

OFFICIAL

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DISPATCH

TO Chief of [] []		INFORMATION ADDRESSEE
FROM Chief, FE		
SUBJECT [] []/Psych/FJHUMMING Activities on [] []	HEADQUARTERS FILE NO. no #	DISPATCH SYMBOL AND NO. FCTW-4894
REFERENCE(S)		DATE 3 Jul 57 14 35

ACTION REQUIRED: See paragraphs six and seven.

1. According to information received by DTDORIC, PRAFFIRM has approved an STEEL request that funds totaling \$47,000 be made available to him now for his use toward the purchase of two new radio transmitters. These funds are the remainder of PRAFFIRM's obligation to STRAGPIPE in the fourth and fifth years of the five year agreement entered into by PRAFFIRM with STRAGPIPE in December 1954. In this agreement PRAFFIRM was to make available to STRAGPIPE funds for the purchase of equipment at the rate of \$60,000 for the first two years, and \$25,000 a year for the third, fourth and fifth years.

2. Approval of STEEL's request means that a total of \$135,000 has been made available to STEEL under his agreement with PRAFFIRM exclusive of monies paid for the rental of time on STRAGPIPE transmitters for FJHUMMING broadcasts. STRAGPIPE charges FJHUMMING \$10 per hour for the use of the 50 KW transmitter; \$9 per hour for use of the 25 KW transmitter, and \$8 per hour for the use of the 20 KW transmitter. Headquarters has been informed by DTDORIC that monies paid for rental time alone totals better than \$100,000 a year.

3. In STEEL's written request to FJHUMMING for use now of the fourth and fifth year funds, he stated that STRAGPIPE urgently needs the funds to provide additional transmitters to combat "the desperate situation among the Overseas Chinese in Southeast Asia created by intensive Communist propaganda."

4. In his recommendation to PRAFFIRM that the STEEL request be approved, Iden A stated in part:

"During the course of conversation with STEEL during my recent visit to Taipei, I learned of a difficult situation which has arisen due to our working agreement with STRAGPIPE. STRAGPIPE has only three shortwave transmitters and is currently rebuilding a fourth. We are using all three of the available transmitters. Recently, on the advice of our propagation department, we requested and were granted more favorable broadcasting hours to our targets. These hours, however, are also the best for broadcasting for Southeast Asia.

"STEEL was sent/

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	DECLASSIFIED AND RELEASED BY CENTRAL INTELLIGENCE AGENCY SOURCE METHODS EXEMPTION 25X2B CLASSIFICATION NAZI WAR CRIMES DISCLOSURE ACT DATE 2007	

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"STEEL was sent by his government to investigate the political situation in Laos and found that Communist propaganda in that country was being employed on a saturation level. Through a sales plan of guaranteed minimum profit only Russian movies are shown. Communist radio broadcasts to Laos total approximately 250 hours (sic) per week. Other propaganda activities are commensurate. As a result of this information, STBAGPIPE has been given the task of immediately initiating shortwave broadcasts in Chinese to Laos and Southeast Asia. To accomplish this mission it is necessary to install antennas and shortwave transmitters at their transmitter site on the south end of Taiwan. However, all transmitters are committed to the fulfillment of our agreement from the transmitter site at Pan Chiao.

"Under pressure, STEEL admitted that he and his government were not happy about the situation. They feel that they have gained very little so far under the agreement, as all of the equipment acquired is tied up for our use for the duration of the agreement. Also, though not mentioned by STEEL, their income from transmitter rental has not come up to expectations in the past due to our unavoidable delay in implementing the agreement and completing the installations.

"It is apparent that the only solution of the situation is for STBAGPIPE to obtain more transmitters. STEEL estimated that two new transmitters and the rebuilding of the old 50 KW transmitter would solve the problem. They would be disposed of as follows:

'One new transmitter at Pan Chiao, one new transmitter and the rebuilt 50 KW at the south end of the island site.'

"STBAGPIPE has already sent in requisitions for the necessary parts to rebuild the 50 KW transmitter. These will be paid for by STBAGPIPE from the bank equipment account which is the repository of the monthly rental checks. The new transmitters must be purchased on the open market.

"Up to the present, the sum of \$88,000 has been expended for the 25 KW transmitter installed at Pan Chiao. This used all the money for the first three years of the agreement and part of the fourth. We agreed to use the remainder of the fourth year money by STBAGPIPE during the third year. PBAFFIRM's remaining obligation for the fourth and fifth years is \$47,000. STEEL has requested that PBAFFIRM make this remainder available now for his use in the purchase of two new transmitters.

"A quick survey/

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"A quick survey of the market indicates there is only one source which can make immediate delivery. This source has two 25 KW G. E. shortwave transmitters in stock which can be shipped within one month from completion of a contract. STBAGPIPE likes this transmitter very much. It is believed that a contract can be made with the source, accepting \$47,000 as a down payment and extending credit for the balance. STEEL has authorized me to negotiate with the source. It is understood that the question of credit for the purchase of these transmitters is a matter between STBAGPIPE and the source.

"The situation is critical for both STBAGPIPE and FJHUMMING. Two actions are necessary to implement the proposed solution:

- a. Permission for STBAGPIPE to spend the fifth year equipment money in the third year of the agreement.
- b. 'Provide \$47,000 in cash now.'

'Of the 12,000 estimated for expenditure in FY 57 from Account 288 Formosa, in connection with preparation of budget for FY 58, there is \$7,000 unspent. This leaves \$39,000 to be made available from FY 57 funds. It is requested that this amount be allotted from unobligated funds available to the Chief, PRAFFIRM. In addition, PRAFFIRM can make available \$10,000 from FY 58.

"The benefits of this arrangement to PRAFFIRM are:

- a. 'We will have 3 transmitters available for use at any hours we desire with consequent improved flexibility in scheduling.
- b. 'By meeting at an advanced date our obligations under the agreement, we will insure the continued willing cooperation of STBAGPIPE and his government."

5. Headquarters is transmitting the above information to for its pertinency with regard to the Country Team, effort to get the Chinese Nationalists to coordinate their propaganda activities.

6. The above information, furthermore, indicates that the favorable hours of STBAGPIPE transmitters are taken by FJHUMMING and STBAGPIPE and this therefore, could have a bearing on the time desired for AECROAK broadcasts.

7. is requested to comment on the above information, particularly with regard to STEEL's stated intention to procure additional transmitters for Southeast Asia broadcasts and with regard to the information's bearing on AECROAK plans.

26 June 1957

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SEPARATE COVER ATTACHMENT TO FGTW - 4894

IDEN A:

Mr. S. Y. McGiffert

Director Radio Liberation Network

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