

4 April 1972

Note to JMM for Wednesday's morning meeting:

John Goldsmith called today about a New York Post editorial and a Tom Ross article (copies attached) both of which indicate that John McCone is expected to support the Cooper bill to "share intelligence information" with the Congress. Goldsmith was interested in whether there was any basis for these articles.

What concerns him most is the reference that since the Administration is opposed to the bill and Dick Helms as part of the Administration could not speak contrary to the Administration's position and the fact that former CIA Director's tend to stick together suggests that support of the bill by McCone could be construed as support from the intelligence community.

I told Goldsmith I could find no basis for these articles and could only speculate that enterprising newsmen--seeing McCone's name on a list of prospective favorable witnesses on the bill--have concluded he will support it. Goldsmith is inclined to accept this explanation and said Ross' article leads one to this conclusion also. (I have not seen Ross' piece as of the writing of this note.)

I queried [redacted] on this with negative results,

but [redacted] feels the Director would be interested in Goldsmith's call.

GLC

COMMUNICATIONS

ITT's public relations fiasco

Despite the welter of testimony and newspaper stories implying questionable relations between International Telephone & Telegraph Corp. and the Justice Dept., the Central Intelligence Agency, and the White House; there has been no concrete evidence yet produced of any illegal conduct. Still, the publicity has damaged ITT's public image. Even sophisticated businessmen and investors are talking of the damage done to the reputation of business in general, describing ITT's recent conduct as arrogant and conscienceless. At midweek, the common stock hit a low for the year.

ITT is caught up in a full-fledged public relations fiasco, with an unaccustomed spotlight beaming on the office of Edward J. Gerrity, Jr., senior vice-president for public relations. Gerrity, 48, a onetime Scranton (Pa.) newspaperman, oversees ITT's far-flung corporate relations staff, including public relations, advertising, and dealings with government agencies. Dita Beard, the lobbyist whose alleged memo about the company's contributions to the San Diego Convention Bureau started the brouhaha, works for Gerrity.

The credibility. Gerrity's operation, which has a staff of 51 worldwide, has had a reputation for being effective but heavy-handed.

In 1967, for instance, three Washington reporters covering the Federal Communications Commission hearings into ITT's proposed acquisition of American Broadcasting Co. testified that ITT public relations staffers pressured them for better treatment. Eileen Shanahan, a *New York Times* reporter, said that Gerrity "badgered" her, and she later claimed that ITT asked a former employer about her character. Now, shredded documents, discrediting medical testimony, and ill-advised memoranda have all combined to make things look very bad for ITT.

When columnist Jack Anderson published alleged ITT internal memos implicating ITT in a scheme to block the election of Chilean president Salvador Allende, ITT public relations issued a statement describing as "without foundation in fact" Anderson's claim that the conglomerate "had participated in planning any plots or coup against him [Allende]."

Yet former CIA director John A. McCone, a member of the ITT board of directors since 1966 and a member of its executive committee, this week confirmed that moves against Allende had indeed been discussed at ITT. McCone says that he was consulted and that the

company told the U. S. government, "If you have a plan, we'll help with it." Far from disavowing the authenticity of the memos published by Anderson, McCone says "those were staff." And he adds that suggestions of "economic repression" measures were "prudently, properly, and firmly rejected by Geneen and his operating people." McCone adds that ITT Chairman Harold S. Geneen and he are filled with "regret at the way that the memos were written and the way they have been read by the press so that our true policy has been distorted."

The image. The way they are being interpreted by the press is, of course, a problem for globally ambitious ITT, as well as for "Ned" Gerrity. What he and



ITT's statuette: A *manneken pis* for members of The Brussels Boys Club.

his staff think of it all is unknown, for Gerrity is refusing interviews "on the advice of our lawyers."

ITT is not a corporation known for hiding its light. Each year several hundred journalists, ranging from financial writers to police-beat hacks, gather at Manhattan's St. Regis Roof for a bash that ITT's public relations department calls "The Brussels Boys Club." The tone of the evening is set by a replica of Brussels' famed *manneken pis*, which directs a potable stream into the glasses of thirsty guests. "Members" get statuettes of the *manneken*.

The emphasis on Brussels is crude but apt. The giant ITT always has one eye fixed on 11 Boulevard de l'Empereur in Brussels, headquarters

of ITT-Europe. In 1971, Europe accounted for \$3.1-billion of ITT's total corporate sales of \$7.3-billion. Just last week, the 11-man executive committee of the ITT board flew to Brussels for a special presentation by ITT-Europe. Notably absent were Chairman Geneen and Gerrity, both preoccupied with the hearings in Washington.

