

3/1/3

S E C R E T T E L E P O U C H

DISP NO EGNW-10187
 FILE NO 200-134-11/3
 DATE 27 APRIL 1971
 INDES NO
 FILM NO
 TO E J J
 INFO E J J
 FROM CHIEF, WOLIME
 SUBJ RYBAT OPERATIONAL DTDORIC
 STATUS OF RADIO PROBLEM
 ACTION FYI
 REFS NONE

DECLASSIFIED AND RELEASED BY
 CENTRAL INTELLIGENCE AGENCY
 SOURCE METHOD EXEMPTION 302B
 NAZI WAR CRIMES DISCLOSURE ACT
 DATE 2007

1. SINCE THERE NOW BEGINS TO APPEAR SOME SEMBLANCE OF ORDER INSTEAD OF CHAOS IN THE RFE/RL PROBLEM., HEADQUARTERS WILL ATTEMPT TO SUMMARIZE SIGNIFICANT DEVELOPMENTS SINCE THE CASE PROPOSAL. WE WILL NOT DWELE ON GERMAN DEVELOPMENTS SINCE THESE ARE WELL KNOWN TO THE FIELD.

2. BACKGROUND

IN OCTOBER OF LAST YEAR, SENATOR CASE ADDRESSED LETTERS TO SECRETARY OF STATE ROGERS AND USIA DIRECTOR SHAKESPEARE POSING A NUMBER OF QUESTIONS CONCERNING RFE AND RL. THE DEPARTMENT SENT CERTAIN UNCLASSIFIED DATA TO SENATOR CASE, AND BOTH THE DEPARTMENT AND THE USIA DIRECTOR OFFERED TO DISCUSS OTHER QUESTIONS ORALLY WITH THE SENATOR BUT THE SENATOR'S OFFICE DID NOT AT THAT TIME ACCEPT THE OFFERS.

ON JANUARY 21ST, IT WAS LEARNED THAT CASE HAD RELEASED FOR PUBLICATION ON JANUARY 24TH A STATEMENT ANNOUNCING HIS INTENTION TO INTRODUCE LEGISLATION TO BRING THE FUNDING OF RFE AND RL UNDER CONGRESSIONAL CONTROL. HIS STATEMENT REFERRED TO THE FUNDING OF THE RADIOS "FROM THE SECRET CIA BUDGET" AND ALSO

MENTIONED THE KATZENBACH REPORT AND ITS RECOMMENDATION THAT
"NO FEDERAL AGENCY SHALL PROVIDE ANY COVERT FINANCIAL ASSIS-
TANCE AND SUPPORT, DIRECT OR INDIRECT TO ANY OF THE NATION'S EDUCA-
TIONAL OR PRIVATE VOLUNTARY ORGANIZATIONS." THE PROPOSED
LEGISLATION DID NOT SUGGEST THAT RFE AND RL BE TERMINATED BUT
RATHER THAT THEY BE FUNDED ON AN OVERT BASIS THROUGH IDENTIFIABLE
CONGRESSIONAL APPROPRIATIONS.

IMMEDIATELY UPON LEARNING OF SENATOR CASE'S PROPOSED
PRESS RELEASE, ADDITIONAL UNSUCCESSFUL EFFORTS TO ARRANGE A
MEETING WITH THE SENATOR WERE MADE BY THE STATE DEPARTMENT, THE
DIRECTOR OF USIA AND BY MR. CLARK MACGREGOR OF THE WHITE HOUSE.
MR. MACGREGOR WAS INFORMED BY AN ASSISTANT IN THE SENATOR'S
OFFICE THAT IF THE REASON FOR HIS SEEKING AN URGENT MEETING
WITH THE SENATOR WAS TO ATTEMPT TO DISSUADE THE SENATOR FROM
PROCEEDING WITH HIS LEGISLATIVE PROPOSAL THEN MR. MACGREGOR WAS
"OUT OF LUCK" AS THE SENATOR WAS DETERMINED TO INTRODUCE IT.
IT WAS LATTER LEARNED THAT THE APPARENT "MANAGER" OF THE SENATOR'S
INTEREST IN THE RADIOS WAS A YOUNG, UNHAPPY FORMER FSO WHO
RESIGNED FROM THE DEPARTMENT IN THE SUMMER OF 1970 AND JOINED
SENATOR CASE'S STAFF.

