FOREIGN SERVICE DESPATCH

FROM
American Consulate General MUNICH

TO
THE DEPARTMENT OF STATE. WASHINGTON.

REF

ACTION

For Dept. Conf.

SUBJECT:
Dispute over Personnel Policy and Practices Culminates in Resignation of Radio Free Europe Top Manager

Chronic friction between the Munich and New York offices of Radio Free Europe culminated in the resignations, at noon Saturday, December 3, 1960, of the two top managers of the Munich staff. The immediate issue was whether the Munich management was correct in demanding a loyalty pledge from Czech editors, but the real trouble was more deeply seated.

Those affected are: Erik HAZELHOFF, European Director; Charles J. McNeill, Deputy for Administration; and David HEIN, Deputy for Policy. All have relinquished their duties at the Munich radio station. A senior staff member told the reporting officer that Hazelhoff is flying to New York, McNeill has gone on an indefinite leave, and Hein is remaining in the Munich vicinity so that he will be available for consultation. A temporary manager, from either the Munich or New York staff, will be named.

The resignation comes as a severe blow to the station and its overseas and American staff. Even some of the Czech anti-managers petition signers have seen to respect the damage that has flowed from their actions. The Polish desk chief, himself, the leader of a recent internal struggle against the Munich management, broke down and cried when he called at the office of Policy Deputy. Hein to extend his regrets. One of the American staff members summed the situation up, in a private conversation, with the observation that Hazelhoff and his deputies had "paint themselves into a corner" and that nobody had really expected or wanted them to resign.

Erik Hazelhoff, as European director, was a strong personality who had his full measure of detractors as well as loyal adherents. Even most of his critics on the staff, though, are sorry to see him go in the way he has because of the difficulty his successor will probably have in maintaining control over a Czech desk that has declared its own independence.

There never has been complete harmony between Munich and New York because of the difficulty of clearly segregating policy and operational areas of responsibility between the two centers of control. Friction became especially noticeable last month when the Polish desk, confronted by a decision of the Munich management about broadcast content of statements made by prominent persons in the United States about the Civil Rights issue, carried its fight to New York. The Polish desk threatened...
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The Polish flare-up has hardly died down when the long-simmering controversy about management control over the Czech desk flared up. The station usually has good enough press relations so that such matters can be kept out of the newspapers, but two unfortunate developments occurred just then that even the best possible relations could hardly have prevented. Dissident editors of the Czech desk attempted to leak the story to the major American newspapers, and either because of this or as a result of an even more sinister type of leak, Radio Prague picked up the story on November 14 with an embarrassing amount of detail (Paris Dispatch, November 17, 1960). The other incident was the firing of a Syrian member of the news desk, Johann WINTERSTEINER, for refusing to use Polish place names for formerly German cities in internal RFE correspondence. If the story that appeared in the Munich tabloid Anzeigunth in any guise, the dismissal was clumsily handled (see enclosure No. 1). A staff member told the reporting officer that many people considered Wintersteiner to be a borderline mental case and that it should have been possible to get rid of him in some other way.

The Wintersteiner case set the stage for further publicity. A reliable third party told the reporting officer that the Czech editors tried mainly to induce Moscow's Foreign Affairs Editor of the major Munich daily Suddeutsche Zeitung to use information on the Czech situation in the radio station. Birnbaum, privately revealed to the source mentioned above that he is disgusted by the mismanagement existing inside of RFE, and though he is a friend of the operation, he feels that the good relations long and skillfully built up by the RFE public relations staff have just about been ruined. Though killed in Munich, the story did break out in some of the provincial newspapers. The Preussen Rote Presse carried a long anti-RFE and anti-American story in its November 23-24 weekend issue, a translation of which is attached as enclosure No. 2. Two of the three other small newspapers in Bavaria carried similar stories. The author of the Rote Presse story is a 1957 exchange under the Leader Exchange Program who entertains moderate views. It is possible that the story was not his idea but that of the publisher, Dr. Hans HAPFNER, a political reactionary who is a member of the so-called "black wing" of the Christian Socialist Union. It is said that Ernst Langenig, deputy affairs adviser to the Munich director of RFE, refused to grant him a publishing license under the occupation.

