

# ITT Testimony Meets Skepticism

3/23/73

By Laurence Stern  
Washington Post Staff Writer

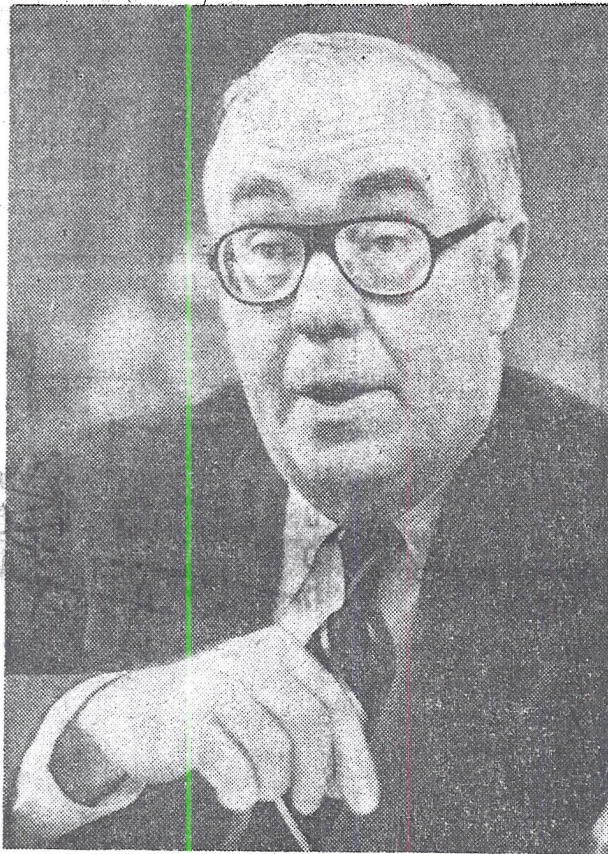
The purpose of a mysterious million-dollar proffer by the International Telephone and Telegraph Corp. to solve its problems in Chile became the subject of sharply conflicting testimony in the Senate yesterday.

Edward Gerrity, ITT senior vice president for corporate relations, told incredulous senators that the 1970 proposal by ITT board chairman Harold S. Geneen was intended to promote housing and agriculture in Chile.

On Wednesday former Central Intelligence Agency director John A. McCone said he had transmitted to the White House and CIA Geneen's offer of a large sum of money to help finance a U.S. government plan to block the election of Chilean President Salvador Allende in 1970.

Gerrity, in his appearance before the Senate Foreign Relations Subcommittee on Multinational Corporations, said he was "baffled" by McCone's account of what Geneen proposed to do with the money. "The first I heard about it was here yesterday," Gerrity testified.

McCone, in his testimony, also alluded to suggestions by Geneen that private money be provided for housing and social purposes in Chile. But he specifically affirmed, in response to questions, that Geneen "told me



By Harry Naltchayan—The Washington Post

**Edward Gerrity: the million-dollar misunderstanding.**

he was prepared to put up as much as \$1 million in support of any government plan for the purpose of bringing about a coalition of opposition to Allende . . . to deprive Allende of his position."

Gerrity's testimony was

also in conflict with that of a subordinate, Jack Neal of ITT's Washington staff.

Gerrity said Neal was dispatched as a "messenger" to convey Geneen's offer of social assistance to the National Security Council staff and the State Department.

But Neal has already told the subcommittee that he conveyed no such proposal either to the White House or State Department.

A former assistant secretary of state for inter-American relations, Charles Meyer, is also understood to have told the subcommittee that no such offer by ITT of humanitarian aid was conveyed to him by Neal.

The key to this conflict in the sworn testimony of McCone and Gerrity will be the testimony of Geneen, who is due before the subcommittee next week. Another witness who may play a crucial role in unravelling the inconsistencies is the CIA's former chief of clandestine services for the western hemisphere, William V. Broe.