SENATOR CASE'S PRESS RELEASE WAS THE SUBJECT OF ARTICLES
IN THE NEW YORK TIMES, THE WASHINGTON POST AND THE EVENING STAR,
ALTHOUGH THERE WAS NO EDITORIAL COMMENT. THE MATTER WAS FURTHER
PURSUED THROUGH QUESTIONING AT STATE DEPARTMENT PRESS BRIEFINGS.
THE STATE DEPARTMENT PRESS OFFICER DECLINED TO COMMENT ON
SENATOR CASE'S RECOMMENDATION PER SE OR ANY QUESTIONS INVOLVING
FUNDING OF RFE OR RL. H STATED WITH RESPECT TO THE RELATIONSHIP
OF THE RADIOS AND THE KATZEN BACH POLICY WHICH EXAMINED THEWHOLE QUES
ON OF FUNDING FOR DOMESTIC EDUCATIONAL AND PRIVATE
VOLUNTARY ORGANIZATIONS, THAT THIS ADMINISTRATION ENDORSES THE

KATZENBACH POLICY AND ALL U.S. AGENCIES ARE OBSERVING IT. HE SAID FURTHER THAT THIS ADMINISTRATION HAS CLOSELY EXAMINED THE QUESTION OF RFE AND RL AND CONCLUDED THAT THESE ARE NOT "EDUCATIONAL OR PRIVATE VOLUNTARY ORGANIZATIONS" AND HENCE THE KATZENBACH POLICY DOES NOT APPLY TO THEM.

ON JANUARY 25TH SENATOR CASE DID IN FACT INTRODUCE HIS LEGISLATION IN THE FORM OF AN AMENDMENT TO THE UNITED STATES INFORMATION AND EDUCATIONAL EXCHANGE ACT OF 1948 WHICH WOULD AUTHORIZE TO BE APPROPRIATED TO THE STATE DEPARTMENT \$30,000,000 FOR FY 1972 TO PROVIDE GRANTS TO RFE AND RL. IDENTICAL LEGISLATION WAS SUBMITTED ON THE SAME DATE IN THE HOUSE BY REPRESENTATIVE OGDEN REID OF NEW YORK.

3. SUBSEQUENT DEVELOPMENTS

ON 15 FEBRUARY THE SECRETARY OF STATE ASKED THAT AN ADHOC INTERAGENCY GROUP, UNDER THE CHAIRMANSHIP OF ASSISTANT SECRETARY MARTIN J. HILLENBRAND, BE SET UP TO CONSIDER ALTERNATIVE WAYS OF FUNDING RFE AND RL. HE ASKED THAT THE GROUP MOVE PROMPTLY TO FORMULATE A COORDINATED U.S.G. POSITION ON THE PROBLEM AND "TO DEVELOP RECOMMENDATIONS FOR HANDLING THE DELICATE CONGRESSIONAL AND PUBLIC RELATIONS ASPECTS OF IT." REPRESENTED ON THE GROUP WERE MEMBERS FROM USIA, OMB, NSC, STATE AND CIA. DR. KISSINGER WELCOMED THE FORMATION OF THE COMMITTEE AND REQUESTED THAT ITS CONTRIBUTIONS BE MADE TO THE JOINT SELECT COMMITTEE WHO IN TURN WOULD REPORT TO HIGHER AUTHORITY.

4. WHAT FOLLOWED NEXT IS SUMMARIZED IN A 17 MARCH MEMO FROM ASSISTANT SECRETARY HILLENBRAND TO THE SECRETARY AS FOLLOWS--

" ON 29 JANUARY, MR. CARGO SENT YOU A MEMORANDUM, IN RESPONSE TO YOUR JANUARY 25, 1971, REQUEST, IN WHICH HE DISCUSSED SENATOR CASE'S PROPOSALS ON PUBLIC FUNDING OF RFE AND RL AND MADE FIVE RECOMMENDATIONS, ALL OF WHICH WERE APPROVED BY YOU.

