

December 23, 1964

CIA Meeting with Members of Board of Directors of Free Europe Committee

Citation:

"CIA Meeting with Members of Board of Directors of Free Europe Committee", December 23, 1964, Wilson Center Digital Archive, Obtained and contributed to CWIHP by A. Ross Johnson. Cited in his book Radio Free Europe and Radio Liberty, CIA mandatory declassification review document number C05459036.
<https://wilson-center-digital-archive.dvincitest.com/document/115080>

Summary:

FEC directors emphasize their autonomy to CIA officials reviewing "proprietary" CIA projects

Credits:

This document was made possible with support from Blavatnik Family Foundation

Original Language:

English

Contents:

Original Scan

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APPROVED FOR RELEASE DATE: 14-Mar-2011

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23 December 1964

MEMORANDUM FOR THE RECORD

SUBJECT: Luncheon Meeting with Members of the Board of Directors of the Free Europe Committee (FEC)

1. On 18 December Messrs. [redacted]

[redacted] went to New York City to have lunch with Mr. John Hughes, Chairman of the Board of Directors of the Free Europe Committee, Mr. Ernest Gross, Chairman of the Executive Committee of the FEC Board and Mr. Earl Newsom, member of the FEC Board of Directors. The purpose of the luncheon was to meet these gentlemen and explain to them the reason for the Agency's task force review of proprietary projects. The meeting had been arranged by [redacted] with Mr. Newsom.

2. [redacted] opened the discussions by noting that he

had called Mr. Newsom directly to set up this meeting as they were old friends and he was not asking for a formal Board meeting but rather an informal discussion with members of the Board. He went on to say that his reasons for wanting to let the Board members have this meeting were threefold: first, a chance to meet us, secondly, to get their views on how they envision their FEC responsibilities, and thirdly to enlist their support and cooperation.

[redacted] defined Mr. Kirkpatrick's position as Executive Director/Comptroller and his responsibility in the Agency for ensuring proper administration and efficient use of manpower, and stated that the task force was to look into these same aspects of the Agency's large outside activities. He stressed the fact that we were not interested specifically in this or next year's budget except insofar as there might be discovered better administrative practices (i. e. automation) or more efficient use of manpower. The FEC had not been singled out for this purpose. It was only one of several groups the task force would review. He added that the group had no authority to act but only to make recommendations which if accepted would be sent to the proper action component.

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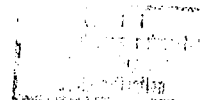
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3. Mr. Hughes speaking for the Directors thanked [redacted] for his explanation and went on to make several points:

A. He was delighted to hear that this was not primarily a budget exercise. The Board was interested in substantive and creative thinking and not in being told there was no money for new ideas and projects.

B. The Board of Directors were dedicated and interested Americans who believed in FEC and who gave freely of their time and energy. The Board was not a rubber stamp and would resign before becoming one. FEC was conceived of and started, not by the Agency but by a group of prominent American businessmen and Government officials, to do a job which could not be done by an official organization. Its success over the years was a tribute to this concept.

C. Given the composition of the Board, the contacts and influence of its members, the Agency should give more thought to how it could be useful to them and the U. S. Government. It was quite possible that the Board could be useful in either helping the Agency obtain a more favored budget position or in focusing high level government or Administration attention on key objectives. Mr. Gross mentioned at this point that perhaps the Agency should consider using the Board and its contacts to get relief from budgetary or other restrictions. [redacted] replied that this would lay the Agency open to the charge of using outside pressures to circumvent policies or budget ceilings, which would certainly not be in anyone's interest, to which Mr. Gross agreed. As an example of how the Board could move when the U. S. Government could not, Mr. Hughes cited FEC's success in renewing its Portuguese license at a time when official relations between Portugal and the U. S. were severely strained. Gregory Thomas, a member of the Board with excellent contacts in Spain and Portugal, was able to negotiate a new ten-year license. This could not have been done officially or if FEC were known to be a part of the U. S. Government.



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A second example cited by Mr. Hughes was the FEC's success in attracting some of Europe's outstanding statesmen to serve on the West European Advisory Committee, an advisory body to FEC. This could not have been done by an official organization or without an effective and influential Board.

The third example related by Mr. Hughes concerned the success of the Board in presenting FEC's case for capital expansion in 1961. He felt the Board, by presenting its case to various key government officials, had succeeded in achieving the essential expansion when it was not possible for the Agency to allocate the sum out of its current budget.

D. In the opinion of the Board FEC now had the best management and administration in its history. John Richardson had the full support and respect of the entire Board and in their opinion was doing an outstanding job.

E. The Executive Committee of the Board met monthly, the full Board less often. John Richardson had access to every member of the Board and was free to check with its members at any time on any issues. The Agency was asked to participate in these Board meetings only very infrequently, which Mr. Hughes felt was as it should be.

[Redacted]

4. During the preceding discussion both Mr. Gross and Mr. Newsom elaborated upon the points made by Mr. Hughes. [Redacted] established the fact that the Board had little contact with or knowledge of the Agency's many responsibilities and suggested that perhaps it might be good to have more of a dialogue between FEC's Board and the Agency. He felt it might be useful if they knew where FEC fitted into the overall Agency picture and what the Agency's world-wide responsibilities and priorities were. Just as the task force found this present discussion useful and informative so might the Board find conversations with proper Agency components. This idea was welcomed

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with enthusiasm by the Board members and it was agreed it should be further explored.

5. Mr. Newsom at several points in the luncheon mentioned his concern that some definitive action be taken soon with respect to the Radio Free Europe Fund (RFEF). He urged that RFEF be brought under the control and direction of John Richardson, and added that this was also Crawford Greenewalt's (Chairman of the Board of RFEF) position. [redacted] assured Mr. Newsom that the Agency was aware of the problems and was prepared to move on it. It was agreed that the matter should be discussed further but at a separate meeting called for this purpose.

6. The entire luncheon and conversations were conducted in a relaxed, friendly and informal atmosphere. The three members of the Board of Directors expressed their pleasure at being able to have a meeting of this type where budget and finances were not the key issues. They welcomed the survey and recommended detailed discussions with Messrs. Richardson, Page and other key witting personnel in New York and Munich.

[redacted]

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