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14 December 1967

Executive Registry

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director for Plans

SUBJECT: Scheduled 303 Committee Meeting on Radio
Free Europe (RFE) and Radio Liberty (RL)

1. This memorandum has been prepared for the Director's information and possible use at the 303 Committee meeting scheduled for 15 December. The meeting, we understand, has been requested by the Department of State for the purpose of examining the Bureau of the Budget (BOB) proposal for surge funding of the two radios.

2. The following observations are not exhaustive, nor are they intended to be. Their purpose is solely to highlight a number of the more salient factors bearing upon the situation of the radios, in the specific context of a 303 Committee decision to implement the proposal tendered by the Bureau of the Budget.

3. Timing: Surge funding of the two radios before 31 December 1967 entails the transfer of [] To accomplish this in an orderly manner in the face of the various mechanical problems involved, action must be initiated on 18 December at the latest.

4. Scenario: The Schultze paper makes no suggestion for public announcement. The simplest way to go about it would probably be to have a question introduced at a Department of State press conference shortly after the 31 December deadline. When asked about the completion of action pursuant to the Katzenbach statement of last spring, the Department would respond to the effect that all relationships with the organizations reviewed had indeed been terminated. If specific inquiry is made concerning the Radios, the reply would advert to the original Katzenbach statement which said that none of the organizations affected would be named publicly.

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Approved for Release
Date June 1999

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5. RFE and RL Reactions: There has been no discussion to date with officials of the Radios on this subject. The Government's decision may therefore be expected to take them by surprise. In the absence of advance soundings, we are in a position only to speculate about their possible reactions. At one time some weeks ago, we observed a strong inclination on the part of the principals in favor of an interim solution of one kind or another. It is thus possible that they may view the Schultze proposal as a viable interim solution and so regard it favorably-- if it is accompanied by the Government's assurance that a longer term solution is being sought and, if this proves impossible, that the Government will underwrite the termination costs (approximately \$30 million). It is equally possible that the principals will interpret surge funding--coupled with an announcement that there will be no further covert financial support by the U.S. Government to the organizations affected by the Katzenbach Report--as meaning inevitably termination after (if not before) 30 June 1969. In our view the latter is almost certain to be the reaction of key officers of both radios. If the expectation of termination were thus to take root, it would probably cause elements of the Radios' staffs to begin seeking other and more secure employment.

6. Congressional Reaction: The alternate possibilities for interpretation of the actual significance of surge funding cited in the preceding paragraph, would also apply to interested members of Congress. The latter having been briefed with respect to a specific course of action for handling the problem of the Radios, they might question the implication of this new and somewhat radical departure. In this connection it should be noted that the Radios' principals might well see fit to undertake their own lobbying vis-a-vis key Congressmen and Senators, immediately upon being told of the Government's decision.

7. Continued Agency Presence: A public announcement of termination of Agency support to the "Katzenbach" organizations would presumably be construed as representing also the end of Agency involvement in and with those organizations. There are currently () Agency officers in key positions within RFE, and [] within RL. Of those in RFE, [] are staff agents and [] are career agents. Of those in RL, [] are staff agents, [] is a career agent, and [] a contract employee. If, in order to comply with assurances to the public after 31 December, it were necessary to remove these Agency employees, the effect would be to reduce drastically our control over the operation. It might also cripple the Radios as such.

8. Government Credibility: If the Schultze interpretation of a level of continuing press interest in the CIA funding issue is correct, we cannot dismiss the possibility of continued investigation after 31 December, in the face of whatever public announcement is made at that time. Should the idea of ultimate termination of the Radios gain a foothold, either within the ranks of the project people themselves or in congressional circles, it is conceivable that additional revelations might in time be made--reflecting the continued presence of Agency personnel within the Radios. The amount surge-funded will have been entered on the Radios' books and reported as FY 1968 income on Form 990-A filed with both Internal Revenue Service and the Attorney General of New York State. Both will be available for public accounting. It is our impression on balance that the "exception" route for handling the press entails less sustained hazard to the Government's credibility than does the proposal offered by the Bureau of the Budget.

9. Public Solicitation: It is quite possible that following surge funding and public announcement, and assuming RFE and RL acceptance of the situation, the principals of RFE would decide to push ahead vigorously with their fund-raising campaign. Radio Liberty, which to date has not pursued public solicitation, might also feel that the time had come to do so. These eventualities would undoubtedly stimulate whatever residual media interest existed bearing on the nature and makeup of the Radios.

10. Policy Control: The pattern of future contact between the Agency and the Radios would, of course, be governed by the decision of the 303 Committee. Agency officers would be available to assist the Radios in their policy problems along present lines. It is possible, however, that the Radio officials might prefer to take their guidance directly from the Department of State.

11. Ancillary Activities: The Bureau of the Budget proposal makes no provision for future handling of the Radios' ancillary activities--book mailing, financial support to exiles, and the [redacted] -

12. There is, we recognize, an element of speculation in these observations, and no resolution is possible until the subject has been discussed with the principals of RFE and RL. In closing, we suggest the advisability of weighing here and now the odds affecting the Radios'

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chances of survival beyond 30 June 1969. If termination has to be faced at that time, it would be far preferable to have provided for it today through inclusion of the necessary funds in the amount surge-funded before 31 December 1967. This would guarantee the Radios' protection through their critical period, would insure that eventual termination could be carried out in an orderly manner, and would entail fewer potential security complications of the type alluded to above.

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