

# Free Europe Committee, Inc.

## MEMORANDUM

Date: February 1, 1965

To: The Executive Committee

Reference: EC 2337

From: The President *J.P.*

Subject: Budget

The following is in response to our oral discussion of EC 2337. We hope it is helpful.

### 1965 ACCOMPLISHMENTS

The Free Europe Committee's business is to support constructive evolutionary political trends in Eastern Europe--trends away from Soviet domination and towards national sovereignty--trends away from one-party Communist control towards some form of government consistent with the true aspirations of the people.

Judged against these objectives, FEC accomplishments were real in 1965. In a sense '65 marked a year when a steady 15-year effort really began to pay off. The Sino-Soviet rift, the weakness in leadership in the USSR and other external factors contributed to a framework in which the dynamics of change arising from internal pressures could operate.

The Rumanian political and economic declaration of independence, the general upsurge of economic revisionism, increased assertiveness by cultural and economic and other non-Party interests in Eastern Europe, the tendency of individual regimes in varying degrees to move away from complete Soviet domination, all reflect or are in part explained by increasing internal pressures on each regime. FEC's business is and has been to feed and support these pressures.

In the case of Poland, where retrogression occurred, RFE and other divisions of FEC bent their efforts to support those in Poland who opposed this retrogression. The success of this effort was considerable and was especially visible in the case of 34 intellectuals and the Wankowicz case. RFE's positive effect in these cases was recognized inside and outside Poland and specifically by the U.S. Embassy in Warsaw.

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In operational terms, 1965 marked:

- A measurable increase in the size of the RFE audience and a noticeable increase in effectiveness with elite audiences. This latter was particularly true in Poland.
- The putting into service of RFE's new transmitters and the resultant reversing of the steady decline in the audibility of its signal.
- Successful efforts to work with and influence important Western European statesmen.
- A greatly increased recognition of FEC-RFE's competence and knowledge by academic, journalistic and government individuals and organizations in the West.
- The development of small but effective operations in Western Europe for selecting and influencing significant visiting East Europeans. The lessons thus learned have laid a base for an increase in such operations in the future.
- The maintenance of the overall size of the book program, but increasing the emphasis on Person-to-Person and Rumanian and Czech distribution. This was done at the expense of mailing operations and Polish and Hungarian distribution.
- The increase in RFE's Bulgarian and Rumanian air time from 6-7-1/2 hours.
- The beginnings of a method to partially control built-in costs through the negotiation of a mandatory retirement age pension program.
- A steady reduction in the funding of redundant or once useful organizations. This was particularly true among certain political exile individuals and organizations, and was accomplished without domestic political repercussions or weakening of broad exile and emigre efforts.
- The elimination of all but a miniscule amount of FEC effort and resources on targets other than Eastern Europe or those in the West which directly support these efforts.

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DIRECTIONS AND EMPHASIS, 1966-1967

Under the budgetary limits proposed for 1966-1967, increased costs of about \$750,000 a year will have to be absorbed. This has the effect of reducing FEC's budget about 10% over the two-year period, and thus represents a fundamental change in policy - a change which appears to be in direct contradiction to the President's policy of Bridge-Building and unrelated to the almost universally accepted appraisal of the increased opportunities for effecting political, economic and social change in Eastern Europe.

If this should come to pass, FEC, a long-experienced and demonstratively effective bridge-builder to Eastern Europe, would find itself in the business of destroying bridges rather than building them. It could not contemplate any new initiatives but instead, would be cutting off demonstratively effective operations and even more damagingly, would be dismantling structures and dismissing important personnel. These could never be rebuilt or rehired.

FEC, as an organization, is cemented together more than most organizations by commonly held ideas and goals rather than by the normal monetary and career incentives. Because of this, a basic policy change which this budget proposal apparently signifies will have more than the usual harmful effect. This is not to suggest that FEC cannot respond to change. It can and has shown the capacity to do just that in both emphasis and direction. But because of its peculiar quality, which is the base of its very success and effectiveness, a basic policy change would confront any management with problems which would seem insurmountable. It is doubtful if the organization could be held together or even if competent people could be found who would be willing to try to manage such a reversal.

It is erroneous to believe that individual segments of FEC could be dismembered while at the same time other parts of the operation would maintain their vigor. A change of the magnitude which such a budgetary decision would force would affect all functions of the Committee. To meet the budgetary ceiling, a management would have to start the liquidation process in the spring of 1965. The cutbacks would of necessity have to be drastic and arbitrary. As a practical matter, because of separation costs, the inevitable pressure of groups and individuals, all types of contractual commitments and human considerations, functions would be cut which could be cut and inevitably there would be very little relationship between cutbacks and political priorities.

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RFE, because it is by far the largest entity, would have to be cut back; the book program curtailed or eliminated; the symbolic, political and representational aspects of exile organizations would have to be destroyed; the carefully built relationships with Western European organizations which hold such promise for joint action in Eastern Europe and with East Europeans in Western Europe would come to an end; East Europe magazine and other publishing activities would inevitably feel the knife of the budgetary axe. Where and how to save money - not how to effect change in Eastern Europe - would become the single guiding purpose of the organization for the foreseeable future.

The changes thus forced would not be ones of degree but of kind. They would not be of the nature that goes on daily - the phasing down and orderly elimination of low priority, once useful functions and replacing them with high priority operations relevant to the current opportunities. The results would be serious and felt far beyond those immediately affected.

It would mean a serious psychological loss in Eastern Europe. FEC over 15 years has been the central source of the fundamental concern of the West with the long-term freedom and self-determination of Eastern Europe. For those who work for it, for those who work with it and for those who know of it, it is the visible center of this concern. This faith is communicated daily and constitutes a vital part of the force which, directly and indirectly, supports the internal pressures which are bringing about change in Eastern Europe. The echoes of a sudden change in FEC operating levels will be understood not only by those directly affected, but by many others.

