

AUG 13 1955

Executive Registry
7
5-8402

DDP 78-55

PROBLEM

To approve a FY 1955 budget for the Committee for Free Asia (Project DEPIIIAR).

PAGES BEARING ON THE PROBLEM

The Committee for Free Asia (CFA) has proposed a budget for FY 1955 in the amount of [] which is [] (72.4 percent) greater than its FY 1954 estimated obligations of []. The IO Division has recommended a FY 1955 budget of [] which, while [] or 22.6 percent less than the CFA request, is [] greater than the [] amount included in the FY 1955 Congressional Budget. The lower budget recommended by the IO Division is based principally on reduction of amounts requested for programs so as to limit activities to those in countries where CFA already has established representatives engaged in specific activities plus some program development in Taiwan, Korea and Japan; on reduction of administrative expenditures; and on reduction of the contingency fund.

ACTION

At its meeting on 21 July 1954 the Project Review Committee approved the budget recommended by the IO Division in the amount of [] on the understanding that [] of the [] which is in excess of the Congressional Budget shall be considered a contingency reserve not to be expended without prior approval by DD/P in consultation with DD/A, and that over-all expenditures shall be kept within the IO FY 1955 budget as it may be modified in conformity with the FY 1955 appropriation.

RECOMMENDATION

That the Director approve the FY 1955 budget for the Committee for Free Asia recommended by the IO Division in the amount of [] to implement Project DEPIIIAR, on the understanding that it will be expended in accordance with the stipulations of the Project Review Committee and such adjustments as may be required by the FY 1955 appropriation.

CONCUR:

SIGNED

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

Chairman, PRC

Deputy Director (Intelligence)

Deputy Director (Plans)

Deputy Director (Administration)

APPROVED:

Director of Central Intelligence

22/3/55

S E C R E T

Executive Registry

5-7324

DD/P-1-1082a

25 June 1954

DD/P-19-55

MEMORANDUM FOR: PROJECT REVIEW COMMITTEE

SUBJECT: CFA Budget for FY-1955

I. REQUEST

It is requested that a budget of [] be approved for the Committee for Free Asia for FY-1955.

2. TARGET AREA

Asia

3. MISSION AND OBJECTIVES

CFA combats international communism and promotes U.S. foreign policy by assisting Asian groups and individuals to develop and strengthen their own societies and institutions in such a manner as to enable their countries to become stronger members of the free world. Within this context, CFA's major operational objectives are:

(a) To counteract the appeal of communism to Asians who desire rapid social change by providing non-communist opportunities for them to achieve their own aspirations.

(b) To encourage Asian individuals and organizations to inform their people of the menace of communism.

(c) To strengthen non-government groups and assist them in opposing communist penetration and infiltration attempts.

(d) To stimulate practical training in civic practices and citizenship responsibility which will contribute to stable Asian governments and societies.

4. PROGRESS TO DATE

CFA now has representatives in Tokyo, Taipei, Hong Kong, Manila, Kuala Lumpur, Rangoon, Colombo, Dacca and Karachi. It plans to station representatives during FY-1955 in Seoul, Bangkok and Kabul.

It is only a little more than two years since CFA first sent representatives to the field. In that time, it has been demonstrated that Asian leaders and organizations are susceptible to guidance and influence

S E C R E T

223

S E C R E T

-2-

by an American group such as CFA. The exceptions to this are India and Indonesia, which regard CFA as a cold-war organization to which they do not want to be host.

CFA has found that it can do its most effective work among youth and students, educators, writers and intellectuals, and civic, religious and women's organizations. It is worth noting that CFA's ability to work with these groups was enhanced in the past year by the termination in April 1953 of Radio Free Asia, which tended to stamp CFA in the eyes of Asians as a propaganda outfit directed at Asians.

In general, CFA is a long-range effort. As such it is more important at this stage that it firmly establish itself in the host countries than it is for the organization to achieve short-term tactical objectives. It is difficult to evaluate the degree to which it has in fact firmly established itself, but progress in this direction appears to be satisfactory. One way of judging this is to consider major accomplishments and problems in each area, as follows:

HONG KONG

Accomplishments

CFA has provided the Overseas Chinese an alternative to education in communist China by assisting eight Chinese refugee colleges. This assistance consists of almost 500 scholarships and fellowships for students and faculties, a 10,000 volume Chinese library, and living and recreational facilities for several hundred students.

Also, CFA has brought about the establishment of one of the leading publishing houses for Chinese works of all kinds. Altogether, CFA in Hong Kong is responsible for the publication of 50 fiction and non-fiction books, seven magazines ranging from one for children to one for intellectuals, and about 500,000 textbooks. Some of these publications are being put through commercial channels into the hands of readers throughout Southeast Asia.

Problems

However, effective distribution of many of these publications to Southeast Asia remains a problem. The CFA-supported distribution company has probably made as much progress as any firm susceptible to U.S. influence, but it may be that the distribution problems are insurmountable. CFA should consider that possibility carefully, and tailor its publication programs accordingly.

Although CFA has done much excellent work in Hong Kong, it is possible that CFA is spending too much of its total effort on the Chinese. About 34 percent of the total amount requested by CFA for Country Programs was for Chinese projects.

