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{ REPORT
No. 92-319

RADIO FREE EUROPE AND RADIO LIBERTY

JULY 30, 1971.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 18]

The Committee on Foreign Relations to which was referred the bill (S. 18) to amend the United States Information and Educational Exchange Act of 1948 to provide assistance to Radio Free Europe and Radio Liberty, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

WHAT THE BILL DOES

As reported by the Committee on Foreign Relations, Senate bill 18 amends the United States Information and Educational Exchange Act of 1948 to authorize for fiscal year 1972 a \$35 million appropriation to the Department of State for grants to Radio Free Europe and Radio Liberty. The Secretary of State is given the authority to determine the terms and conditions of the grants. The bill prohibits any other appropriated funds from being used to finance these radio operations.

BACKGROUND

Senator Case introduced S. 18 on January 25, 1971. In his introductory remarks, he stated the bill's principal objective was " * * * to bring Radio Free Europe and Radio Liberty under the authorization and appropriation process of the Congress."

By way of background, Senator Case pointed out,

During the last 20 years, several hundred million dollars in U.S. Government funds have been expended from secret CIA budgets to pay almost totally for the costs of these two radio stations' broadcasting to Eastern Europe. In the last fiscal

year alone, over \$30 million was provided by CIA as a direct Government subsidy; yet at no time was Congress asked or permitted to carry out its traditional constitutional role of approving the expenditure.

The full text of Senator Case's statement is contained in the appendix to this report.

Radio Free Europe (RFE) was established in 1950 and Radio Liberty (RL) in 1951. The former operates under the auspices of the Free Europe Committee, Inc., and the latter under the auspices of the American Committee for Freedom for the Peoples of the U.S.S.R., Inc. RFE broadcasts to five Soviet Bloc countries: Bulgaria, Czechoslovakia, Hungary, Poland and Rumania. RL's broadcasts are limited to the Soviet Union.

The Department of State describes the two Radios as "private broadcasters" which "report and comment extensively on internal developments in their target areas and do so in an objective fashion."

The cost of doing this, according to the State Department, is "approximately" \$36.2 million annually. Of this amount, the Department says, less than \$2 million comes from private contributions, almost entirely U.S. corporations. (See appendix.)

The gap between private contributions and actual budget expenditures—some \$34 million in this instance—has been filled by funds from the Central Intelligence Agency, although Executive Branch officials refuse publicly to acknowledge the Agency's participation or role in maintaining and operating the two Radios. Following this policy, the Department declined to supply additional financial data for this report on Government funding of RFE and RL.

From the current budget of \$36.2 million, the two Radios employ a staff of 2,614 with RFE employing 1,652 and RL, 962. (See appendix for further breakdown.)

Both Radios maintain separate broadcast headquarters and research facilities in Munich, Germany. In addition, Radio Free Europe has offices, studios, or other facilities in the following cities: New York, Athens, Berlin, Bonn, Brussels, Geneva, London, Paris, Rome, Stockholm, Vienna and Lisbon. In a similar fashion, Radio Liberty is located in New York, Barcelona, Lampertheim, London, Madrid, Paris, Playa del Pals and Taipei.

RFE's and RL's combined budget of \$36.2 million may be compared to the Voice of America's budget of \$41 million for its *worldwide* operations during FY 1971. For further comparison, an estimated \$37 million was spent in FY 1971 on official educational and cultural exchange programs. By way of comparison with domestic programs, the FY 1972 budget request for educational T.V. and radio was \$31 million.

On July 1, 1971, Congress approved H.J. Res. 742 providing continuing appropriations for Federal agencies and programs through August 6, 1971. As a result of action taken by the Senate Appropriations Committee, which was approved by the Congress as a whole, the authority to fund Radio Free Europe and Radio Liberty was shifted and restricted to the United States Information and Educational Exchange Act of 1948.

In its report (No. 92-240) on H.J. Res. 742 the Senate Appropriations Committee stated,

The Committee recommends the inclusion of a provision to provide interim funding for the support of Radio Free Europe and Radio Liberty pending the enactment of legislation to provide for open funding of these organizations.

COMMITTEE ACTION

On February 1, 1971, the Committee forwarded copies of S. 18 to the Department of State and requested "coordinated Executive Branch comments * * * at an early date." On March 12, the Committee wrote again to the Department stating tentative hearings on the bill had been scheduled for April 28. The State Department responded on April 22 requesting a delay in the hearings until the "latter part of May."

In an effort to accommodate the Department, the Committee agreed to change the hearing date from April 28 to May 24. A public hearing was held at that time and the Committee heard from three witnesses: the Honorable Congressman Ogden R. Reid, who introduced a similar bill in the House of Representatives; the Honorable Martin J. Hillenbrand, Assistant Secretary of State for European Affairs; and Mr. Paul C. Bartlett, former President of Radio New York Worldwide, Inc.

In place of commenting on S. 18, Assistant Secretary Hillenbrand presented the Administration's views on a substitute bill, S. 1936. Senator Case introduced this bill on the day of the hearing. (See appendix.)

This alternative legislation would establish an American Council for Private International Communications, Inc. Although publicly funded, the Council would be a "non-governmental, private, non-profit corporation" with headquarters in the District of Columbia. While the primary purpose of the corporation would be to channel Government funds to Radio Free Europe and Radio Liberty, the Administration's bill would also make eligible for financing any "private American organizations with established programs of broadcasting to other countries, or other . . . selected activities in the international mass media field * * *"

S. 1936 contained an open-ended authorization and provided that sums appropriated shall remain available until expended. In addition to this funding flexibility, the bill did not specify an agency or department to which the funds would be appropriated.

The Committee first considered both of these proposals in Executive Session on June 8, at which time it decided that, before making any definitive, long-term decisions on future funding of the Radios, the Committee should have available some in-depth, background studies on them. Following this decision, the Chairman of the Committee wrote to the Library of Congress and the General Accounting Office requesting separate studies from each of them on the two Radios. Senator Fulbright's letters are included in the appendix to this report.

The Committee considered these bills again in Executive Session on July 21, at which time it rejected, by voice vote, a slightly modified version of S. 1936 (see appendix) and then adopted S. 18 with an amendment increasing the authorization level from \$30 to \$35 million for fiscal year 1972.