Several days ago there was talk that Der Steller, the Munich weekly, was preparing a broadside against RFE. Widespread publicity on both sides of the Iron Curtain is now a certainty.

The actual dispute between the Munich and New York offices of RFE can be summarized as follows: In August, 1960, the aging Czech desk chief, Julius Nez, relinquished his post because of "ill health" and took an early retirement as Adviser on Intellectual Corporation. The Czech desk was the first of the five nationality desks to begin actual operations, in May 1951, and the staff soon grew to be the pride of the station. The idea of "news" radio station, this together with Czech and Slovak rivalry, made it hard to manage the Czech desk.
but first, a respected Czech-Jewish nationalist, kept the lid on. The new chief, Czech JOSEPH, was immediately attacked by dissident editors, including both Czech and Slovak, as a man of an old school approach to management. There seems to have been no satisfactory solution, and the management finally felt itself forced to depend on someone else to do the work. At the end, as one editor put it, the text of an internal memo from the Munich management's interpretation of the events between itself and the Czech desk.

One of the outgoing RFE executives told the reporting officer that he and his colleagues had been confident that eventually most of the fired Czech editors would sign the loyalty pledge demanded of them. The plan of management was to reinstate all with the exception of approximately seven chronic trouble-makers whom the new management wanted to eliminate. The reinstatements, however, learned through their own sources that the New York office apparently did not intend to support the Munich management, and, of course, did not wish to be involved. But in Munich the leadership of the station felt that it had no alternative but resignation when the New York office failed to back it up and also feels that whoever replaces it will have a hard time controlling the Czechs and the other editor groups.

**COMMENTS:**

The resignation of the Munich management of Radio Free Europe will have a negative effect upon American foreign policy efforts in Germany and Eastern Europe. Worse than the publicity, which can be fixed now, will be the entrenchment caused to friendly West German officials and the fact that from now on it will be very hard for any management, no matter how skilled, to reestablish control over the various editorial desks.

The basic reason that the resignations occurred, as has been mentioned, is that authority within Radio Free Europe is split between New York and Munich. The Consul General feels that the authority should be concentrated at one end or the other, and that if necessary certain of the operations should even be physically moved.

The persons responsible for administering the Munich operation should, it is felt, have a strong foreign policy background. In the opinion of this Consul General, this should take precedence over technical competence. There should be present at a high place in the organization an American, preferably an American, with training and experience enabling him to deal with the peculiar psychology of the editors. Some such person may already exist in the person of young Americans who have already served for some years on the RFE staff in Munich.

It should probably be made clear, in conclusion, that the events that led to the resignation of the top officials of Munich did not stem from any dissatisfaction between Czech and Slovak, nor are they in any way directly related to the public relations proper of the publications. The resignation was rather the result of an internal dispute, the basic cause of which, it is hoped, will be eliminated through some structural changes.
Even though it is a privately supported organization, Radio Free Europe, for better or worse, plays a role in American foreign policy that cannot be officially overlooked, and the above comments are made with this in mind.

Enclosures:
GERMAN CITY MAKES AN AFFRONT TO POLICE?

Radio Free Europe, which beams programs to the East Bloc, is paying a settlement of 10,000 marks to a news editor, Johann WINTERSTEIGER, dismissed without notice in October.

It transpires from this settlement in the Munich Labor Court that this sum is at the same time "hush money" for the dismissed editor. According to the decision, Wintersteiger must, as a matter of fact, refrain from making reports or divulging information to third parties.

The reason for the dismissal of Wintersteiger without notice and the ensuing process in the labor court was the recording of German names of places in the log book of the news desk as regards the territories under Polish administration since 1945. Wintersteiger had the task of working on incoming English language items and sending them forward to the individual desks. For his log book entries—which had only internal organizational significance and were not intended for broadcasting—Wintersteiger translated, for example, the Polish designation Opole into the German equivalent, Oppeln.

