

Naomi Fowler: Salvador Allende was president of Chile from 1970 until his death in 1973. On the 11 September that year, Allende was removed from power in a coup by the military. The coup was eventually revealed to have been supported in various ways by the CIA. The cause of Allende's death is still disputed to this day.

Before the coup, Jack Blum was investigating the behaviour of a particular US telephone company:

Jack Blum: ITT, International Telephone and Telegraph was a very large and very powerful conglomerate.

Naomi Fowler: This is The Corruption Diaries from the Tax Justice Network. I'm Naomi Fowler.

Jack Blum: It had been a large and powerful conglomerate for a long time, going back to the period before World War 2. They owned the Chilean telephone company. And when Allende came to power, the telephone company had been nationalised and as a result, ITT was out of the telephone business. They were, to say the least, upset about it. And the question was, had they been involved in trying to throw the election in Chile to prevent Allende from coming to power? Now it's important that this is before the coup, but still it was an attempt to throw an election in a foreign country.

ITT had a long and chequered history. There's a book by Anthony Sampson that goes into that history called 'The Sovereign State of ITT' that lays out the way ITT positioned itself in World War 2, so that if the Germans won, it would be a German company, if the Allies won, it would be an American company. They were investigated and kept under surveillance because they controlled the cable and telephone traffic between Latin America and the United States. The problem during World War 2 was that the ITT people were on the sly furnishing information off the cable traffic to the Germans about cargos that were coming from Latin America to the United States. And the Germans were in turn using it to get their U boats in operation to sink the ships. So, the U.S. monitored that and did their best to disrupt what ITT had been doing to position itself in the war.

So we were going to, among other things, initially investigate did ITT mess around with the Chilean election and what was going on in that affair? Along with that, we were to look very closely at a program called OPIC, the Overseas Private Investment Corporation, and that was something that was set up by these development economists who told the U.S. government that it would be a good idea if you want to encourage foreign investment in developing countries to insure those companies in case they were nationalized or in case they couldn't convert the currency or they couldn't be successful, so that they would be reimbursed effectively by the American taxpayer. The question was, did that create an incentive for the U.S. to get involved to protect the investments? And if so, was that part of what went on in the Chilean situation?

You may recall the name Dieter Beard who was a PR person for ITT who worked in Washington and she wrote some extraordinarily colourful memos including one that said that she had managed to kill an antitrust investigation of an attempted ITT merger. And when the document surfaced, her memo surfaced, it was all part of this collection, the Senate, of

course, said, hey, we got to look at this. She took off, she went to Denver. And then it was said that she'd had a heart attack and couldn't testify, and she had to stay in Denver. And then, the Antitrust Committee sent a group of senators to interview in her hospital room in Denver. All of this was then taken up by the SEC, which was looking at the corporate filings and trying to figure out, you know, what was the impact and all the rest of it. Well, it turned out there were many more ITT documents, and a number of these documents then suggested that ITT had interfered directly in the election of Allende as president of Chile.

Naomi Fowler: The person thrust suddenly into the the spotlight was Harold Jenine, president of ITT:

Jack Blum: He was a ruthless manager who was known as the genius of all geniuses in running a company because he was so tough and he demanded performance. Years later, looking back, I've always thought that that was incredibly ironic because he demanded that everybody in the corporation prove their worth to the corporation. There had to be a return. You know, your department has X payroll, whatever, we want to see a rate of return out of your division, department, subsidiary, whatever it is. That's a problem. If you're part of the government relations PR operation, how do you show your value to the corporation? Well, you wind up producing documents that say, look at me, look what I did! Of course, those documents turn out to be pretty explosive and pretty damaging, and probably involve more than a little bit of puffery. They offered the U.S. government, as I recall, money to prop up an opponent of Allende. And they were very eager to prevent his election.

The Forty Committee, so called, was a committee that supervised covert operations by the U.S. government. And it was called the Forty Committee because that was the room it met in, supposedly. I never figured that out, I don't think it particularly mattered. But these were the people who had an eye on what the U.S. was doing covertly. And the question was what was the covert role of the U.S. government in all of this? And we had a number of witnesses who came in. One of them had the misfortune of lying under oath. That was a man who later became the U.S. Ambassador to Iran, Richard Helms. Now, it turns out that I asked the question in a closed session of Foreign Relations that he lied in answer to, and that was the cause of the indictment. He said, no, it hadn't happened, no, the CIA wasn't involved, and it turned out, yes, they were involved, and yes, he lied.

