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Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)

Identificador Archival:	frus:frus1969-76v21/d322
Agencia Emisora:	NSC / Casa Blanca
Fecha del Documento:	1973-03-16
Colección / Serie:	FRUS 1969–1976, vol. XXI: Chile, 1969–1973

Nota de Archivo: *Washington. Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Secret; Exdis.*

The Church Subcommittee Hearings on Multinational Corporations: Chile–ITT

The SFRC Subcommittee on Multinational Corporations begins its investigation of ITT and USG activities in Chile with an Executive Session on Friday, March 16 at which Mr. McCone and Mr. Geneen of ITT will testify. The focus of these hearings will be the allegation in the Jack Anderson column in March 1972 that CIA representatives requested ITT to take actions injurious to the Chilean economy as part of a U.S. program to prevent the election of President Allende in 1970.

Six days of public hearings are scheduled, March 20–22 and 27–29. Secretary Rogers and Charles Meyer have been asked to testify on March 29 and Ambassador Korry will appear on March 27. A number of ITT officials, other U.S. businessmen, Peter Peterson and Jack Hennessey reportedly have also been requested to testify. The Committee staff has further advised that we will receive a request to bring Ambassador Vaky from Costa Rica to testify concerning his contacts with ITT while he was on the NSC Staff and that we will be asked to produce the file of cables between Embassy Santiago and Washington.

Charles Meyer has agreed to appear. It is expected that neither Secretary Rogers nor Ambassador Vaky will testify, and we do not plan to release the cable file to the Committee. Although we will make every effort to avoid confrontation with the Committee, it may well be necessary to request the President to invoke Executive privilege with respect to communications with Embassy Santiago and internal proceedings of the Government, particularly in the Forty Committee. These issues could come to a head during Ambassador Korry's testimony on March 27.

CIA is attempting to work out a procedure with Senator Church to answer written questions in writing.

ITT has requested consultation with the Department with respect to its testimony as to the CIA–ITT conversations. CIA counsel have been in touch with ITT counsel and we have suggested to CIA that they respond to ITT's request for consultation in that channel.

A central question is OPIC's decision whether to pay ITT's $92.5 million claim for the OPIC insured assets of its Chile Telephone Company taken over by the Allende government. OPIC management proposes to deny the claim on the grounds that ITT activities disclosed by the so-called "Anderson papers" were in breach of its contract and prejudiced OPIC's rights. The company presumably would resist such a finding in arbitration on the theory that it did nothing improper in Chile, that it rejected the suggestions allegedly made to it by USG officials or, alternatively, that anything it did was at the request of the USG. OPIC has scheduled a meeting of its Board of Directors for March 19 to take a final decision on the

case.