"That is a disturbance of labor peace," said the representative of the radio station before the Labor Court. The Polish members of the editorial staff would be affronted by the use of German city names, such as Danzig instead of Gdansk.

As the representative of the radio station declared, details, the chairman of the court ruled against publicity on the basis that this would constitute a trespass upon organizational secrets.

As a result of the amicable settlement, these organizational secrets remain preserved. The proceedings, however, spotlighted the political tensions existing between members of the staff of this radio station, which has its site in Munich. People from thirty-seven separate lands work at Radio Free Europe.

It remains, however, a fact: the leading figures of this station regard the use of German city names for the Polish administered territories as an affront. The Labor Court official, SCHÄTZ, said in this respect: "Then German members of the editorial staff must also be offended by the use of Polish names."
East Europe employed by RFE are given free of charge a completely furnished, subterranean apartment. When an electric light bulb burns out or even a roll of toilet paper is used up, Radio Free Europe replaces it free of charge. Even the chauffeurs for the apartments are free. There is no known instance, however, in which the same perquisites were ever extended to a single German staff member of the station. Despite the higher salaries of the Americans and other foreigners, they received compensatory raises when they lost, several years ago, their tax privileges and tax-free occupation licenses for their automobiles. The German tax authorities finally concluded that here for several years sources of tax revenues had gone untapped because people who had never set foot on American soil had been enjoying the privileges of members of American consul general establishments; i.e., exemption from taxation. But here again the apparently inexhaustible treasury of RFE saved the day by restoring the sums taxed away from so-called dollar-paid staff.

Eighteen Editors Given Notice

The dispute inside RFE again reached a peak with the firing of eighteen editors of the Czechoslovak Desk. This happened after the former chief of the Czech Desk, Julius First, resigned his position because of ill health. The man named as his successor, Oswald Koster, who likes to be addressed with his title of "Majer," came to Germany in 1949-1950 by way of Austria. When in August, in accordance with his desire, Vladimir Granec was supposed to be appointed as representative of the Slovaks on the Czech staff, about eighty percent of the 150-man Czech staff objected. These "rebels" argued that Granec was intolerable because he favored the announcer Jan Hejno, who as late as 1956 is supposed to have worked for a Communist trade union paper in Pressburg (Translator's note: Pressburg is Bratislava). Hejno came to RFE where he has threatened his countrymen with dismissals and "purges.

As a consequence of the rebellion Dr. Samuel Bellus, a Slovak, came from New York to take the post assigned to Granec. Nevertheless Granec became deputy chief of the section. Berger-Balak, the leading Slovak editor, is supposed to have been transferred to New York or dismissed as a penalty because he made himself a spokesman for the group. However, when the majority of the Slovak staff drafted a memorandum expressing distrust of Koster and then twelve Czech editors expressed their solidarity with this memorandum of their Slovak colleagues, New York was made still more aware of these events. Nineteen editors sent a memorandum with an identical content to the New York headquarters of RFE, too. After a declaration of solidarity with RFE they urged that these abuses in Munich be remedied. The New York wire of the responsible RFE people in Germany, however, was better, and after a long to and fro the editors were forced to retract their memorandum. The European director, Hazelhoff, was however not satisfied by this act. He demanded from his people a declaration of loyalty for the controversial Koster. On advice of the American Newspaper Guild and the Munich Workers Council, the editors refused to give this pledge. As a result, eighteen editors were dismissed without notice last Wednesday. They may, however, be back on the job as early as next Monday because, on the urging of the American Newspaper Guild, a two-man investigating committee from the New York headquarters departed on Thursday for Munich.

The RFE is
Out with Radio Free Europe

Years of Abuse of German Hospitality - by Irvin Juk

It is time for the disappearance of an establishment that has operated for ten years in Munich: the station, Radio Free Europe (RFE). From the studies in the English Garden programs are beamed to all the countries behind the Iron Curtain except Yugoslavia and Albania. One thousand, three hundred employees, of whom 65 per cent are German, are on the staff of Radio Free Europe. The present director is the 49-year-old American of Dutch origin, Eric Hansehoff. In recent years there have been repeated serious criticisms of this privately supported American radio station on the part of some former German sources.