ITT had its headquarters building on Park Avenue in New York and in the middle of this was this enormous conference room that Janine used to hold everybody to account. It was sort of like his, his throne room. And there are two of us who were in there to interview him. And in come a collection of something like six lawyers who are representing variously ITT, Janine personally, his dog, I don't know, there were a lot of lawyers. Into the room, after we sort of went through some introductory matters came a couple of women who were in waitress outfits, pushing carts that had coffee and tea and drinks and that sort of thing, and there were a couple of trays that were covered with linen napkins, which I presumed had some food underneath them, food of some kind or other. Indeed, we have some coffee and, yes, they pull away the napkins and underneath them were Hostess Twinkies. It turned out that ITT owned the Hostess company. And, the Twinkies were courtesy of the subsidiary. And these lawyers fell on the Twinkies like they hadn't seen food in a month. It was one of the funniest scenes you could ever imagine.

Kissinger, it turns out, had his hand in everything. And I will tell you that years later, the failure of the U.S. to participate in an international criminal court, I believe was to protect Henry Kissinger, because he very well could have been indicted for war crimes and wound up before an international court if the U.S. didn't take him on.

As time went on, we pushed the State Department hard on a number of things and got the information. But remember, this was also in the middle of Watergate and there was an awful lot going on. We were sort of over here and, you know, here's Richard Nixon melting down and all sorts of things are happening. We were in the middle of an awful lot of things that were just completely crazy, it was a time when you waited for the morning newspaper holding your breath because you never knew what was going to be there and what the latest piece of the Nixon crazy saga would be.

The coup itself was completely horrifying. For one, I had gotten to know a number of the people who were in the Chilean embassy in Washington. Orlando Letelier, who was the ambassador, he then went back to become foreign minister, when Allende was, in fact, elected. There were some other very wonderful people who were working in that embassy who were professional diplomats who had represented Chile before, during, after, they were just in the Foreign Service. And, I had a friend who decided he was going to become a cameraman for a news organization and he wound up going to Chile and he was in Chile when the coup started. And I remember getting a telephone call from him from Santiago, God knows how he got through. He said, there's a coup, our government is responsible for it. People are being murdered, I have filmed dead bodies on the road between Valparaiso and Santiago. Corpses with genitals stuffed in their mouths and horrible mutilation. Do something about it!

I tried a number of Senators to say hey, you know, how about it? Are you interested? Do you want to follow? Everybody was kind of really cautious about, you know, trying to do anything, among other things, because the U.S. role was, at the time, completely covert. So, nothing much happened except that one of the most vicious governments ever took over in Chile and undid everything Allende was trying to do and murdered lots of the people who had worked with Allende. There was a prison ship off the coast of Chile and they put a lot of the, even the civil servants and tortured them. It really, it really became a terrible terrible situation.

The U.S., remember, kept this collection of thugs in office for quite a while. A long time. And made no effort really to restore democracy until they sort of overreached to a point where it broke, and that was that. And that led to the creation after the coup, of the, the other committee, which then went on to investigate all of that Chilean affair and related matters. And, of course, they got off on the tangent of the plots to kill Castro and just an awful lot of the other crazy crap that these covert goombas figured out was gonna be a good idea. I apologized to some of the people in the Chilean Embassy as they were preparing to depart as a result of the coup, the Pinochet coup. I said I'm sorry we couldn't do more, that we couldn't fully expose everything and really put you in a better position. And they said, don't be ridiculous, we should have had those hearings, we should have been the ones to expose it, and we were counting on you to do our job. We can't expect you to be the ones to unearth the corruption and the difficulty in our country. We should be able to do that ourselves. You did what you could do in the circumstances, as best you could do it, and you figure maybe there'll be another time when if you do it, the results and the outcome will be different.

That was a period, I dare say, when there were people in the government who believed that they could do anything they wanted to, anywhere in the world as long as it was anti-communist. And a lot of them had these incredibly hardline views and they kept turning up like bad pennies over and over again.

And here again we need to go back to some of the history of what went on. A very central event in all of this was the Bay of Pigs invasion, and the things we did in Cuba, and the things we did leading up to the things we did in Cuba, and the whole history of U.S. involvement in the hemisphere. At different times in the course of the 20th century we have been militarily involved in Mexico, Haiti, Nicaragua, Panama, you know, in, in ways which have been, shall we say, somewhat unflattering.

Naomi Fowler: The Corruption Diaries is a production of The Tax Justice Network, made by me Naomi Fowler and Jo Barratt. Interviews with Jack Blum were recorded over several days at Jack's home in Maryland by Zoe Sullivan.