In the case of exile political and cultural organizations, even those who doubt their value will come to feel that the change is far too drastic. Even if a few names were left on doors, such an upheaval could not be concealed: regime representatives already at work among emigre and ethnic groups would detect it and exploit it; disaffected exiles themselves would advertise it by their protests; there could well be some defections to the East to dramatize it. This is not to say that planned reduction in funding cannot be made in certain exile organizations without the above result. In fact, this has been carried out steadily in recent years, including FY 1965, and further reductions are planned in FY 1966.

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Diminution in the vigor of RFE would be felt and advertised to the same effect. The persistent efforts of the regimes to discredit and to undermine RFE would thus come to appear to many in Eastern and Western Europe to have been successful.

Last year the intellectuals in Poland were a major force in slowing the rise to power and influence of the hard line police group. One of these, Mr. Stefan Kisielewski, in a courageous speech attacking censorship at a writers' congress in Lublin, stressed the solidarity all patriotic Polish writers feel with Polish writers in exile, many of whom he named, together with Western intellectuals. This statement and what it represents in pressure on the Polish regime, would not have been made if FEC had not done its job. FEC's and others' work with exile intellectuals, FEC's support for publications of exile writers, FEC's mailing program and Person-to-Person programs with intellectuals in Eastern Europe, and FEC's Radio which communicated Western and exile support for the Polish intellectuals, made this statement possible and increased many times the effectiveness of Mr. Kisielewski's stand.

Such a cutback would be a severe blow to FEC internal morale, and recruiting prospects. In the light of the ever-present problems in recruiting and holding first-class skilled personnel, this point scarcely needs elaboration. Good people would have to be fired; others would leave, and no high-quality replacements would join the Committee. RFE's broadcasting department's successful efforts to keep its core of qualified people, and bring in younger talent, would become hopeless. The spirit of keeping abreast of new situations and new opportunities, of being effective in exerting pressure for change in Eastern Europe would be replaced by a contracting, negative body in the process of liquidating itself.

The domestic political and public repercussions of such a cutback would not be insignificant. Aside from other problems, a severe cut in what much of the public and Congress looks to as the most purposeful instrument in the cause of East European freedom and political change would cast doubt on the purpose and meaning of "bridge-building." It would also risk an unhealthy degree of discussion of FEC resources at a time when the Fund process is particularly vulnerable and in need of revived support.

FEC is not a series of small, compartmentalized projects; it is an integrated organization. While it is an effective operating organization, it is also an idea - a barometer which all who care and work for freedom in Eastern Europe watch with intense interest. Thus, any reduction in or shift of effort by FEC raises doubts (or hopes, in the case of regime supporters), but the continuing vigor of the operation as a whole has over the years overcome these doubts. However, a cutback of this size and breadth,

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especially in view of the current opportunities, would not merely raise doubts, it would confirm them. The results would be felt far beyond FEC itself. It would significantly slow the forces of change in Eastern Europe.

BUDGET 1966-67

Attached is a broad breakdown for FY 66-FY 67. This breakdown calls for modestly responding to increased opportunities now present in Eastern Europe. These bridge-building operations were broadly described in FC-2773/64. In the case of FY 1966, this represents a budget of \$18,613,617 -- a refinement of our budget of \$18,984,000 submitted on April 13, 1964. (FC - 1997/64)

In addition to this operating budget, it is urgent that FEC be authorized to proceed on the modernization and augmentation of RFE's technical plant as described in FC - 2865/64 entitled "Total Presence Radio."

FC - 3012/65

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FREE EUROPE COMMITTEE, INC.  
BUDGET PROPOSALS  
FY 66 - FY 67

	Budget FY 65 11/30/65	FY 66		FY 67	
		Changes	Proposed Budget	Changes Over FY 66	Proposed Budget
<u>RFE</u>					
Capital	\$ 295,350	\$ 104,825	\$ 400,175	\$ (100,000)	\$ 300,175
Operating	12,291,664	514,637	12,806,301	650,000	13,456,301
Total	<u>12,587,014</u>	<u>619,462</u>	<u>13,206,476</u>	<u>550,000</u>	<u>13,756,476</u>
<u>P&amp;SP</u>	1,135,898	67,900	1,203,798	69,000	1,272,798
EPO	798,192	(98,192)	700,000	(50,000)	650,000
WEO	699,785	11,600	711,385	13,000	724,385
<u>GA</u>	1,098,209	3,600	1,101,809	30,000	1,131,809
CEAO	155,349	12,500	167,849	14,000	181,849
<u>Insurance &amp; Pension</u>					
Life & Health	180,442	12,058	192,500	15,000	207,500
Pension	367,911	26,089	394,000	30,000	424,000
Overage Pension	2,200	12,600	14,800	2,400	17,200
Total	<u>550,553</u>	<u>50,747</u>	<u>601,300</u>	<u>47,400</u>	<u>648,700</u>
Exile Support	225,000	(10,000)	215,000	-0-	215,000
Labor '66 (Union)	-0-	456,000	456,000	-0-	456,000
Labor '67 (Union)	-0-	-0-	-0-	400,000	400,000
Management Flex.	-0-	250,000	250,000	50,000	300,000
<b>Total</b>	<b><u>\$17,250,000</u></b>	<b><u>\$1,363,617</u></b>	<b><u>\$18,613,617</u></b>	<b><u>\$1,123,400</u></b>	<b><u>\$19,737,017</u></b>

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