Congress and OPIC Probe ITT's Operations in Chile

By Laurence Stern
Washington Post Staff Writer

The first public inquiry into the clandestine political operations of the International Telephone and Telegraph Corp. against the Allende government in Chile will unfold next month on Capitol Hill.

It is expected to probe deeply into the giant international conglomerate's relationship with the Central Intelligence Agency as well as to raise questions about ITT's own political intelligence operations abroad.

The hearings, which will be conducted by the Senate Foreign Relations Subcommittee on Multinational Corporations, headed by Sen. Frank Church (D-Idaho), will center on abortive efforts by ITT officials in 1970 and 1971 to block the election of Chilean President Salvador Allende and then to topple his government by instigating an economic crisis.

ITT's operations in Chile are also the subject of a companion investigation by the Overseas Private Investment Corp. (OPIC), a government agency that indemnifies U.S. businesses against confiscation by foreign governments. OPIC must decide, under an April 1 contractual deadline, whether to pay ITT a $92.6 million claim to compensate for Chile's seizure of the corporation's Chilean Telephone Company (Chitelco).

A common focus of both inquiries is whether Chile was justifiably provoked by publicly documented efforts of ITT top executives and field operatives to thwart the election of Allende and later to bring about his downfall.

Corporate records detailing the attempted ITT political intervention, and deepening the then-top official for CIA clandestine Latin American operations, were brought to light last year by columnist Jack Anderson.

The CIA official, William V. Broe, met with ITT officials in Washington, New York on a number of occasions, according to the CIA.

See ITT, A4, Col. 1

ITT, From A1

published corporate memora
randa, including at least one
session with ITT president
and board chairman Harold
S. Geneen.

In one of the ITT memora
randa, a "personal and con
fidential" cable sent on
Sept. 29, 1970, to Geneen in
Brussels, ITT senior vice
president E. J. Gerrity re
ported that Broe had visited
him and suggested that ITT help in promoting a pro
gram with other American
businesses in Chile aimed at
"inducing economic col
lapse" and provoking a gov
ernment crisis.

A subsequent Gerrity wire
to ITT's Washington office
indicated that Geneen con
sidered Broe's suggestions
"not workable" and that the
ITT head felt "we should be
discreet in handling
Broe."

The relationship between
ITT and CIA in the anti-Al
lende campaign are crucial
both to the Senate and the
OPIC investigations.

The corporation would not
be entitled to a payoff on its
$92.6 million claim if OPIC
should find that ITT's cov


er political activities in
Chile were on such a scale
as to have provoked the gov
ernment into seizure. But the
intriguing converse of this,
as the OPIC-ITT con
tract reads, is that the com
pany is entitled to full reim
bursement if it can prove
that its activities were car
ried out at the request of
the U.S. government.

And so one of the central
issues upon which the Sen
tate hearings is expected to
focus is the relationship be
 tween Broe and top ITT ex
ecutives. Was Broe provid
ing plans and intelligence to
ITT on his own or on in
structions from his superi
ors in the agency? How did
ITT acquire such close ac
cess to the CIA's top Latin
American official for covert
operations? If the company
merely wanted information,
why wasn't it put in touch
with the intelligence divi
sion which engages in
"open" political reporting and
performs the agency's basic
briefing role for outside
groups and individuals? Did other American compa
nies in Chile have equal ac
cess to the senior U.S. intel
ligence operative in Latin
America?

Former CIA Director
Richard Helms, understandably, declined to dis

cuss the case with a re
porter. He is out of the
agency and on his way to his
new post as U.S. ambassador
to Iran. "It would be inap
propriate," he said.

But on Feb. 7 the Senate
Foreign Relations Commit
tee, on short notice, called
Helms to testify at a closed
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ITT's relations with CIA
came up. "He minimized the
whole episode," said a
knowledgeable official. "The
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One high-ranking govern
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ITT's Harold Geneen, left, is a key figure in probe of his company's operations in Argentina, where it is accused of trying to topple Salvador Allende, right.

to close its doors in Santiago but each day keeps postponing the inevitable. According to my source, we must continue to keep the pressure on business."

Merriam did not name Broe in this memo, but he had been identified in other corporate exchanges as ITT's chief CIA contact. Merriam is now in ITT's Rome office specializing on international trade.

Another uncanny bit of ITT intelligence enterprise was displayed in a "personal and confidential" memorandum on Sept. 17, 1970, to Gerrity from two of the company's field operatives, former Associated Press reporter Robert Berrellez and Miami-based Latin American correspondent Hal Hendrix who won the Pulitzer Prize in 1983 for stories on the Soviet missile buildup in Cuba.

"Ambassador Edward Korry," they reported, "finally received a message from State Department giving him the green light to move in the name of President Nixon. The message gave him maximum authority to do all possible—short of a Dominican Republic type action—to keep Allende from taking power."

Typed over the message was the sentence: "W. R. Merriam—This should be tightly held."

Korry, who is now Washington representative for the Association of American Publishers Inc., is understood to have taken the position with various investigators of the ITT case that Berrellez and Hendrix did not get their information from anyone in the embassy.

Although he declines to comment on the case until the Senate hearings, when he may well appear as a witness, Korry is reliably reported to have taken no issue with the authenticity of the Berrellez-Hendrix wire.

The record of ITT's attempted interventions in the Chilean domestic political situation shows that the company approached such highly placed Nixon administration officials as national security adviser Henry A. Kissinger, then-White House Assistant for International Economic Affairs Peter G. Peterson and former Attorney General John N. Mitchell.

Kissinger sent a letter that amounted to a polite brush-off, promising to refer the matter to his staff. Peterson had lunch with Geneen, after which Merriam submitted to the White House (on Oct. 1, 1971) an 18-point program of economic warfare designed to bring down the Allende government within six months.

There is no evidence that the administration took ITT up on its suggestions, although American economic aid, as well as World Bank and Inter-American Bank financing for Chile, was sharply curtailed after Allende took power.

To defend its interests in the forthcoming Senate hearings ITT has retained the law firm of Covington Burling in Washington and Gilbert Segall and Young in New York. It has also tried to recruit additional counsel with "liberal Democratic credentials," according to one prominent Washington lawyer, presumably to keep an open line to subcommittee chairman Church.

The case has important implications for OPIC and its program of insuring American companies against foreign confiscation. Never before has the "provocation" issue arisen as dramatically as in the ITT affair.

This may well be the basis upon which OPIC makes its decision whether or not to pay ITT's damage claims. How much does a U.S. company have to do to put itself in bad order with a host government before it disqualifies itself from indemnification? And did ITT reach that threshold in its Chilean activities?

Last Dec. 4 Allende went before the United Nations General Assembly to attack ITT, which he described as "a gigantic corporation whose capital is larger than the national budgets of several Latin American countries put together."

Said Allende: "Before the conscience of the world I accuse IT&T of attempting to bring about civil war in my country, the greatest possible source of disintegration of a country. That is what we call imperialist intervention."

On March 4, Chile will hold its presidential elections and Allende is seeking another term in the presidency. And by April 1 ITT has every expectation of getting its money back. It has so told its stockholders.