COMMITTEE COMMENTS

The Committee on Foreign Relations views Senate bill 18 as stop-gap legislation—designed primarily to bring into the open the Government's role in financing both Radio Free Europe and Radio Liberty.

The Committee deplores the fact that this financing—covering some 20 years—has been kept secret from the American people and their elected representatives. It is indeed regrettable that the Executive Branch of Government under five administrations deceived the taxpayers with respect to the expenditure of these public funds. Indeed, as one of the witnesses who testified during the Committee's hearing of May 24 reminded the Members, we “* * had been led to believe that Radio Free Europe was financed by dimes from school children and voluntary gifts from concerned citizens anxious to keep truth alive behind the Iron Curtain.”

The connivance of both public and private officials to lead the American public to believe this fantasy is to be regretted. Not only did the government officials and others involved in these radio stations mislead the American public but they also deceived those who listened to the Radios and relied on them as the products of private enterprise. How ironical and tragic it is that such practices have been used in the name of getting “the truth through to the peoples behind the Iron Curtain!” And, even at this late date, Executive Branch officials refuse to discuss this matter openly or to disclose to the American public how many of its tax dollars have been used in this highly questionable activity.

Senate bill 18 is intended to terminate this deception; it is intended to let the people know what they are paying for and how much.

This assumes, of course, that both Radio Free Europe and Radio Liberty perform useful broadcast services and, although the Committee is divided in its thinking on this point, a majority of the Members believe that the Radios should be given the benefit of the doubt—a serious doubt indeed in view of the public's repeated reluctance to provide through private contributions the amount of financial support the Radios say they need. But, in adopting S. 18, the Committee indicated its unwillingness to give the Radios the benefit of the doubt beyond the current fiscal year or to give them the kind of organizational and financial flexibility contained in S. 1936, the Administration-approved bill.

The background studies on Radio Free Europe and Radio Liberty being prepared by the Library of Congress and the General Accounting Office will be available to the Committee some time this Fall. Hopefully, these studies will provide the kind of analysis that will permit the Committee to make a more informed judgment as to whether or not these radio stations are in the public interest.

Estimated program costs

The following information is provided pursuant to section 252 of the Legislative Reorganization Act of 1946, as amended: For the current fiscal year, the executive branch estimates the Radio Free Europe and Radio Liberty programs will cost \$36.2 million. Over the next 5

fiscal years, the executive branch estimates the total cost of these programs to be \$200-\$210 million. For the reasons which are obvious in this report, the committee is unable to evaluate these estimates. In the final analysis, of course, the Congress could fund these programs in accordance with the executive branch estimates or it could, at any point, terminate them.

ADDITIONAL VIEWS OF SENATOR CLAIBORNE PELL

One of the most important elements missing in a closed society is news concerning the adverse facets, political stresses and unpublished literature of that society. Yet such news is necessary in order that a civilized people may arrive at sensible decisions with regard to moulding their future.

Radio Free Europe has committed errors in the past, not so much by the news content of its programs, as by its stridency. I personally recall that many of the 1956 Hungarian Freedom Fighters had their hopes cruelly raised and whetted at the time of their abortive revolution by Radio Free Europe broadcasts.

However, I believe Radio Free Europe has much improved. It has learned to be more objective and, most important, to plug directly into the present thought processes of its radio audiences. There is now less dependence upon the pre-World War II ruling groups. And it does an excellent job in keeping all of the European nations between the Soviet Union and the West, nations presumably under the *diktat* of the Soviet Union, conscious of their heritage and anticipating their eventual freedom.

There is a difference, though, when it comes to Radio Liberty. This is a program that I believe is more questionable as its basic objective is the removal of an indigenous, stable and apparently fairly permanent regime. I think we would have done better to concentrate in this legislation only on Radio Free Europe. Nevertheless, if the two programs must be treated together, I would prefer to see them both remain than to see Radio Free Europe dropped.

Finally, I would hope that the funding and administration of Radio Free Europe and Radio Liberty programs would not become entangled with the operation of the entirely separate Voice of America program in the United States Information Agency.

With these reservations, I support adoption of this legislation.

CHANGES IN EXISTING LAW

In accordance with clause 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

United States Information and Educational Exchange Act of 1948, as amended

* * * * *

TITLE VII—APPROPRIATIONS

GENERAL AUTHORIZATIONS

SEC. 701. Appropriations to carry out the purposes of this Act are hereby authorized.

TRANSFER OF FUNDS

SEC. 702. The Secretary shall authorize the transfer to other Government agencies for expenditure in the United States and in other countries, in order to carry out the purposes of this Act, any part of any appropriations available to the Department for carrying out the purposes of this Act, for direct expenditure or as a working fund, and any such expenditures may be made under the specific authority contained in this Act or under the authority governing the activities of the Government agency to which a part of any such appropriation is transferred, provided the activities come within the scope of this Act.

AUTHORIZATION FOR GRANTS TO RADIO FREE EUROPE AND RADIO LIBERTY

SEC. 703. *There are authorized to be appropriated to the department \$35,000,000 for fiscal year 1972 to provide grants, under such terms and conditions as the Secretary considers appropriate, to Radio Free Europe and Radio Liberty. Except for funds appropriated under this section, no funds appropriated after the date of enactment of this section for any fiscal year, under this or any other provision of law, may be made available to or for the use of Radio Free Europe or Radio Liberty.*

* * * * *

APPENDIX

S. 18—INTRODUCTION OF A BILL TO BRING RADIO FREE EUROPE AND RADIO LIBERTY UNDER CONGRESSIONAL SCRUTINY

Mr. CASE. Mr. President, I introduce a bill to bring Radio Free Europe and Radio Liberty under the authorization and appropriation process of the Congress.

During the last 20 years, several hundred million dollars in U.S. Government funds have been expended from secret CIA budgets to pay almost totally for the costs of these two radio stations broadcasting to Eastern Europe. In the last fiscal year alone, over \$30 million was provided by CIA as a direct Government subsidy; yet at no time was Congress asked or permitted to carry out its traditional constitutional role of approving the expenditure.