THE FIRST RECOMMENDATION WAS TO CONTINUE THE PRESENT SYSTEM OF FUNDING AND CONTROL OF THE RADIOS FOR THE TIME BEING. THIS IS BEING DONE. THE SECOND WAS TO ATTEMPT TO DISSUADE SENATOR CASE FROM ESCALATING THE PUBLIC CONTROVERSY, IN PART BY INDICATING THAT ALTERNATIVE METHODS OF FUNDING WERE BEING EXPLORED. THIS ATTEMPT WAS MADE IN A CALL ON SENATOR CASE ON FEBRUARY 26, 1971 BY ASSISTANT SECRETARY DAVID ABSHIRE AND ME. THE SENATOR, ON THAT OCCASION, INDICATED THAT HE WOULD GIVE THE ADMINISTRATION THREE OR FOUR WEEKS TO DEVELOP ITS POSITION BEFORE SCHEDULED HEARINGS. NEVERTHELESS, THERE IS RECENT EVIDENCE THAT WITNESSES FOR SUCH HEARINGS ARE ALREADY BEING SOUGHT. THE THIRD RECOMMENDATION WAS TO RE-EXAMINE THE PROBLEM OF HOW TO RESPOND TO PRESS INQUIRIES. THIS HAS NOT YET BEEN ACTED ON INASMUCH AS THE DEPARTMENT CANNOT DEVELOP A NEW PUBLIC POSITION WHICH ACKNOWLEDGES GOVERNMENT FUNDING OF THE RADIOS UNLESS THE ADMINISTRATION DECIDES ON A NEW SUBSTANTIVE POSITION LOOKING TOWARD OVERT FUNDING OF THE RADIOS.

THE FOURTH RECOMMENDATION APPROVED BY YOU WAS TO INITIATE A "TECHNICAL-POLITICAL STUDY" OF THE FEASIBILITY OF RELOCATING THOSE TRANSMITTERS WHICH THE RADIOS USE IN THE FEDERAL REPUBLIC OF GERMANY. THE TECHNICAL STUDY, PREPARED BY THE RADIOS AND CIA, IS APPENDED TO THE ATTACHED REPORT AND SOME OF THE POLITICAL FEASIBILITY CONSIDERATIONS ARE DISCUSSED IN THIS REPORT.

THE FIFTH RECOMMENDATION YOU APPROVED, I.E., THAT AN INTERAGENCY WORKING GROUP BE ESTABLISHED, LED TO A MORE SPECIFIC RECOMMENDATION APPROVED ON FEBRUARY 12 BY THE ACTING SECRETARY TO APPOINT ME TO CHAIR AN INTERAGENCY GROUP CONSISTING OF NSC, STATE, USIA, CIA AND OMB TO STUDY ALTERNATIVE METHODS OF FUNDING AND CONTROL OF THE RADIOS. WHILE MAKING THIS STUDY, THE GROUP FELT

S E C R E T EGNW-10187 PAGE FIVE

IT APPROPRIATE TO EXAMINE THE RELATED, THOUGH LESS PRESSING, QUESTION OF HANDLING THE FEDERAL REPUBLIC OF GERMANY'S DESIRE TO REDUCE THE RADIOS' POTENTIAL AS AN IRRITANT IN ITS DEVELOPING RELATIONS WITH THE COUNTRIES OF CENTRAL AND EASTERN EUROPE.

THE GROUP MET THREE TIMES. AT ITS FINAL MEETING IT HEARD THE VIEWS OF THE DIRECTORS OF THE RADIOS. THE GROUP CAME TO THE CONCLUSION THAT IT WAS NOT ADVISABLE TO FUND THE RADIOS PUBLICLY AND THAT, IN CONSULTING WITH CONGRESSAS TO HOW TO DO SO, A STRONG PREFERENCE FOR CREATING A PUBLIC-PRIVATE MECHANISM INDEPENDENT OF STATE OR USIA SHOULD BE EXPRESSED. THE ATTACHED REPORT PRESENTS THE REASONING BEHIND THIS CONCLUSION AND CONTAINS RECOMMENDATIONS FOR DEALING WITH THE FRG.

IF YOU SUPPORT ITS FINDINGS, YOU HAVE AGREED TO SEND THE REPORT TO THE 40 COMMITTEE FOR ITS ACTION. THE REPORT HAS BEEN APPROVED BY THE DIRECTOR OF USIA AND THE DEPUTY DIRECTOR FOR PLANS OF CIA. WHILE EXPRESSING NO RESERVATIONS, THE DIRECTOR OF CENTRAL INTELLIGENCE, WHO IS A MEMBER OF THE 40 COMMITTEE, HAS NOT SPECIFICALLY CLEARED THE REPORT ON THE GROUND THAT HE WILL PARTICIPATE IN THE 40 COMMITTEE'S DELIBERATIONS ON IT.

