, suggested that Mr. Neal should be recalled to explain the discrepancy. Mr. Meyer is scheduled to testify next week.