My bill would amend the U.S. Information and Educational Exchange Act of 1948 to authorize funds to Radio Free Europe and Radio Liberty in fiscal 1972. It would also provide that no other U.S. Government funds could be made available to either radio station, except under the provisions of the Information and Educational Exchange Act.

I plan to ask that those administration officials concerned with overseas information policies be called to testify before Congress on the financial needs of Radio Free Europe and Radio Liberty. Without committing myself to a particular level of funding, my proposal tentatively calls for an authorization of \$30 million. This figure would, of course, be subject to change as more information becomes available.

Radio Free Europe and Radio Liberty both claim to be nongovernmental organizations sponsored by private contributions, but available sources indicate direct CIA subsidies pay nearly all their costs. According to returns filed with Internal Revenue—form 990-A—their combined operating costs for fiscal 1969 were almost \$34 million—\$21,109,935 for Radio Free Europe and \$12,887,401 for Radio Liberty.

Under the auspices of the Advertising Council, Radio Free Europe conducts a yearly, multimedia "advertising" campaign.

I have been advised that between \$12 million and \$20 million in free media space is donated annually to this campaign while the return from the public is apparently less than \$100,000. Additionally, both Radio Free Europe and Radio Liberty attempt to raise money from corporations and foundations, but contributions from these sources reportedly pay only a small part of their total budgets.

The bulk of Radio Free Europe's and Radio Liberty's budgets, or more than \$30 million annually, comes from direct CIA subsidies. Congress has never participated in authorization or appropriations of funds to Radio Free Europe or Radio Liberty, although hundreds

of millions of dollars in Government funds have been spent during the last 20 years.

I can understand why covert funds might have been used for a year or two in an emergency situation when extreme secrecy was necessary and when no other Government funds were available. But the justification for covert funding has lessened over the years as international tension has eased, as the secrecy surrounding these radio stations has melted away, and as more open means of funding could have been developed. In other words, the extraordinary circumstances that might have been thought to justify circumvention of constitutional processes and congressional approval no longer exist.

In fact, after disclosure in 1967 of CIA funding of the National Student Association, a Presidential committee made up of John Gardner, then Secretary of Health, Education, and Welfare, Richard Helms, then and now Director of CIA and Nicholas Katzenbach, then Under Secretary of State, recommended that "no Federal agency shall provide covert financial assistance or support direct or indirect, to any of the Nation's educational or voluntary organizations"—and that "no programs currently would justify any exception to this policy." On March 29, 1967, President Johnson accepted the committee's recommendations and directed they be implemented by all Federal agencies.

Legislation similar to my proposal will shortly be introduced in the House of Representatives by Congressman Ogden R. Reid of New York.

I ask unanimous consent to have the bill printed at this point in the Record.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the Record.

The bill (S. 18) to amend the U.S. Information and Education Exchange Act of 1948 to provide assistance to Radio Free Europe and Radio Liberty, introduced by Mr. Case was received, read twice by its title, referred to the Committee on Foreign Relations and ordered to be printed in the Record, as follows:

S. 18

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States Information and Educational Exchange Act of 1948 is amended by inserting after section 702 the following new section:

"AUTHORIZATION FOR GRANTS TO RADIO FREE EUROPE AND RADIO LIBERTY

"SEC. 703. There are authorized to be appropriated to the Department \$30,000,000 for fiscal year 1972 to provide grants, under such

terms and conditions as the Secretary considers appropriate, to Radio Free Europe and Radio Liberty. Except for funds appropriated under this section, no funds appropriated after the date of enactment of this section for any fiscal year, under this or any other provision of law, may be made available to or for the use of Radio Free Europe or Radio Liberty."

* * * * *
The following information on private contributions was supplied on June 16, 1971 by the Department of State:

*Radio Free Europe fund collections **

1967 -----	\$1, 582, 249
1968 -----	1, 713, 603
1969 -----	1, 991, 554
1970 -----	1, 810, 820
1971 (through June 11) -----	914, 719

*Corporate funding; funds not solicited from the public.
RFE only; Radio Liberty has no comparable program.

* * * * *
FREE EUROPE, INC.,
New York, July 16, 1971.

HON. J. WILLIAM FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Department of State informed me that you wished a list of corporate contributors to Radio Free Europe.

As you will no doubt appreciate, we have not made public the names of contributors, as is the common practice of those who solicit and receive private contributions.

As I can, however, appreciate and understand your interest, I can tell you that contributions to Radio Free Europe have amounted to \$47,007,383 from FY 1951 through FY 1971 so far. In FY 1970 there were 8,279 corporate contributors, and in FY 1971 there have been 4,462 corporate contributors as of now.

While I hope the above information satisfies your request, I am prepared to show you on a confidential basis the actual list of corporate contributors for FY 1970 and so far in FY 1971.

Yours sincerely,

WILLIAM P. DURKEE.

* * * * *
Information on RFE and RL employees supplied on June 16, 1971 by the Department of State.

POSITION ALLOCATIONS

	1970	1971	1972
RADIO FREE EUROPE			
RFE operations:			
President office (New York).....	29	27	19
Director's office (Munich).....	8	8	8
Programming/production:			
Policy and research department.....	146	147	149
News department.....	180	180	180
Broadcast department.....	379	375	375
Audience and public opinion research.....	12	12	12
New York office.....	79	73	68
Subtotal, programing/production.....	796	787	784
Operations/transmission:			
Munich studios.....	152	154	154
Biblis transmission station.....	38	38	38
Holzkirchen transmission station.....	36	36	36
Schleissheim monitoring station.....	28	28	28
New York office.....	11	10	10
Maxoqueira receiving station.....	34	34	34
Gloria transmission station.....	208	200	197
Subtotal, operations/transmission.....	507	500	497
Support services:			
Munich.....	188	189	189
New York.....	30	29	21
RARET (Portugal).....	124	112	110
Subtotal, support services.....	342	330	320
Total, RFE operations.....	1,682	1,652	1,628
RADIO LIBERTY			
Radio operations:			
General management.....	42	42	42
RL management.....	134	134	134
RL programming:			
Program policy division.....	49	49	49
Programs operations division.....	222	235	240
U.S. division.....	65	66	66
U.S. division.....	5	5	5
London bureau.....	7	7	7
Paris bureau.....	13	13	13
Audience research division.....			
Subtotal RL programming.....	361	375	380
RL network:			
New York office.....	12	12	12
Munich office.....	57	57	57
Lampertheim transmitting station.....	70	70	70
Pals transmitting station.....	197	197	197
Pa-Li transmitting station.....	19	19	19
Subtotal RL network.....	355	355	355
Total radio operations.....	892	906	911
Nonradio operations institute.....	61	56	56
Total Radio Liberty.....	953	962	967

* * * * *

[S. 1936, 92d Cong., first Sess.]