Controversy Reaches a Climax

The controversy in and around Radio Free Europe has reached new peaks in the last several days. The BBC's translator's note: Fund der Heimatschutz und Entdecker, a right-wing German expatriate group, announced that it would demand an investigation of the circumstances behind the firing of the German news editor, Johann Wintersteiger. Wintersteiger, 42 years old and a member of the works council for ten years, was fired without notice on the grounds that he was disturbing the peace of the establishment. This German editor could not, for the last six months, reconcile with his conscience the use of only the Polish names of the German cities behind the Iron Curtain. In this, he said, he was treated with the same respect that he expected from the Germans. Wintersteiger said in defending his changing of Polish city names into German ones, "I would, indeed, have to consider myself as a traitor against Germany if I did not use the German names," Wintersteiger said on defending his use. The editor had changed the names only in manuscripts that were not directly broadcast but were intended for the information of the staff. The legal representative of Radio Free Europe alleged in a hearing before the Labor Court on the protest of Wintersteiger against his dismissal without notice, that the feelings of the Polish members of the editorial staff were injured by Wintersteiger's actions. The chairman of the labor court thereupon declared, "Then the German editors of the editorial staff must also have had their feelings hurt by the use of Polish names." The Germans understand, of course, that in broadcasts to Poland names like Opole and Poznan have to be changed to Opole and Poznaj. It is only that the foreigners enjoying the hospitality of the German Federal Republic do not show any regard for German sensitivities. For them the cutting off of the eastern German provinces seems to be as much an accomplished fact as for the governments of the East Bloc. The exposure of this in the Munich Labor Court proceedings was naturally embarrassing for the masters of Radio Free Europe. Therefore, they sought to bring the Wintersteiger case to the speediest possible conclusion. There resulted an agreement in accordance with which Wintersteiger promised to maintain silence. As a settlement he received DM 10,000.

The Wintersteiger case is not the first instance in which it has been demonstrated that Radio Free Europe serves Germans as against Americans and other foreigners by two separate parliaments. Even salaries are completely different. Ordinary American secretaries receive almost as high dollar salaries as their German colleagues do in marks. This means that the latter earn four times as much. In addition, all Americans as well as foreigners of

UNCLASSIFIED
Aide Memoire

On Thursday, 22 November, 17 members of the editorial staff of the Czechoslovak Desk were terminated for cause. The immediate occasion of those dismissals was the transmittal to the Office of the Director on 17 November of a so-called Joint Memorandum, signed by 19 members of the Czechoslovak editorial staff. This petition, clearly aimed at removing Mr. Kostra from his position as Czechoslovak Desk Chief, was insulting and slanderous in character, and was deemed to constitute grounds for immediate dismissal for cause of all who had signed it. It was learned, however, that questionable means - threats of reprisals coupled with promises of future benefits - had been employed by the authors of the Joint Memorandum in collecting signatures among staff members. Management, therefore, decided to open an avenue by which those who had been misled into the movement by its ringleaders could retain their jobs with REB and thus protect their livelihood.

The means of avoiding termination were outlined to the signatories in a letter from the European Director, which was delivered on 21 November.

The ringleaders meanwhile - honestly and openly advised that this time they had gone too far and that they could finally now expect a decisive reaction from the Management - on Sunday, 20 November, had dispatched to the European Director a telegram withdrawing the memorandum. This telegram was delivered at mid-morning on 21 November. A simple withdrawal of the Joint Memorandum, however, was not sufficient to remove the vicious attacks on the Desk Chief and on the very concept of order and authority in the organization.

Hastily, on the morning of 22 November, the leaders of the movement persuaded each of the editors who had signed the Joint Memorandum to send to the European Director identical and highly equivocating letters which, on the one hand, purported again to repudiate the memorandum but, on the other, defended and condemned their every past action, and was clearly contrived to defend and justify once more their authorship and their delivery of the earlier Joint Memorandum.

