

ITT 'Pressure' on Foreign Aid

New York

The U.S. government allegedly withheld millions of dollars in foreign aid to Ecuador in 1971 and 1972 at the request of the International Telephone and Telegraph Corp., according to the August 11 issue of Business Week magazine.

The pressure was exerted by ITT on the U.S. government to secure a more favorable settlement for its expropriated properties, the magazine said. ITT denied applying pressure to the government.

The big conglomerate

came under attack for its Latin-American tactics last June when a Senate subcommittee said it had "overstepped the line of acceptable corporate behavior" by seeking to enlist the help of the Central Intelligence Agency to influence a presidential election in Chile in 1970.

A government source in Washington said in a telephone interview that ITT had applied pressure in the Ecuador case, and that it had caused a "bitter dispute" in the government.

Various laws and regulations allow, and sometimes

require, the U.S. government to cut off foreign aid or loans in the wake of expropriations of U.S. owned property.

Business Week said that ITT in 1970 had demanded \$1.3 million for the seized properties of its subsidiary, All American Cables and Radio, "but negotiated down to about \$80,000 plus some valuable land."

It said ITT had asked the State Department to invoke sanctions, including cutting off foreign aid and loans, because \$25,000 stood between the company and Ecuador. "ITT was determined to

teach the Ecuadorians a lesson as a matter of principle," one government official said. They were trying to teach all of Latin America a lesson.

"It was the Treasury that adopted the ITT position uncritically," the official added. "It demoralized many of the people at the Agency for International Development."

An ITT spokesman denied that there had been an inflexible \$25,000 or any similar amount. "At issue was whether or not ITT would receive any compensa-

sation at all for its expropriated property."

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