A BILL to provide for the establishment of an American Council for Private International Communications, Incorporated, to grant support to the activities of private American organizations engaged in the field of communication with foreign peoples

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may

be cited as the "American Council for Private International Communications, Incorporated Act of 1971".

CONGRESSIONAL DECLARATION OF POLICY

SECTION 1. The Congress hereby finds and declares—

(a) that the existence of open communication among the peoples of the world is a matter of continuing concern to the American people and a positive contribution to international stability;

(b) that a free flow of information and ideas will encourage other peoples to enhance their social, political, and material well-being and will increase their awareness of the heritage they share with other peoples, including the American people;

(c) that established private organizations in the communications field have demonstrated their effectiveness in furthering the foregoing objectives; and

(d) that in the interest of implementing the above objectives, it is desirable to establish an American Council for Private International Communications, Incorporated, which, by assistance to American private organizations, will enable the private sector of American life to participate in and contribute its skills to a constructive dialog with peoples of other lands.

ESTABLISHMENT OF A CORPORATION

SEC. 2. There is hereby authorized to be established in the District of Columbia a nonmembership, nonprofit corporation to be known as the American Council for Private International Communications, Incorporated (hereinafter referred to as the "corporation"), which will not be an agency or establishment of the United States Government. Members of the board, officers, and employees of the corporation shall not be deemed to be employees of the United States Government. To the extent consistent with the provisions of this Act, the corporation shall be subject to the District of Columbia Nonprofit Corporation Act.

ORGANIZATION AND MANAGEMENT

SEC. 3. (a) STRUCTURE OF THE CORPORATION.—The corporation shall have a board of directors, a president, and such other officers and staff as the board of directors may determine. The corporation shall maintain its principal office in the District of Columbia and shall, at all times, maintain therein a designated agent to accept service of process for the corporation. Notice to or service upon the agent shall be deemed notice of service upon the corporation.

(b) BOARD OF DIRECTORS.—(1) The corporation shall have a board of directors (hereinafter referred to as the "board"), consisting of eleven members, including a chairman and a vice chairman, all of whom shall be appointed by the President of the United States by and with the advice and consent of the Senate. Not more than six members of the board shall be members of the same political party. The President shall designate one of the members first appointed to the board as chairman. After the expiration of his term or conclusion of his

service as chairman prior thereto, the members of the board shall annually elect one of their members as chairman. The members of the board shall also annually elect one of their members as vice chairman.

(2) **SELECTION.**—All members of the board shall be citizens of the United States who are not regular full-time employees of the United States Government, and shall be selected from areas of professional, business, and cultural life relevant to the objectives of the corporation.

(3) **INCORPORATION.**—The members of the initial board shall serve as incorporators and shall take whatever actions are necessary to establish the corporation under the District of Columbia Nonprofit Corporation Act.

(4) **TERM OF OFFICE.**—In appointing the initial membership of the board the President shall designate six members, including the chairman, to serve from the date of incorporation for four years and five members to serve from the date of incorporation for two years. Thereafter the term of office of each member of the board, including the chairman, shall be four years, renewable at the discretion of the President of the United States by and with the advice and consent of the Senate. Notwithstanding the foregoing provisions of this paragraph: (A) the President of the United States shall appoint members to fill vacancies occurring prior to the expiration of a term, in which case the member so appointed shall serve for the remainder of such term; (B) any member whose term has expired may serve until his successor has qualified.

(5) **COMPENSATION.**—Members of the board shall while attending meetings of the board or while engaged in duties related to such meetings or in other activities of the board pursuant to this section, including traveltime, be entitled to receive compensation equal to the daily equivalent of the compensation at the rate prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code. While away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, equal to that authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

(c) **OFFICERS AND EMPLOYEES.**—(1) The board shall appoint the president of the corporation and such other officers as may be necessary. All officers shall be citizens of the United States and shall serve at the pleasure of the board. No political test or qualification shall be used by the board in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, and employees of the corporation.

(2) **COMPENSATION.**—The president of the corporation shall receive compensation at a rate not exceeding that prescribed for level V of the Executive Schedule under section 5316 of title 5, United States Code. Other officers appointed by the board or employees appointed by the president of the corporation shall receive compensation at rates as set by the board but such rates shall not exceed the maximum rate, prescribed for GS-18 in the General Schedule of section 5332(a) of title 5, United States Code.

NONPROFIT NATURE OF THE CORPORATION

SEC. 4. (a) The corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

(b) No part of the income or assets of the corporation shall inure to the benefit of any director, officer, employee, or any other individual except as salary or reasonable compensation for services.

(c) The corporation may not contribute to or otherwise support any political party or candidate for elective public office. The corporation, including its property and income, shall be exempt from taxation now or hereafter imposed by the United States or any territory or possession thereof.

POWERS AND DUTIES OF THE CORPORATION

SEC. 5. In addition to the powers conferred upon the corporation by the District of Columbia Nonprofit Corporation Act, the corporation is authorized to—

(a) contract with, or render financial assistance, including grants, under such terms and conditions as the board may approve to those private American organizations with established programs of broadcasting to other countries, or with other selected activities in the international mass media field, which organizations receive no other appropriated funds of the United States Government and which demonstrate their effectiveness in promoting the free movement of information and ideas across national frontiers, thereby strengthening channels of communication among the peoples of the world.

(b) to develop and apply procedures, including audits, as may be necessary to insure that funds so granted are applied in accordance with the purposes for which each such grant is made.

