MEMORANDUM FOR: The President

The purpose of this memorandum is to alert you to the funding problem faced by Radio Free Europe and Radio Liberty.

As you are well aware, the Central Intelligence Agency has funded these Radios for about 20 years, and I know you agree that they have proved their worth to our national interest over this period.

The Agency's role was to provide funding and liaison techniques of such nature that any Government direction or control of the Radios could be plausibly denied. These arrangements were successful in the initial period, but in recent years more and more allegations of CIA backing have appeared in the press. The circumstances are such, therefore, that plausible denial has been increasingly difficult.

On several occasions we have looked for alternative means of giving the necessary financial support (programmed at 36.2 million for FY 1972) without success. Recently, as you know, Senator Case, without prior consultation with this Agency or any other component of the Executive Branch, introduced a bill to provide for public annual appropriations for the Radios. The Department of State, with our assistance, has proposed a revised version of this bill, which would create an American Council for Private International Communications, Inc., which would be funded from congressional appropriations. In turn, the Council would be authorized to provide the necessary financial support for the Radios. In this manner, the Radios would keep their independent, private corporate nature, which is essential not only for their effectiveness but also to maintain the necessary foreign licenses. We believe this revised bill presents a satisfactory solution, and we are working with the Department of State in an attempt to assure the enactment of the bill.
There is considerable doubt that the bill will become law before 30 June 1971, the end of this fiscal year, and an appropriation for the support of the Radios might be delayed until well into Fiscal Year 1972. We have explored possibilities for interim funding to cope with this situation if it occurs but have been informed by the Chairmen of our Appropriations Subcommittees of the Senate and the House, Senator Ellender and Representative Mahon, that they are strongly opposed to any continuing financial support by CIA beyond 30 June 1971 by appropriation, transfer of funds from other agencies, or continuing resolution, as any such action might encourage inquiry and publicity concerning other sensitive and important appropriations.

The Office of Management and Budget is aware of this dilemma and has tried to be helpful. As of now, however, no satisfactory alternative has been developed.

This problem will be discussed by the 40 Committee at its meeting scheduled for 13 May. Without wishing to anticipate these deliberations, I believe that the continuation of the Radios is of sufficient importance to our foreign policy goals to warrant alerting you to the difficult problem which they now face.

Richard Helms
Director