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FREE EUROPE COMMITTEE, INC.

TWO PARK AVENUE, NEW YORK 10016 • LEXINGTON 2-8900 • CABLE ADDRESS: NATFECOMM

24 MAR 1965

DIVISIONS:
 RADIO FREE EUROPE
 PUBLICATIONS AND SPECIAL PROJECTS
 EXILE POLITICAL ORGANIZATIONS
 WEST EUROPEAN OPERATIONS

March 23, 1965

MEMORANDUM

TO: The Executive Committee

From:  The President

SUBJECT: Budget

John Page and I appreciated the courtesy shown to us by you and your associates during our meetings on Thursday.

As I think you realize, it became apparent during our meetings in the afternoon that your staff had no new proposals to make with respect to operational cuts. As I understand it, you are still proposing essentially the same reductions described in your letter of February 8. In addition, we discussed your associates' concern about built-in cost increases and their questions about certain specific FEC operations. We share these concerns, will give them priority attention, and believe that over a period of time they can be satisfactorily managed.

But we are now faced with a problem which cannot be managed, and I think it is my responsibility to be sure you and your associates fully understand how serious it is.

After continued study, I am thoroughly convinced that the minimum requirements for continuity of this enterprise as an effective instrument of U. S. policy are:

1. An operating budget for FY 1966 of roughly \$1, 000, 000 more than the ceiling proposed by you;
2. An early start on serious planning for an equipment modernization program for Radio Free Europe.

I believe that the Board of Directors is in complete agreement with this view. They see this issue as fundamental, just as I do.

I quite understand the complex and severe pressures upon you. It is certainly not my position to try to suggest how best to proceed at your end. We will do anything we can to help. But the problem must somehow be resolved. You know better than I the difficulties this organization has had in the past as a result of ineffective and changing managements. The reality which we all should face is that a failure to deal appropriately with the current situation will inevitably bring about a reversion to a similar pattern in the future.

cc: John C. Hughes
 FC-3155/65