(c) to give particular encouragement and assistance to those American private organizations which—

(1) are in turn qualified to enlist financial and other support from American private organizations, industry, and individuals;

(2) enjoy or are capable of enlisting cooperation or financial support from international or foreign organizations which share these objectives;

(d) to prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(e) to make and perform contracts when deemed necessary to carry out its objectives;

(f) to receive money and other property donated, bequeathed, or devised, without condition or restriction other than it be used for the purposes of the corporation, and to use, sell, or otherwise dispose of such property for the carrying out of its functions. (For the purposes of section 170 of the Internal Revenue Code of 1954 as amended (26 U.S.C. 170), the corporation shall be deemed to be a corporation described in section 170(c)(2) thereof.)

(g) to obtain from time to time as appropriate, the services of experts and consultants to aid the corporation in accordance with the carrying out of the purposes of this Act;

(h) to accept and utilize on behalf of the corporation the services of voluntary and uncompensated personnel from private life and to reimburse them for travel expenses, including per diem, as appropriate;

(i) to rent office space in the District of Columbia and elsewhere as necessary to its purposes;

(j) to make all other expenditures as are necessary to carry out the purposes of this Act.

ANNUAL REPORT

SEC. 6. The corporation shall on or before the 30th day of September of each year submit an annual report, with financial appendices as appropriate, on its activities under this Act during the year ending the preceding June 30 to the President of the United States and to the Congress. Such report shall include a list of the grants made by the corporation during the preceding year and a statement of the use to which such grants were put.

AUDIT

SEC. 7. (a) The accounts of the corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants licensed on or before December 31, 1970; who are certified or licensed by a regulatory authority of a State or other political subdivision of the United States; except that an independent public accountant licensed to practice by such regulatory authority after December 31, 1970, may perform such audits until December 31, 1975.

(b) In addition to the annual audit, the financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the corporation are normally kept. The representative of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the corporation shall remain in the possession and custody of the corporation. A report of any such audit shall be made by the Comptroller General to the Congress and to the President, together with such recommendations with respect thereto as he shall deem advisable.

FINANCING

SEC. 8. There are authorized to be appropriated such sums as may be necessary to carry out the activities of the corporation, which sums

shall remain available until expended. Except for funds appropriated pursuant to this Act, no funds appropriated after the date of the first appropriation pursuant to this Act may be made available to or for the use of the corporation.

By Mr. CASE:

S. 1936. A bill to provide for the establishment of an American Council for Private International Communications, Incorporated, to grant support to the activities of private American organizations engaged in the field of communication with foreign peoples. Referred to the Committee on Foreign Relations.

* * * * *
AMERICAN COUNCIL FOR PRIVATE INTERNATIONAL COMMUNICATIONS,
INCORPORATED, ACT OF 1971

Mr. CASE. * Mr. President, I am pleased to announce that the Nixon administration has accepted my proposal for open Government funding of Radio Free Europe and Radio Liberty.

The administration has made a wise decision in deciding to eliminate the CIA from the operation of these two stations. Our national interest is best served when activities which should be in the open are removed from the clandestine arena.

I am today introducing an administration proposed bill which will provide for congressional financing of the stations.

I had earlier introduced a bill on January 25, 1971, which called for congressional scrutiny of Radio Free Europe and Radio Liberty. I said at that time:

"That during the last 20 years, several hundred million dollars of U.S. Government funds have been expended from secret CIA budgets to pay almost totally for these two radio stations broadcasting to Eastern Europe; yet at no time was Congress asked or permitted to carry out its traditional Constitutional role of approving the expenditure."

I can understand why covert funds might have been used for a year or two in an emergency situation when extreme secrecy was necessary and when no other Government funds were available. But the justification has lessened over the years as international tension has eased, as the secrecy surrounding these radio stations has melted away, and as more open means of funding could have been developed. In other words, the extraordinary circumstances that might have been thought to justify circumvention of constitutional processes and congressional approval no longer exist.

My original proposal on January 25 provided for direct congressional appropriations to Radio Free Europe and Radio Liberty. But in subsequent conversations with high administration officials, I made clear that my purpose was to find any suitable mechanism which would bring the stations out from under CIA. To this end, I sent a draft bill to the State Department in March which would have set up a public corporation to run the two stations.

The administration has responded with its own proposal for funding Radio Free Europe and Radio Liberty through a nonprofit corpora-

* Senator Javits wishes to associate himself with these remarks in support of S. 1936.

tion to be known as the American Council for Private International Communications, Inc. The purpose of this Council would be to promote a free flow of information to the peoples of the world through established private organizations.

Nowhere in the legislation is Radio Free Europe or Radio Liberty mentioned but these two stations would be the beneficiaries of about \$40 million dollars in congressional appropriations which would be distributed to the two stations through the American Council for Private International Communications.

The Council would be managed by a board of 11 directors chosen from private life by the President of the United States with the advice and consent of the Senate.

While I approve of the basic premise in the administration proposal of removing Radio Free Europe and Radio Liberty from CIA funding, there are several specific matters to which the Foreign Relations Committee and the Senate as a whole will have to give the closest scrutiny.

Among other things, we should give careful consideration to whether it is appropriate for the President to appoint all the Council's directors and to whether the Council should not come annually to Congress for an authorization of its funds rather than only being required to request appropriations as the administration bill proposes.

We shall need firm assurances that CIA participation in the stations will be terminated. And, of course, we shall have to establish that money appropriated for the Council is not to be passed on to any organization except Radio Free Europe and Radio Liberty without congressional authorization. The Council should not be used as a means of expanding Government participation in the dissemination of information overseas.

Congressman Ogden Reid, Republican, of New York, who introduced the original Radio Free Europe-Radio Liberty bill in the House of Representatives, will also introduce the administration proposal in that body.

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STATEMENT BY THE ASSISTANT SECRETARY OF STATE FOR EUROPEAN AFFAIRS, MARTIN J. HILLENBRAND

I appreciate the opportunity to testify on this Bill to provide for the establishment of a corporation to be called the American Council for Private International Communications, Incorporated, which will support private American organizations active in the field of communications with foreign peoples. This proposal has the full support of Secretary Rogers.

The Council as it is conceived would make grants to eligible media from funds appropriated by the Congress. The private nature of the Council is designed to enable the media which it supports to fulfill their role as objective reporters and independent commentators, not as spokesmen for the US Government.