Hanging over the meeting was the big question: Will the publicity tar the company with the image of a string-pulling, cloak-and-dagger operation?

Foreign affairs. If ITT's image is hurt in Europe, it could not come at a worse time. The now-famous deal it struck with the Justice Dept., which allowed it to retain Hartford Fire Insurance Co., set a limit of \$100-million on the size of a company it could acquire domestically. In effect, this means that ITT will have to look abroad—especially to Europe—for large acquisitions, and in Europe a favorable government attitude is a prerequisite.

A former ITT manager overseas concedes that marketing and politics go hand in hand in Europe. There is intense expense-account wooing of postal, telephone, and telegraph officials. And the same tender, loving care is devoted to selected French deputies and Spanish *deputados* as ITT lavishes on U. S. congressmen.

ITT also recruits influential allies. The board of Bell Telephone Mfg. Co., ITT's big Antwerp unit, includes former NATO Secretary-General Paul-Henri Spaak, while the late UN Secretary General Trygve Lie was a director of ITT-Norway. Such tactics apparently work: In the last 15 months, ITT has acquired six companies in four countries.

Foreign troubles. In Latin American operations, administered from New York, the experience has not been so happy. Foreign ownership of telecommunications systems there is out of style. Peru and Ecuador nationalized ITT subsidiaries in 1970, and even friendly Brazil declined to renew the franchise of ITT World Communications.

For all its overseas interests, ITT is not averse to waving Old Glory. For example, when Charles de Gaulle forbade an ITT subsidiary to ship highly secret radar installations to Vietnam, a former executive recalls, "We just slipped the blueprints to the CIA."

Public relations is a management problem, and the current image crisis at ITT is a serious blow to Harold Geneen's reputation for tight controls. An ITT public relations handout quotes a magazine evaluation of Geneen as "the greatest businessman," yet ITT's public relations operations somehow slipped from his grasp. Now, Geneen faces hearings this fall by the Senate Foreign Relations Committee, looking into the influence of multinational corporations on U. S. foreign policy.

A Matter of Intelligence

Diplomatic dealing and higher-level statecraft often require attentive alertness, but it has sometimes happened that even the most astute leaders outsmarted themselves because they underestimated their own intelligence.

Successive recent Presidents of the United States, for instance, either discounted or downgraded perceptive professional intelligence estimates about Vietnam—the dismal details are fully recorded in some of the Pentagon papers—and it is clearly lamentable that some of the more prescient counsel went no further than the files.

There are many such reasons why the Central Intelligence Agency's anal-

yses of various foreign policy problems should be more widely accessible, and some of the organization's unhonored prophets seem to agree. Former director John A. McCone is apparently speaking for them as well as himself in supporting a pending bill that would provide key Congressional committees with CIA estimates and even some special surveys.

Since the American public is paying for this advice, its representatives are fully entitled to more than a fleeting look, and it is quite possible that far better informed Congressional opinion would result—whatever the prevailing view at the White House.

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MAR 29 1972

Doubt Congress can defy Nixon on CIA data

By Thomas B. Ross
Sun-Times Bureau

WASHINGTON — Sen. J. William Fulbright (D-Ark.) and a former official of the Central Intelligence Agency expressed doubt Tuesday that Congress would be able to pry loose the CIA's secret intelligence reports from the Nixon administration.

Fulbright, chairman of the Senate Foreign Relations Committee, opened the hearings on a bill that would require the CIA to give its estimates to Congress as well as the White House. After disclosing a State Department letter declaring the administration's opposition to the bill, Fulbright indicated he was pessimistic about the prospects of overriding a Presidential veto.

The first witness, Chester Cooper, a former CIA, White House and State Department intelligence analyst, said he doubted an OK would be forthcoming until the administration was convinced the CIA's secrets would be protected by Congress.

"Frankly," he testified, "I think the Executive does not want you to have this information. Unless the issue is faced squarely, you are going to get very sanitized, thin, harmless information. You'll get a lot of bulk but not much nourishment."

Cooper and Herbert Scoville, former head of the CIA's re-

search division, insisted the administration's fear of leaks was unfounded but, nonetheless, very real.

Scoville argued that the CIA has been providing secret reports to the Joint Committee on Atomic Energy for more than 20 years without any leak of security information. But Cooper pointed out that "few of the AEC issues are politically contentious," while most of the Foreign Relations Committee's are.