NSC AND OMB, WHILE EXPRESSING NO RESERVATIONS, REGARD THEMSELVES IN THIS MATTER AS PART OF THE WHITE HOUSE STAFF AND ARE THEREFORE NOT PREPARED TO TAKE A POSITION ON THE REPORT, EVEN THOUGH THEIR PARTICIPANTS HAVE NOT EXPRESSED RESERVATIONS REGARDING ITS CONCLUSIONS.

I SHOULD CALL TO YOUR ATTENTION THAT THE GROUP'S PREFERRED ALTERNATIVE OF CREATING AN INDEPENDENT GOVERNMENT FOUNDATION TO FUND THE RADIOS IS NOT CONSIDERED TO HAVE SMOOTH PROSPECTS IN CONGRESS. WHILE THERE IS A RECENT TENDENCY TO

S E C R E T EGNW-10187 PAGE FIVE

CREATE PUBLIC-PRIVATE CORPORATIONS /E.G., IN THE AID FIELD, THE POST OFFICE/ AND WHILE THERE ARE SOME EXAMPLES OF LONGER STANDING, SUCH AS THE NATIONAL SCIENCE FOUNDATION, THERE IS NO CERTAINTY THAT THE FOREIGN AFFAIRS AND FOREIGN RELATIONS COMMITTEES, WHICH WOULD BE INVOLVED IN HEARINGS ON THE AUTHORIZATION, WOULD BE SYMPATHETIC TO SUCH A PROPOSAL OR THAT SUCH A MECHANISM, IF ESTABLISHED, WOULD PROVIDE OVER THE YEARS AHEAD FUNDS ADEQUATE TO THE RADIOS' NEEDS. SINCE THE GROUP FELT THAT COVERT FINANCING WAS NOW DAMAGING THE ADMINISTRATION'S CREDIBILITY THERE IS NEVERTHELESS A STRONG CASE TO BE MADE FOR SEEKING, WITH THE COOPERATION OF CONGRESS, TO CREATE SUCH A MECHANISM. THE OTHER PUBLIC FUNDING ALTERNATIVE, IN ESSENCE SENATOR CASE'S PROPOSAL TO HAVE THE RADIOS SUBORDINATED DIRECTLY TO AND ANNUALLY DEFENDED BY THE SECRETARY OF STATE OR THE DIRECTOR OF USIA, WOULD BE BOTH AWKWARD DIPLOMATICALLY AND UNLIKELY TO ASSURE CONTINUED FUNDS FOR THE RADIOS. IT WOULD BE, ON BALANCE, PROBABLY A WORSE ALTERNATIVE THAN REMAINING WITH THE STATUS QUO.' THE RECOMMENDATIONS SUBMITTED TO THE 40 COMMITTEE WERE

1/ FACILITATE THE CONTINUATION OF RFE AND RL AS PRIVATE ORGANIZATIONS BY RECOMMENDING THAT, UNLESS SENATOR CASE CAN BE INDUCED TO WITHDRAW HIS PROPOSAL, THE ADMINISTRATION EXPLORE WITH THE SENATOR AND OTHER APPROPRIATED MEMBERS OF CONGRESS A PROPOSAL TO ESTABLISH A FEDERALLY FINANCED AGENCY OR OTHER MECHANISM DESIGNED PRIMARILY BUT NOT EXCLUSIVE TO FOSTER SUCH INTERNATIONAL BROADCASTING AS IS DEEMED TO BE IN THE NATIONAL INTEREST.

2/ RECOMMEND THAT CURRENT ARRANGEMENTS FOR RFE AND RL BE MAINTAINED UNTIL THE ESTABLISHMENT OF THE PROPOSED ALTERNATIVE IS ACCOMPLISHED.

5/ RECOMMEND THAT THE NEGOTIATING POSTURE WITH THE FEDERAL REPUBLIC REGARDING TRANSMITTER RELOCATION ALTERNATIVES BE APPROVED.