The Chairman of the Board of the Council would be appointed by the President, as would the Vice Chairman and the other nine members. All would be selected for their ability to ensure the disbursement of

grants in the national interest. The Board would be responsible for assuring that the officers of the Council established adequate liaison with the Department of State.

The Council would annually account to the Congress and its responsible committees for the proper use of grants the Council makes. Through the involvement and interest of the Council's Board members, all of whom would be appointed from private life, the Council would be able to determine that activities of the grantees were exclusively those appropriate to mass-media operations for which they were funded, including news gathering and analysis.

It is foreseen that the Council would use its appropriation primarily to grant funds to two existing private broadcasting corporations, Radio Free Europe and Radio Liberty, which are incorporated respectively in the States of New York and Delaware and which have obtained licenses abroad to transmit programs in their capacity as private organizations.

I would like to review briefly with the Committee the importance of these two radios to the peoples to whom they broadcast and their value to other peoples, including our own, who share the view that an informed public is a safeguard of peace. I would like especially to underline how important it is that these radios retain their private character.

In regard to the significance of these radios, a principal source for my remarks are my personal observations and those of my colleagues who have served in the Soviet Union and Eastern Europe. I know of few matters related to this geographic area on which there is such a degree of agreement among us who have served in that area as on the beneficial and constructive roles of Radio Liberty and Radio Free Europe. The service of each radio is in essence the same. Radio Liberty provides to the Soviet Union and Radio Free Europe to most of Eastern Europe a large volume of information and commentary which the peoples of those countries do not receive from other sources, but which they need in order to make informed judgments on public issues. Domestic media in the USSR and Eastern Europe speak with a single voice, commonly omitting or distorting coverage of events about which the public has every need to know. In place of full news accounts, questioning editorials, and independent commentary, the daily fare never challenges policies or goals set by the governments nor asks how wisely the public's money is being spent. A public so deprived of essential information has difficulty finding ways to promote its own interests with respect either to domestic or to foreign issues.

It is true that international radio services which function as agencies of various governments—the Voice of America, BBC, Deutsche Welle, Radio-transmission et diffusion Francaise, and others—fill a part of this information void. However, out of well-founded diplomatic considerations, such official Government radios must take care to avoid the charge of interference in the internal affairs of other nations. In my view, there are no fundamental conflicts of interest between the American people and the peoples of the Soviet Union and Eastern Europe. In many respects, the interests of all these people can be seen to converge. For them as well as for us, large resources which could be allocated to meet human needs are siphoned off for the purposes of other policies. It seems a reasonable assumption that under any system an informed public can better alter this situation in the interest of its

own welfare than can an uninformed public. I am convinced, as are many of my colleagues, that the input of information by the radios into the Soviet Union and Eastern Europe strengthens the ability of these peoples to promote their own general welfare. If these peoples do improve their own welfare, it will be possible for us further to reorder our own priorities to the benefit of the American public.

Further, let me stress that the sole purpose of the radios is to disseminate information and to present analyses of that information which are thoughtful and responsible. Those of us who have lived in the reception areas credit the radios with a large measure of success in fulfilling their purpose. This success is borne out by the large listenerships which the radios have attracted. RFE broadcasts in the appropriate language 18 hours a day to Poland, 19 to Czechoslovakia, 18 to Hungary, 12 to Romania, and 7½ to Bulgaria. The results of thousands of interviews conducted by professional, independent polling organizations with visitors from Eastern Europe in the recent past indicate that the RFE audience in the five countries named above is at least 30 million persons. This is about one-half of the total adult population. In certain countries during periods of crises the percentage of listeners has shot up dramatically to 80 or 90 percent of the population over the age of 14. I should add that these large audiences have been developed notwithstanding extensive efforts to jam broadcasts. A significant proportion of the broadcasts gets through even where efforts are made to jam them because the effectiveness of the jamming varies with the time and place, and because of the tenacity of the listeners.

Radio Liberty broadcasts 24 hours a day in Russian, 10 in Byelorussian, 13 in Ukrainian, 4 in Armenian, 4 in Azerbaijani, 4 in Georgian, 4 in North-Caucasian languages, 4 in Tatar-Bashkir, and 4 in Turkestan languages. While it is more difficult to arrive at an accurate estimate of the actual size of Radio Liberty's listenership, an indication of its effectiveness is the effort made by the Soviet government since 1953 to jam around-the-clock all Radio Liberty frequencies. It is estimated that the jamming network costs the Soviets over six times as much annually to operate as the annual budget of Radio Liberty itself.

While estimates of the number of Radio Liberty listeners are of necessity less precise than those for Radio Free Europe, there is extensive corroborative evidence which shows that, like Radio Free Europe, it has a large and tenacious audience. The costly effort of jamming itself is a clear indicator as are the thousands of references to the programs of Radio Liberty and Radio Free Europe in the Soviet and Eastern European press. Also, each year, several thousands of letters addressed to Radio Liberty and Radio Free Europe get past—or around—the censor or are sent to them by listeners travelling in the West. In these, there is an oft-repeated refrain: "Everybody around here listens to your program. . . ." This may be an exaggeration, but it gives some idea of how widely the broadcasts of these radios are listened to. Further evidence comes from foreigners living and working in these countries, who confirm that these peoples depend on the radios and that a significant proportion of the broadcasts penetrate the jamming. One of my colleagues, fluent in Russian, who recently spent a two-year tour in the Soviet Union, has said that in all his wide

travels in that country he seldom met an individual who did not admit to listening to Radio Liberty.

The final point I wish to emphasize is the importance of the radios' preservation of their private character. I mentioned that, in contrast to international radios which are identified as government agencies, Radio Liberty and Radio Free Europe are able to report and comment on the domestic affairs of other nations much as would any commercial medium operating in a democracy. This is the unique character of Radio Free Europe and Radio Liberty and is the key to their continuing value, for the reasons I have given. Additionally, these radios are, in order to prolong their present transmitting licenses, obligated to their host governments to maintain their private character. In recent months, Soviet and Eastern European media have increased their attacks on the radios in an effort to dislodge them or at least seriously curtail their services. In reaction, considerable public and media support for the radios and the principles for which they stand has been evoked in Europe. That good-will can best be preserved by enactment of the proposed legislation which will enable the radios to continue to function effectively with their private character unimpaired.