The bill, sponsored by Sen. John S. Cooper (R-Ky.), is designed to give key Senate and House committees the type of secret information that will allow them to judge whether the President is following the best intelligence advice.

Fulbright said his experience over the last 10 years has been that the "reports of the CIA have proved more accurate than any other estimates."

Sen. Frank Church (D-Idaho) suggested the State Department opposed the bill because it wanted to make "administration stooges" of key members of Congress.

Church joined Sen. Charles H. Percy (R-Ill.) and the five other committee members present in supporting the bill. But he contended that an even more important issue was how to stop the CIA from "military and paramilitary" operations around the world. He said Congress had never received a

satisfactory answer on the statutory authority under which those operations are conducted.

Percy said the CIA had proved more valuable to him than any other source of secret information but said he was still appalled at how little senators are told about vital questions. He confessed to voting wrong on the supersonic transport and the antiballistic missile because of "fallacious" information.

The State Department letter argued that the bill would undermine the secretary of state's role as the President's chief adviser on foreign policy, violate the separation of powers between the executive and legislative branch and risk violations of security. Fulbright dismissed the department's response as "about as weak a letter as I've ever seen."

Scoville and Chester Cooper agreed on the charge that there was no merit in any of the department's arguments. Cooper went so far as to suggest that the administration was making a "conscious effort to confuse."

McCone backs bill to give Congress CIA reports

By Thomas B. Ross

Sun-Times Bureau

WASHINGTON — John A. McCone, a former Central Intelligence Agency director, has endorsed a bill that would require the CIA to turn over its secret intelligence reports to Congress.

His endorsement indicates that the CIA has abandoned its long-standing opposition to the circulation of its secrets outside the executive branch.

Aides to the Senate Foreign Relations Committee reported Monday that McCone had committed himself to testifying in favor of the bill during hearings starting Tuesday. The aides said the Nixon administration had registered its opposition to the bill, thereby preventing the current CIA director, Richard M. Helms, a presidential appointee, from taking a position on it.

Indirect support

But McCone's testimony is sure to be interpreted as indirect CIA support of the bill. Former directors of the agency, a loyal and tightly knit group, rarely, if ever, take a public position that the incumbent director opposes.

The bill was introduced by Sen. John Sherman Cooper (R-Ky.) last July, shortly after the New York Times, the Washington Post, the Sun-Times and other newspapers published the Pentagon papers. The papers revealed that the CIA consistently expressed a skeptical view of Vietnam from the Truman to the Nixon administrations. Cooper and other senators argued that Congress might have blocked the deep U.S. involvement if it had received the intelligence estimates.

Regular reports

Cooper's bill would require the CIA to make regular re-

ports to the Foreign Relations Committee, the Senate Armed Services Committee, the House Foreign Affairs Committee and the House Armed Services Committee. It also would require the CIA to provide special information on request.

Tuesday's witnesses will be Chester Cooper, former intelligence analyst for the CIA and the White House, and Herbert Scoville, former head of the CIA's research division.

Sec. of State William P. Rogers, who has asserted the right to testify for the CIA, has been asked to appear after the Easter recess to present the administration's position. He may send a subordinate but presumably not Ray Cline, head of the department's bureau of intelligence and research.

An ITT director

Cline, a former deputy CIA director for intelligence, recently told the committee that he favored the distribution of CIA reports to Congress, provided the "sources and methods of intelligence gathering" were not jeopardized. Cooper insists that his bill provides adequate protection.

McCone is scheduled to testify next month. It may be the first in a series of appearances before the committee. As a director of the International Telephone & Telegraph Corp., he is a potential witness in the committee's planned investigation of the involvement of major corporations in U.S. foreign policy.

According to memos released by columnist Jack Anderson, McCone was given reports on ITT negotiations with the CIA to devise a plan for blocking the installation of Salvador Allende, a Marxist, as President of Chile in 1970.

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TRANSMITTAL SLIP		DATE <i>4 April</i>
TO:	[Redacted]	
ROOM NO.	BUILDING	
REMARKS: <i>We're sending you another copy of both the NY Post & Business Week articles.</i>		
FROM:	[Redacted]	
ROOM NO.	[Redacted]	[Redacted]
<i>1704</i>		
FORM NO. 241 1 FEB 55	REPLACES FORM 36-8 WHICH MAY BE USED.	(47)

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