5. CONCURRENT WITH THE FOREGOING, A MEETING WAS ARRANGED ON 11 FEBRUARY BETWEEN REPRESENTATIVE OGDEN REID, THE AGENCY'S LEGISLATIVE COUNCIL AND [] PURPOSE OF THE MEETING WAS TO BRIEF THE CONGRESSMAN ON THE RADIOS AND TO DISCUSS WITH HIM THE PROBLEMS CREATED BY THE PROPOSED LEGISLATION CALLING FOR OVERT FUNDING OF RFE AND RL. REPRESENTATIVE REID EXPLAINED HIS PURPOSE IN INTRODUCING THIS LEGISLATION BY SAYING THAT HE FELT BOTH RFE AND RL WERE PERFORMING A USEFUL FUNCTION AND SHOULD BE CONTINUED, BUT FOR THE GOOD OF BOTH THEM AND THE AGENCY THE PRESENT RELATIONSHIP SHOULD BE DISCONTINUED. MR. REID SAID HE THOUGHT THE BEST SOLUTION WOULD BE A SEMI-PUBLIC ORGANIZATION OF SOME KIND WHICH WOULD BE FINANCED BY FUNDS APPROPRIATED BY THE CONGRESS BUT RUN BY A PRIVATE BOARD SUBJECT TO ONLY LOOSE AND BROAD OFFICIAL POLICY GUIDANCE. HE SAID HE THOUGHT THE FIRST STEP WOULD BE TO GET SOME SORT OF A DRAFT OF SUCH LEGISLATION AND SUPPORTING MATERIAL ON PAPER TO SEE WHAT IT WOULD LOOK LIKE. IN RESPONSE TO A QUESTION, HE SAID HE THOUGHT CONGRESS WOULD APPROVE SOMETHING OF THIS KIND IF IT HAD ACTIVE ADMINISTRATION SUPPORT. MR. REID'S ATTITUDE WAS NOT ANTAGONISTIC OR UNFRIENDLY TO EITHER THE AGENCY OR THE RADIOS.

6. ON 12 FEBRUARY SENATOR CASE'S OFFICE SENT A LETTER TO SECRETARY ROGERS WITH COPIES TO THE AGENCY AND THE CIVIL SERVICE COMMISSION STATING THAT SEVERAL FORMER EMPLOYEES OF RFE HAVE ASKED HIS HELP IN GETTING THEM U.S. RETIREMENT BENEFITS FOR THEIR SERVICE WITH RFE. /HEADQUARTERS KNOWS THAT ONE OF THESE EMPLOYEES IS KARL KOCH, WHO IS NOW DOING FREE LANCE JOURNALIST WORK IN BONN./ THE LETTER STATED, "I WOULD HOPE THAT NO ONE

IS BEING TREATED IN A DIFFERENT MANNER SIMPLY BECAUSE HIS SERVICE WITH THE U.S.G. HAS BEEN WITH A COVERT AGENCY LIKE RFE.' IT WAS DECIDED BY THE AGENCIES CONCERNED TO GIVE AN INTERIM NON-SUBSTANTIVE REPLY TO THE SENATOR'S LETTER, RESERVING ANY DETAILED RESPONSE FOR A LATER PERSONAL AND PRIVATE MEETING.

7. AT ITS 31 MARCH MEETING THE 40 COMMITTEE CONSIDERED THE INTERAGENCY GROUP'S RECOMMENDATION THAT LEGISLATION BE SOUGHT TO ESTABLISH A PUBLIC-PRIVATE MECHANISM WHICH WOULD FUND AND CONTROL RFE AND RL. ALTHOUGH DR. KISSINGER DID NOT OBJECT TO THIS RECOMMENDATION IN PRINCIPLE, HE REQUESTED THAT THE DEPARTMENT AND THE AGENCY PREPARE PERTINENT DRAFT LEGISLATION FOR FURTHER CONSIDERATION BY THE COMMITTEE. IN ADDITION HE SPECIFIED THAT THE VIEWS OF SELECTED CONGRESSIONAL LEADERS BE SOUGHT ON BOTH THE STATUS QUO AS WELL AS ON THE ESTABLISHMENT OF A PUBLIC-PRIVATE MECHANISM. DR. KISSINGER ALSO FELT THAT NO FURTHER DISCUSSIONS SHOULD BE HELD WITH THE FRG UNTIL THE U.S.G. KNEW WHERE IT WAS GOING ON THE RADIO PROBLEM.