Mr. Chairman, we are at a point in the evolution of events in Europe at which we have, perhaps, significant opportunities for meaningful negotiation. This is a welcome situation. But we must bear in mind that our quadripartite negotiations for improvement of the state of affairs in and around Berlin have not yet been successful after many months of discussion. We do not intend, however, to stop trying. Our SALT talks in Vienna have advanced to the point at which, as the President has said, we have agreed with the Soviet government "to concentrate on working out an agreement for the limitation of deployment of anti-ballistic missile systems" and, together with that, "to agree on certain measures with respect to the limitation of offensive strategic weapons". It is our hope that we can agree with the Soviet Union on how to relate these issues and how to deal with them to mutual advantage. We now have the prospect of exploring another major issue—mutual balanced force reductions. Mr. Brezhnev has told us, however, that we must drink from that bottle before we find out what wine is in it.

Much more than an atmosphere of negotiations is at stake in these opportunities. At stake is not only the accommodation of divergent Western and Soviet governmental interests, but the basis on which that accommodation is to be reached. Will it be achieved on the basis of a recognized Soviet sphere of influence confronting the NATO alliance? Or will it be achieved on the basis of new and more secure relationships in Europe permitting individual countries to develop natural and normal economic, cultural, and informational links with each other? If the second alternative is realized—if a free and open exchange of information develops within and between the individual countries of Europe—the valuable private international media of which I have spoken will no longer have a valid function. This is the goal for which these radios are working. Until that goal is achieved, there is every reason to encourage Radio Free Europe and Radio Liberty to continue in their present role.

It is for this reason that I wish to stress, in conclusion, that the establishment of the American Council for Private International Com-

munications will be an act fully compatible with the objectives which I believe you, Mr. Chairman, and the members of your Committee share with those of us who are engaged in implementing the President's desire to move from confrontation to negotiation.

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JUNE 8, 1971.

MR. CHARLES R. GELLNER,
*Chief, Foreign Affairs Division, Congressional Research Service,
Library of Congress, Washington, D.C.*

DEAR MR. GELLNER: The Committee on Foreign Relations is presently considering legislation that would authorize public funds for Radio Free Europe and Radio Liberty.

During its consideration of these proposals, the Committee came to the conclusion that it needed additional information on these two radio operations. The purpose, therefore, of this letter is to request that members of your staff prepare for the Committee an in-depth, background study on Radio Free Europe and Radio Liberty. I should hope that such a study would lead to some conclusions as to the effectiveness of these radio stations and whether or not it is in the public interest to support them with tax dollars.

I should appreciate this project receiving your earliest consideration. If you have any questions about this matter, please contact Mr. Robert Dockery of the Committee staff.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

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JUNE 8, 1971.

HON. ELMER B. STAATS,
*Comptroller General of the United States,
Washington, D.C.*

DEAR MR. STAATS: The Committee on Foreign Relations is presently considering legislation that would authorize public funds for Radio Free Europe and Radio Liberty.

During its consideration of these proposals, the Committee came to the conclusion that it needed additional information on these two radio operations. The purpose, therefore, of this letter is to request that members of your staff prepare for the Committee an analysis of the public monies which have already been spent on these radio operations and/or the corporations to which they belong.

I should hope that your analysis would lead to some conclusions as to how effectively the public funds involved have been spent and, from this standpoint, whether or not it is in the public interest to provide additional tax dollars for the two radios.

I should appreciate this project receiving your earliest consideration. If you have any questions about this matter, please contact Mr. Robert Dockery of the Committee staff.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

Enclosures.

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The following is the Administration's slightly modified version of S. 1936.

DRAFT BILL to provide for the establishment of an American Council for International Communications, Incorporated, to grant support to the activities of private American organizations engaged in the field of communications with foreign peoples

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "American Council for International Communications, Incorporated Act of 1971."

CONGRESSIONAL DECLARATION OF POLICY

SECTION 1. The Congress hereby finds and declares—

(a) That the existence of open communication among the peoples of the world is a matter of continuing concern to the American people and a positive contribution to international stability;

(b) That a free flow of information and ideas will encourage other peoples to enhance their social, political, and material well-being and will increase their awareness of the heritage they share with other peoples, including the American people;

(c) That established private organizations in the communications field have demonstrated their effectiveness in furthering the foregoing objectives; and

(d) That in the interest of implementing the above objectives, it is desirable to establish an American Council for International Communications, Incorporated, which, by assistance to American private organizations, will enable the private sector of American life to participate in and contribute its skills to a constructive dialogue with peoples of other lands.

ESTABLISHMENT OF A CORPORATION

SEC. 2. There is hereby authorized to be established in the District of Columbia a non-membership, nonprofit corporation to be known as the American Council for International Communications, Incorporated (hereinafter referred to as the "corporation"), which will not be an agency or establishment of the United States Government. Members of the Board, officers, and employees of the corporation shall not be deemed to be employees of the United States Government. To the extent consistent with the provisions of this Act, the corporation shall be subject to the District of Columbia Nonprofit Corporation Act.

ORGANIZATION AND MANAGEMENT

SEC. 3. (a) **STRUCTURE OF THE CORPORATION**—The corporation shall have a Board of Directors, a President and such other officers and staff as the Board of Directors may determine. The corporation shall maintain its principal office in the District of Columbia and shall, at all times, maintain therein a designated agent to accept service of process for the corporation. Notice to or service upon the agent shall be deemed notice of service upon the corporation.

(b) **BOARD OF DIRECTORS**.—(1) The corporation shall have a Board of Directors (hereinafter referred to as the "Board"), consisting of

eleven members, including a Chairman and Vice Chairman, seven members of which shall be appointed by the President by and with the advice and consent of the Senate, two members of which shall be appointed by the Speaker of the House and two members of which shall be appointed by the President pro tempore of the Senate. Not more than six members of the Board shall be members of the same political party. The President shall designate one of the members first appointed to the Board as Chairman. After the expiration of his term or conclusion of his service as Chairman prior thereto, the members of the Board shall annually elect one of their members as chairman. The members of the Board shall also annually elect one of their members as Vice Chairman.