Particularly, their letter failed to acknowledge the authority of their Desk Chief or to retract the reckless slanders they had lodged against him. Most certainly it did nothing to relieve the state of chaos created by the leaders of this group from the moment, three months ago, that Mr. Kostra received his appointment. Quite the contrary, Mr. Kostra was barely confirmed in office when two of the principal instigators confronted him with a joint, categorical demand that one of them be named Associate Desk Chief. This ultimatum, and the bullying method by which it was presented, was rejected.

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On 21 November, Management made it known unequivocally that the whole ugly business would now be brought decisively to a halt. At the same time, it gave the factions' elements responsible for the situation, along with those who had been misused into signing the Joint Memorandum, one last opportunity to reconsider their past actions and to declare themselves willing in the future to adhere to the elementary standards of conduct expected of staff members of this or any other organization striving for an orderly dispatch of its work. The need for this declaration would hardly have arisen if the concentration of activities rendered briefly above and the tone and content of the Joint Memorandum had not convinced Management that it was dealing with a special situation requiring a special resolution, and if the group of employees involved had not set themselves apart and exempt from the ordinary rules of professional decorum and the elementary rules of personal deportment.

In any case, it was probably to be expected that the assurances required by Management have been variously described by those who activated the Joint Memorandum as a "confession", a "foul-they loyalty oath", a "self-abnegating pledge", a "typical Communist device", etc.

In view of the above, it seems only fair to make available certain particulars of the Joint Memorandum (it runs to some 1600 words), along with all four of the points on which Management sought reassurances as to the future professional conduct of its signers.

In the left column below are some of the charges contained in the Joint Memorandum. Beside them in the right column are the assurances --- all of the assurances --- Management sought, and which Management would have accepted as constituting a minimal satisfactory renunciation of the Joint Memorandum's content and purpose, and an acceptable submission to duly constituted order and authority in the operation.

**CHARGES CONTAINED IN THE JOINT MEMORANDUM**

**Point One.**

The Joint Memorandum suggests that the current leadership of the Czechoslovak Desk is a "totalitarian body". It states that Mr. Kostka has created a "psychological atmosphere" in "open contradiction" to "democracy, tolerance and humanity...", and adds flatly the "only person responsible for this state of affairs is, in our opinion, Mr. Kostka". It states that during Mr. Kostka's tenure, there has been "an unhealthy atmosphere" in the Czechoslovak Desk, that "demarcations and informing flourish", that there is

**ASSURANCES SOUGHT BY MANAGEMENT**

In response to the statements to the left, RED's Management asked for the minimum assurances that those who made them "do acknowledge that my superiors... do have the right to issue orders" and, of course, the right to expect that those orders are carried out. The authors of the statement were asked to assert their willingness in the future to "submit to the duly constituted and properly exercised authority invested in the Desk Chief..."
Recruiting of supporters by the ringleaders began at once. It was their clear aim to achieve, by coup d'etat, what they had failed to achieve by personal pressures. Narcosens, none of them personal in nature and some political — all of them offensively contrived — began to appear. Overnight a group of editors became largely politicians and provocateurs, serving only secondarily as journalists and employees of RFE. Work schedules in the Desk became a mockery. Political pretensions (the "Czechoslovak national interest") and factional struggles (the "Czech-Slovak relationship") were introduced as a cover for intrigue played purely in the interests of personal ambition and aggrandizement. During all of this, the writing and delivery of radio scripts, which, after all, was the reason for their employment, became erratic. Deadlines were missed, and scripts that were submitted could be broadcast only after unnecessary and time-consuming editing and revision by the Desk Chief and trusted assistants. At least one editor refused, until ordered in writing, to attend the Desk Chief's staff meetings at which he consulted on editorial matters of the day. (This same editor was to complain later in writing that the Desk Chief failed to consult him.) Meanwhile, signatures of new and even, newer narcosens were collected, countless meetings were held, the public passage-ways of the building, and even the letrines, were converted into forums of agitation; instructed and un instructed delegations and messages were dispatched in all directions until at the last count and to Management's knowledge alone a record of nine petitions, narcosens and ultimata had been the height of day. Newspapers were clandestinely supplied with distorted "inside" stories on the situation at the very moment participants were becoming the risks of bad publicity "resulting from management actions". Every gesture at a reasonable compromise on the part of Management aimed at restoring a semblance of order within the Desk was interpreted as an object surrender to pressures, and far from satisfying the ringleaders, seemed only to whet their appetite for bolder actions and more outrageous demands. Word went out that Management was on the run, and ringleaders were stating boldly both in and out of RFE that "it is either Hazelhoff or Kostuba, or else" (which is also the conclusion stated in the astonishing Radio Pravo report of 14 November).