8. ON 1 APRIL THERE WAS A FURTHER CONSULTATION WITH SENATOR CASE BY ASSISTANT SECRETARIES HILLENBRAND AND ABSHIRE /DEPARTMENT CONGRESSIONAL LIAISON/ ON TWO POINTS 1/ SENATOR CASE'S THOUGHTS ON THE POSSIBILITIES OF SECURE FUNDING FOR THE RADIOS ONCE THE APPROPRIATION PROCESS IS PUBLIC, 2/ THE FLEXIBILITY OF THE APRIL 28 DATE SET BY THE FOREIGN RELATIONS COMMITTEE FOR HEARINGS ON THE RADIOS. ON THE FIRST POINT, SENATOR CASE ADMITTED HE HAD NOT REALLY ASSESSED THE PROSPECTS FOR OBTAINING CONTINUING FUNDING, OBSERVING THAT MUCH WOULD DEPEND ON THE PERSUASIVENESS OF THE ADMINISTRATION'S ARGUMENTS ON THE RADIOS' EFFECTIVENESS AND USEFULNESS TO U.S. POLICY OBJECTIVES. AS FOR THE TIMING OF THE HEARINGS, HE INDICATED THAT, IF THE ADMINISTRATION WERE ENGAGED IN SERIOUS EXPLORA-

TIONS WITH CONGRESS ON THE MODALITIES OF PUBLIC FUNDING OF THE RADIOS, THE DATE OF THE HEARINGS COULD BE ALLOWED TO SLIP SOMEWHAT. DURING THIS SAME PERIOD THE SENATOR'S ADMINISTRATIVE ASSISTANT GAVE DEPUTY ASSISTANT SECRETARY DAVIES A DRAFT BILL FOR A PUBLIC-PRIVATE MECHANISM WHICH, WHILE INADEQUATE, DID SHOW A COOPERATIVE ATTITUDE ON THE PART OF THE SENATOR.

9. THE INTERAGENCY GROUP PREPARED A NEW MEMORANDUM FOR THE 40 COMMITTEE AND A DRAFT PROPOSAL FOR LEGISLATIVE ACTION. ON 8 APRIL, PRIOR TO THE 13 APRIL MEETING OF THE 40 COMMITTEE, THE RFE BOARD AND PRINCIPAL MEMBERS OF THE RL BOARD WERE BRIEFED ON THE PROPOSED LEGISLATIVE SOLUTION BY DEPUTY ASSISTANT SECRETARY FOR EUROPEAN AFFAIRS, RICHARD DAVIES AND CHARLES S. CARNEY. BOTH BOARDS EXPRESSED THEIR READINESS TO UNDERTAKE LOBBYING OR OTHER ACTION WHEN AND IF THEIR AID WAS REQUESTED.

10. ON 13 APRIL THE 40 COMMITTEE MET TO CONSIDER THE SPECIFIC DRAFT PROPOSAL FOR LEGISLATIVE ACTION /COPIES BEING POUCHED UNDER SEPARATE COVER/ AND AN OUTLINE PLAN FOR EXPLORATIONS WITH KEY SENATORS AND CONGRESSMEN PREPARED BY THE DEPARTMENT OF STATE. AFTER SOME DISCUSSION THE COMMITTEE APPROVED THE DRAFT PROPOSAL AND DIRECTED THAT SOUNDINGS NOW BE TAKEN ON THE HILL TO GET A CONSENSUS OF CONGRESSIONAL REACTION TO THE PROPOSAL. AFTER THE SOUNDINGS THE DEPARTMENT WOULD REPORT BACK THEIR FINDINGS TO THE 40 COMMITTEE WHO WOULD THEN MAKE ITS RECOMMENDATION TO HIGHER AUTHORITY.

11. CURRENT STATUS

SOUNDINGS ARE NOW BEING TAKEN WITH KEY CONGRESSMEN. SENATOR CASE HAS INDICATED HIS APPROVAL IN PRINCIPLE WITH THE PROPOSED LEGISLATION /WITH PERHAPS MINOR CHANGES/ AND HAS

S E C R E T EGNW-10187 PAGE TEN

INDICATED A WILLINGNESS TO WITHDRAW HIS BILL AND SPONSOR
THE NEW PROPOSAL. HEARINGS HAVE ALSO BEEN POSTPONED UNTIL
24 MAY.

12. EXCEPT FOR A FEW MINOR DETAILS THE FIELD SHOULD
NOW BE CURRENT ON THE CONTINUING RADIO PROBLEM. AS NEW FACTS
ARE LEARNED OR WHEN THERE ARE FURTHER MAJOR DEVELOPMENTS YOU
WILL BE ADVISED.

[]
ATTACHMENTS-USCVIA POUCH

DISTRIBUTION 2- [] W/ATT USC

[] W/ATT USC

S E C R E T EGNW-10187 PAGE TEN

Prepared by [] C/CA/BI

Coordinated by: DC/CA _____

C/E/G _____

Released by: C/E/CA _____

Internal Distribution

1 - C/E/G

1 - RID

1 - CA/BI

1 - EUR/Reg

DRAFT BILL

To provide for the establishment of an American Council
for Private International Communications, Incorporated,
to grant support to the activities of private American
organizations engaged in the field of communication
with foreign peoples.