By arrangement between McCone and former CIA Director Richard M. Helms, Broe and Geneen conferred in a room at the Sheraton Carlton on the night of July 16, 1970, for the better part of an hour. What transpired in the conversation has not yet surfaced in the inquiry.

On Wednesday, subcommittee counsel Jerome Levinson posed this question to McCone about the Broe-Geneen meeting: "Did Mr. Geneen advise him (Broe) that he was willing to assemble an election fund for one of the Chilean candidates (opposing Allende) and that the fund would be a substan-

See ITT, A12, Col. 1

## ITT, From A1

tial one?" McCone said he was not so advised.

Yesterday, assistant counsel Jack Blum asked Gerrity if he knew of a follow-up phone conversation between Geneen and Broe on July 27. Gerrity said he did not.

The subcommittee is negotiating with the CIA for Broe's testimony on the July 16 meeting with Geneen and any subsequent conversations they may have had. The answers are crucial in defining ITT's dealings with the CIA and perhaps other administration contacts on the controversial Chilean affair.

Immediately at stake in the outcome of the hearings is whether ITT will be entitled to reimbursement from the Overseas Private Investment Corp., a government agency, for Chile's seizure of ITT's Chilean telephone company subsidiary.

If it can be demonstrated that ITT provoked the host government into the confiscation action by its behavior in Chile, the firm would not be entitled to reimbursement of its \$92.5 million claim.

Sen. Clifford P. Case (R-N.J.), upon hearing Gerrity's testimony on Geneen's million-dollar fund proposal, described it as "the cover story for the day."

Sen. Charles Percy (R-Ill.)

exclaimed, "The implausibility of this story is what bothers me . . . These are problems you would take to the State Department and HUD rather than the CIA. It's just unbelievable."

Sen. Edmund S. Muskie (D-Maine) also expressed skepticism. "All the evidence on file suggests destructive rather than constructive purposes," he said.

"It just doesn't make sense," mused subcommittee Chairman Frank Church (D-Idaho). "You could read and re-read and re-read these files and never get the slightest impression that you planned to build houses and offer technical assistance to agriculture."

The memoranda from ITT

field operatives and between Washington and New York allude to efforts to encourage anti-Allende politicians, military figures and newspapers in an attempt to prevent him from getting the presidency in a runoff election by the Chilean Congress after he won by a narrow plurality in the popular election on September 4, 1970.

The Chilean embassy issued a statement yesterday that it was negotiating with ITT to compensate the firm for losses growing out of nationalization of the company. It said it broke off the negotiations only after publication by columnist Jack Anderson of the internal ITT papers describing anti-Allende activities and sentiments of ITT executives.

"While Chile was holding conversation in good faith with ITT representatives in Santiago as well as in Washington, the latter conspired to overthrow the freely elected Chilean government," the embassy said.

The ITT vice president for Western Hemisphere operations, John Guilfoyle, told the subcommittee in response that Chilean authorities were harassing the telephone subsidiary and its employees both before and after taking control of it in September, 1971.

At the request of Church, ITT yesterday provided the subcommittee with documents impounded last October by the Justice Department dealing with meetings between Geneen and former Attorney General John Mitchell on the conglomerate's antitrust difficulties with the Justice Department.

The troubles stemmed from efforts by former Antitrust Division chief Richard McLaren to force the divestiture by ITT of the Hartford Fire Insurance Co., a \$2 billion enterprise, and other holdings.

### *Chilean Paper Sees 'Gangsterism' By ITT*

SANTIAGO, March 22 (UPI)

—A pro-government newspa-

per said today that continuing U.S. Senate hearings had proved "economic gangsterism" by the International Telephone and Telegraph Corp. against Chile.

The government said it was studying the Senate testimony and would comment when the hearings were completed.

The Communist Party newspaper *El Siglo* said editorially

"the hearings have clearly established blackmail and economic gangsterism against Chile." Referring to alleged ITT links with the U.S. Central Intelligence Agency, the newspaper said: "The hearings have also demonstrated, in an absolute manner, that a transnational company headed a movement against Chile with the cooperation of at least one official U.S. agency."