Responsible elements throughout the organization, including the chievs of other Desks, became so concerned as to express alarm not only for the fate of the Czechoslovak operation but of the entire Radio Free Europe complex. Information which was presumed to be known only to Management, Czechoslovak Desk officials, and members of the rebellious group, was fed to the Prague press. There is a provocative similarity in the intent, formulations and even words and phrases found in the Joint Memorandum of 15 November (to say nothing of the utterances of some of its signers) and the Radio Pravo article, which appeared on 14 November, and which necessarily had its genesis within RFE. The effects of these activities and developments on the morale, the work and the stability among the Czechoslovak staff were incalculable, but very real. In fact, in looking back, it seems a miracle that Radio Free Europe was able, during this period of anxiety and subversion, to continue its broadcasts and its mission to the Czechoslovak nation.

At any rate, the Joint Memorandum submitted by the 15 Czechoslovak editors, was merely the outward culmination of this astonishing campaign of pressure, and it succeeded in removing all doubt that the insatiable drive for power generated by this small minority on the basis of some far beyond the bounds of reason and tolerance.
"An oppressive and suffocating atmosphere", that Mr. Kostrba's "personal acts and behavior" contribute to "nervous tensions and uncertainty", that there are "personal insinuations and slanders ...". It states that Mr. Kostrba's "attitude toward those working under him is generally that of a commander who is very full of his own importance ..." It states that a "radio station" is not the place "where one person only has the right to issue orders" which the rest of the Desk "must blindly obey".

Point Two

The signers of the Joint Memorandum (all of them editors) state that Mr. Kostrba "grants recognition only in relation to the attitude taken to him personally by an individual. It is not without significance," they state, "that among those who enjoy his confidence and who are consulted by him concerning the future of the Desk — in personal matters or problems of programming — there is today not one of those who had in the past borne the major burden of editorial work ..." "It seems almost a matter of principle to Mr. Kostrba to confuse loyalty to our radio station and its aims with loyalty to his own person."

Point Three

The signers of the Joint Memorandum described "the work of RFE's Czechoslovak Desk to be a matter of personal conviction" and add that the work and the "qualities and abilities" of RFE employees "cannot be regulated through any formal contract or company regulations, nor can they be measured in terms of non-hours expended or programs delivered. This is the manner in which we regard our work ..."
Point Four

The signers of the Joint Memorandum accuse Mr. Kostrba of operating the Czechoslovak Desk "as a sort of private domain of a man who sets as his highest criteria his personal authority and the enforcement of absolute obedience through overbearing methods" and add that "Mr. Kostrba has during the first three months of his tenure demonstrated an utter lack of the basic prerequisites for leadership ..." They express "the most serious doubts" whether "it is possible for the Czechoslovak Desk, in this atmosphere and under the present leadership, to fulfill its mission" and conclude by asking Management "urgently for an appropriate, effective and early solution" of the "difficulty — which we hope is only short-lived ..."

In response to these and many other personal and professional calumnies against Mr. Kostrba the authors were asked to "withdraw and repudiate the implied demand that the current Desk Chief be removed, and pledge to loyally perform (their) duties under this current leadership in order to fulfill the mission of Radio Free Europe's broadcasts to Czechoslovakia."

Finally, the authors were put on notice that in view of their statements in their Memorandum, "Failure to comply in letter and spirit with the above principles (would) result in the termination for cause of (their) employment with Radio Free Europe."