Be it enacted by the Senate and House of Representatives
of the United States of America in Congress Assembled, That
this Act may be cited as the "American Council for Private
International Communications, Incorporated Act of _____."

CONGRESSIONAL DECLARATION OF POLICY

SECTION I. The Congress hereby finds and declares --

(a) That, everyone has the right to freedom of opinion and
expression; this right includes freedom to hold opinions
without interference and to seek, receive and impart information
and ideas through any media and regardless of frontiers;

(b) That the existence of open communication among the peoples of the world is a matter of continuing concern to the American people and a positive contribution to international stability;

(c) That a free flow of information and ideas will encourage other peoples to enhance their social, political, and material well-being and will increase their awareness of the heritage they share with other peoples, including the American people;

(d) That established private organizations in the communications field have demonstrated their effectiveness in furthering the foregoing objectives; and

(e) That in the interest of implementing the above objectives, it is desirable to establish an American Council for Private International Communications, Incorporated, which, by assistance to American private organizations, will enable the private sector of American life to participate in and contribute its skills to a constructive dialogue with peoples of other lands.

ESTABLISHMENT OF A CORPORATION

SECTION II. There is hereby authorized to be established a nonprofit corporation to be known as the American Council for Private International Communications, Incorporated (hereinafter referred to as the "corporation"), which will not be an agency or establishment of the United States Government. The corporation shall be subject to the provisions of this Act, and, to the extent consistent therewith, to the District of Columbia Nonprofit Corporation Act.

ORGANIZATION AND MANAGEMENT

SECTION III. (a) Structure of the Corporation -- The corporation shall have a Board of Directors, a President, an Executive Vice President and such other officers and staff as the Board of Directors may determine.

(b) Board of Directors -- (1) The corporation shall have a Board of Directors (hereinafter referred to as the "Board"), consisting of fifteen members, including a Chairman and a Vice Chairman all of whom shall be appointed by the President of the United States with the advice and consent of the Senate.

(2) Selection -- All members of the Board shall be citizens of the United States who are not regular fulltime employees of the United States Government, and

shall be selected from areas of professional, business and cultural life relevant to the objectives of the corporation.

(3) Incorporation -- The members of the initial Board shall serve as incorporators and shall take whatever actions are necessary to establish the corporation under the District of Columbia Corporation Act.

(4) Term of Office -- In appointing the initial membership of the Board the President shall designate eight members, including the Chairman and Vice Chairman to serve from the date of incorporation for six years and seven members to serve from the date of incorporation for four years. Thereafter the term of office of each member of the Board, including the Chairman and Vice Chairman, shall be six years, renewable at the discretion of the President of the United States with the advice and consent of the Senate. Notwithstanding the foregoing provisions of this paragraph; (A) the President of the United States shall appoint members to fill vacancies occurring prior to the expiration of a term, in which case the member so appointed shall serve for the remainder of such term;

(3) any member whose term has expired may serve until his successor has qualified.

(5) Quorum -- Vacancies in the Board, so long as there are eight directors in office, shall not impair the powers of the Board to execute the functions of the corporation, and eight of the directors in office shall constitute a quorum for the transaction of the business of the Board.

(6) Committees -- The Board may create such committees of its own members as it finds to be in the best interests of the corporation, which committees shall have and may exercise the powers of the Board in the management of the business and affairs of the corporation.

(7) Vice Chairman -- The Vice Chairman shall perform the duties of the Chairman in his absence, and should a vacancy in the Chairmanship occur, the Vice Chairman shall act as Chairman pending the appointment of a new Chairman by the President of the United States.

(8) Compensation -- The members of the Board shall not, by reason of such membership, be deemed to be employees of the United States Government. They shall,

while attending meetings of the Board or while engaged in duties related to such meetings or in other activities of the Board pursuant to this section, including travel time, be entitled to receive compensation equal to the daily equivalent of the compensation at the rate prescribed for level II of the Executive Schedule under section 5314 of title 5, United States Code. While away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, equal to that authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

(9) Meetings -- The Board shall convene at least twice annually and at such times as the Chairman may determine, but the Chairman shall also call a meeting at the written request of at least one-third of the members of the Board.

