

Rohatyn, Pinochet, And the 'Unitary Executive'

Three giant steps transformed ITT from the obscure operator of a telephone system in Puerto Rico, into a world conglomerate: 1) A contract to run the whole Spanish telephone system for then-fascist dictator of Spain, Primo de Rivera, in 1923; 2) Lucrative business in German war industry, after ITT founder Sosthenes Behn became the first American businessman to meet dictator Hitler in 1933; and, 3) The wild merger spree run by Lazard Frères and Felix Rohatyn from 1961 into the 1970s.

Rohatyn held the top post of Lazard Frères representative on ITT's board throughout its role in planning and executing Pinochet's coup. Other officials, from ITT's Chairman on down, have by now admitted their frequent top-level meetings on the subject in Washington and elsewhere, their offers of millions of dollars, and some of their large expenditures for political destabilization and a coup in Chile. Rohatyn was in charge of knowing everything about ITT for Lazard; was he the only one in the dark? And would they have dared to undertake such a scheme without consulting him in advance? No. A glance at the history of the bank makes it clear that it was Rohatyn and Lazard which instigated the conspiracy, along with the lower-level pro-fascist ITT Director John McCone, rather than Harold Geneen.

But in the meanwhile, the release of the Nixon tapes and the record of the Church Committee hearings of 1975, have clarified Rohatyn's and ITT's relationship to a drift towards fascist-like dictatorship here in the United States. For now we know that it was that drift, in reality, not the Watergate burglary, which convinced U.S. institutions that

it was imperative that Richard Nixon be removed from the Presidency.

ITT's 1970-71 merger with the Hartford Fire Insurance Company was opposed by the Justice Department's Anti-Trust Division under Richard McLaren. Somehow, opposition collapsed after Rohatyn went over their head and began meeting with Deputy Attorney General Richard Kleindienst. An ITT internal memo leaked through Jack Anderson implied that ITT had won approval by pledging \$400,000 to the Republican Convention, plus unspecified "services." It was this Hartford affair that gave Rohatyn his nickname, "Felix the Fixer."

But unknown at the time were Nixon's telephone calls. The day before his meeting with Rohatyn, the President telephoned Kleindienst, to say that he would no longer tolerate any antitrust action against ITT. "If [that's] not understood, McLaren's ass is to be out of there in one hour. The ITT thing—stay the hell out of it. Is that clear? That's an order."

Kleindienst tried to stall. He told the President how difficult it would be to interfere so late in the game.

The President became enraged. "The order is to leave the goddamned thing alone. . . . I do not want McLaren to run around prosecuting people, raising hell about conglomerates, stirring things up at this point. . . ."

Kleindienst tried again to explain how difficult it was to stifle such an appeal now. "You son of a bitch. Don't you understand the English language? Drop the goddamned thing. Is that clear?" (See Judith Ramsey Ehrlich and Barry J. Rehfeld, *The New Crowd* [Little, Brown: New York, 1989, p. 99]).

It was also unknown at the time that ITT (and Lazard client RCA) were giving tapes of all their international message traffic to the NSA, so that FBI and Justice could monitor Nixon's enemies.

—Tony Papert