(2) **SELECTION.**—The members of the Board (A) shall be selected from among citizens of the United States (not regular fulltime employees of the United States) who are eminent in such fields as education, cultural and civil affairs, or the arts, including radio and television; (B) shall be selected so as to provide as nearly as practicable a broad representation of various regions of the country, various professions and occupations, and various kinds of talent and experience appropriate to the functions and responsibilities of the corporation.

(3) **INCORPORATION.**—The members of the initial Board shall serve as incorporators and shall take whatever actions are necessary to establish the corporation under the District of Columbia Nonprofit Corporation Act.

(4) **TERM OF OFFICE.**—The President shall designate six members of the initial Board, including the Chairman and an appointee of the Speaker of the House and of the President pro tempore of the Senate, to serve from the date of incorporation for four years, and five members to serve from the date of incorporation for two years. Thereafter each member of the Board shall serve for four years. The President shall have discretion to renew, by and with the advice and consent of the Senate, the term of office of any member of the Board which he appointed, and the Speaker and President pro tempore shall have discretion to renew the term of any of their respective appointees to the Board. Notwithstanding the foregoing provisions of this paragraph; (A) the President of the United States shall appoint members to fill vacancies occurring prior to the expiration of a term, in which case the member so appointed shall serve for the remainder of such term; (B) any member whose term has expired may serve until his successor has qualified.

(5) **COMPENSATION.**—Members of the Board shall while attending meetings of the Board or while engaged in duties related to such meetings or in other activities of the Board pursuant to this section, including travel time, be entitled to receive compensation equal to the daily equivalent of the compensation at the rate prescribed for level IV of the Executive Schedule under Section 5315 of title 5, United States Code. While away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, equal to that authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

(c) **OFFICERS AND EMPLOYEES.**—(1) The Board shall appoint the President of the corporation and such other officers as may be neces-

sary. All officers shall be citizens of the United States and shall serve at the pleasure of the Board. No political test or qualification shall be used by the Board in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, and employees of the corporation.

(2) Compensation.—The President of the corporation shall receive compensation at a rate not exceeding that prescribed for level V of the Executive Schedule under section 5316 of title 5, United States Code. Other officers appointed by the Board or employees appointed by the President of the corporation shall receive compensation at rates as set by the Board but such rates shall not exceed the maximum rate prescribed for GS-18 in the General Schedule of section 5332(a) of title 5, United States Code.

NONPROFIT NATURE OF THE CORPORATION

SEC. 4. (a) The corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

(b) No part of the income or assets of the corporation shall inure to the benefit of any director, officer, employee, or any other individual except as salary or reasonable compensation for services.

(c) The corporation may not contribute to or otherwise support any political party or candidate for elective public office. The corporation, including its property and income, shall be exempt from taxation now or hereafter imposed by the United States or any territory or possession thereof.

POWERS AND DUTIES OF THE CORPORATION

SEC. 5. In addition to the powers conferred upon the corporation by the District of Columbia Nonprofit Corporation Act, the corporation is authorized to (a) contract with, or render financial assistance, including grants, under such terms and conditions as the Board may approve to those private American organizations with established programs of broadcasting to other countries, or with other selected activities in the international mass media field, which organizations receive no other appropriated funds of the United States Government and which demonstrate their effectiveness in promoting the free movement of information and ideas across national frontiers thereby strengthening channels of communication among the peoples of the world.

(b) to develop and apply procedures including audits, as may be necessary to ensure that funds so granted are applied in accordance with the purposes for which each such grant is made and to make such grants under such terms and conditions as may be necessary to allow audits of the financial transactions of recipients of such grants by the General Accounting Office in accordance with the provisions of section 7(b) of this Act.

(c) to give particular encouragement and assistance to those American private organizations which (1) are in turn qualified to enlist financial and other support from American private organizations, industry and individuals;

(2) enjoy or are capable of enlisting cooperation or financial support from international or foreign organizations which share these objectives;

(d) to prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(e) to make and perform contracts when deemed necessary to carry out its objectives;

(f) to receive money and other property donated, bequeathed or devised, without condition or restriction other than it be used for the purposes of the corporation, and to use, sell or otherwise dispose of such property for the carrying out of its functions; (For the purposes of Section 170 of the Internal Revenue Code of 1954 as amended (26 U.S.C. 170), the corporation shall be deemed to be a corporation described in Section 170(c)(2) thereof.)

(g) to obtain from time to time as appropriate, the services of experts and consultants to aid the corporation in accordance with the carrying out of the purposes of this Act;

(h) to accept and utilize on behalf of the corporation the services of voluntary and uncompensated personnel from private life and to reimburse them for travel expenses, including per diem, as appropriate;

(i) to rent office space in the District of Columbia and elsewhere as necessary to its purposes;

(j) to make all other expenditures as are necessary to carry out the purposes of this Act.

ANNUAL REPORT

SEC. 6. The corporation shall on or before the 30th day of September of each year submit an annual report, with financial appendices as appropriate, on its activities under this Act during the year ending the preceding June 30 to the President of the United States and to the Congress. Such report shall include a list of all property donated, bequeathed or devised to the corporation, and all grants made by the corporation during the preceding year together with a statement of the use to which such grants were put.

AUDIT

SEC. 7. (a) The accounts of the corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants licensed on or before December 31, 1970 who are certified or licensed by a regulatory authority of a State or other political subdivision of the United States; except that an independent public accountant licensed to practice by such regulatory authority after December 31, 1970 may perform such audits until December 31, 1975.

(b) In addition to the annual audit, the financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where

accounts of the corporation are normally kept. The representative of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things or property belonging to or in use by the corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers and property of the corporation shall remain in the possession and custody of the corporation. A report of any such audit shall be made by the Comptroller General to the Congress and to the President, together with such recommendations with respect thereto as he shall deem advisable.

FINANCING

SEC. 8. There are authorized to be appropriated such sums as may be necessary to carry out the activities of the corporation during fiscal year 1972, which sums shall remain available until expended. Except for funds appropriated pursuant to this Act, no funds appropriated after the date of the first appropriation pursuant to this Act may be made available to or for the use of the corporation.

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