(c) Officers and Employees -- (1) The corporation shall have a President, Executive Vice President and such other officers as may be named by the Board. All officers shall be citizens of the United States and shall serve at the pleasure of the Board. No political test or qualification shall be used by the Board in selecting, appointing,

promoting, or taking other personnel actions with respect to officers, agents, and employees of the corporation.

(2) President -- The President of the corporation shall be its chief executive officer and responsible for the operations and management of the corporation subject to this Act and such by-laws and policies established by the Board.

(3) Compensation -- The President shall receive compensation at the rate prescribed for level III of the Executive Schedule under section 5311 of title 5, United States Code. Other officers appointed by the Board or employees appointed by the President of the corporation shall receive compensation as set by the Board which shall not exceed the maximum rate prescribed for GS-13 in the General Schedule of section 5332(a) of title 5, United States Code.

PURPOSES AND ACTIVITIES OF THE CORPORATION

SECTION IV. In furtherance of the objectives and to carry out the purposes of this Act as set forth in SECTION I, the corporation is authorized to (a) contract with, or render

financial assistance, including grants, under such terms and conditions as the Board may approve to those private American organizations with established programs of broadcasting to other countries, or with other selected activities in the international mass media field, which organizations receive no other appropriated funds of the United States Government and which demonstrate their effectiveness in promoting the free movement of information and ideas across national frontiers thereby strengthening channels of communication among the peoples of the world.

(b) to develop and apply procedures, including audits, as may be necessary to ensure that funds so granted are applied in accordance with the purposes for which each such grant is made.

(c) to give particular encouragement and assistance to those American private organizations which (1) are in turn qualified to enlist financial and other support from American private organizations, industry and individuals;

(2) enjoy or are capable of enlisting cooperation or financial support from international or foreign organizations which share these objectives;

(d) to prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(e) to make and perform contracts when deemed necessary to carry out its objectives;

(f) to make and renew financial commitments in furtherance of its objectives for periods up to five years;

(g) to receive money and other property donated, bequeathed or devised, without condition or restriction other than it be used for the purposes of the corporation, all donations being tax-deductible by the donor as charitable contributions, and to use, sell or otherwise dispose of such property for the carrying out of its functions;

(h) to obtain from time to time as appropriate, the services of experts and consultants to aid the corporation in accordance with the carrying out of the purposes of this Act;

(i) to accept and utilize on behalf of the corporation the services of voluntary and uncompensated personnel from private life and to reimburse them for travel expenses, including per diem, as appropriate;

(j) to rent office space in the District of Columbia and elsewhere as necessary to its purposes;

(k) to make all other expenditures necessary to carry out the purposes of this Act.

ANNUAL REPORT

SECTION V. The corporation shall on or before the 31st day of January of each year submit an annual report, with financial appendices as appropriate, on its activities under this Act during the preceding calendar year to the President of the United States, who shall thereafter forward such report to the Congress, together with such recommendations as he may deem appropriate. Such report shall include a list of the grants made by the corporation during the preceding calendar

year; a statement of the use to which each recipient applied any grant received during the preceding calendar year; and any recommendations which the corporation may deem appropriate.

VENUE AND LIABILITY

SECTION VI. For purposes of venue in civil actions, the corporation shall be deemed a resident of the judicial district of Washington, D. C.

NONPROFIT NATURE OF THE CORPORATION

SECTION VII. The purposes of the corporation shall be exclusively educational and not for profit and no part of the income or assets of the corporation shall inure to the benefit of any director, officer, employee, or any other individual except as salary or reasonable compensation for services.

The corporation, including its property and income, shall be exempt from taxation now or hereafter imposed by the United States or any territory or possession thereof.

AUDIT

SECTION VIII. The accounts of the corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or

independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The report of each such independent audit shall be included in the annual report.

The financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. A report of each such audit shall be made by the Comptroller General to the Congress. A copy of each report shall be furnished to the President and to the corporation at the time it is submitted to the Congress.

FINANCING

SECTION IX. (a) To enable the corporation to carry out its powers and duties, there is authorized to be appropriated to the Department of the Treasury to be disbursed to the corporation, out of any money in the Treasury not otherwise appropriated, not to exceed \$ _____ for the period

_____. Except for funds appropriated under this section, no funds appropriated after the date of enactment of this section for any fiscal year, under this or any other provision of law, may be made available to or for the use of the corporation.

(b) Appropriations made pursuant to the authority provided in subsection (a) of this subsection shall remain available until expended.