S E C R E T

S E C R E T

-3-

PHILIPPINES

Accomplishments

CFA has pioneered a program for bringing students and professors from other Asian countries to Philippine universities, and the International Educational Exchange Service (IEES) is using this program as a model for its somewhat more ambitious plans in the same field. CFA has met another important need by enabling the country's outstanding national organization of teachers to supply a monthly newspaper to the 100,000 teachers in the Philippines.

Problems

At the request of IO, the Inspection and Review staff in April made a field investigation of the unsatisfactory relations between CFA and CIA in Manila. Implementation of I&R's recommendations for ameliorating the situation should lead to a more effective CFA program in the Philippines. However, CFA still needs to find a suitable replacement for its present Manila representative, and until it does so the prospects for maximum CFA progress there are not bright.

BURMA

Accomplishments

The CFA representative has inspired leading Buddhist organizations, lay and clerical, to take a stand against the menace of communism. Scores of Buddhist priests, including some of the country's most venerated ones, have travelled and are travelling throughout the country emphasizing to audiences of thousands the incompatibility of Buddhism and Communism. CFA has accomplished this despite the Burmese suspicion that has attended most American efforts, including those of the U.S. government, to be of help in Burma.

Problems

On the other hand, in Burma acceptance of CFA has yet to be won. The representative there represents himself as a bookstore operator rather than a CFA representative. This situation is the product of a Burmese state of mind which CFA by itself cannot be expected to change.

Also, the CFA representative is a man of action whose ability to get things done appears to exceed his capacity for measuring the value of the activities he sets in motion. On balance, he is a definite asset to CFA and the Agency, but CFA should exercise greater control over him and should

S E C R E T

S E C R E T

-4-

reduce considerably the budget for Burma, at least [] of which is for programs that appear doubtful of realization.

TAIWAN

Accomplishments

CFA accomplishments have been limited by the scarcity of non-government groups with which to work. However, the CFA representative there has developed a program for granting scholarships, and travel and living expenses, to several hundred Overseas Chinese students who will go to Taiwan next Fall.

Problems

CFA's problem in Taiwan has been to find constructive things to do. Its present representative will be replaced in September by a Yale University professor who also will be a member of the faculty at Taiwan National University. However, CFA will need to restrain this individual's enthusiasm for sharply accelerating the Taiwan program until he submits detailed project proposals which clearly would advance CFA's broad objectives as much as would similar expenditures in other, more critical countries. Also, assignment of an assistant representative to Taiwan, as CFA proposes, would appear to have little effect other than to add to the Island's population by one.

MALAYA

Accomplishments

It is difficult to single out accomplishments in Malaya, because CFA's program there has consisted largely of small and unrelated projects. The British have informed us that they consider CFA's program in Singapore and Malaya "of great importance in reinforcing success" -- that is, British success.

Problems

In spite of this accolade, CFA's main problem is with the British. As CFA's budget presentation states, its programs have been beset by "difficulties" and "interminable delays" on the part of the British. Now CFA proposes to stress programs targeted at the Chinese, about whom the British are especially sensitive. Unless and until there is evidence that the British will support this program CFA's budget for Malaya should be reduced substantially. CFA should weigh carefully in the next six months the advantages of pulling out

S E C R E T

S E C R E T

-5-

of Malaya as compared with the disadvantages of remaining, particularly if developments in Indo-China should focus critical Asian attention on the British as the remaining colonial force in Southeast Asia.

JAPAN

Accomplishments

CFA has made promising beginnings in counteracting the influence of the Communist Zengakuren in the Japanese student field and is now proving itself useful in funneling Japanese students and student groups into IO international student projects. It has been responsible for the development of an active Japanese women's association and has brought into being two organizations to counteract the influence of the Communist-dominated Japanese teachers' union. Its greatest ideological impact in Japan, however, has been accomplished through the simple device of bringing anti-Communist European lecturers, such as Ferenc Nagy, former Prime Minister of Hungary, to Japan.

Problems

The CFA program in Japan is reaching unwieldy proportions through failure to concentrate the energies of the small Tokyo staff on a few good projects. Some of the projects evidence a tendency to operate so predominately along anti-Communist lines as to stamp CFA as a propagandistic organization rather than an organization attempting to develop strong and free private institutions. Examples are the New Japan Education Society and the Democratic Education Society which appear to have sacrificed positive educational objectives to doing battle with the Japanese teachers' union. The Japanese Institute of Foreign Affairs, which could develop as a responsible voice of democratic opinion on current issues, appears to be used for the dissemination of propagandistic pamphlets and, in addition, to be involved in organizational activities, such as student programs, outside of its proper sphere.

PAKISTAN

Accomplishments

The CFA program in Pakistan appears to be one of the best-formulated in terms of CFA purposes and objectives. The cooperation of officials, educators, and civic leaders has made it possible for CFA to aid the development of a budding student movement, the local WAY organization, an Islamic youth group, a labor institute, the major national association of women, and Muslim organizations active in training youth and adults in the fields of social and civic responsibilities. CFA has laid the foundation for a project perhaps most appropriate of any to its objectives - the establishment, in cooperation with the officials of Dacca University, of a hostel for about 50 outstanding students

S E C R E T

S E C R E T

-6-

who will work with democratically-oriented professors in studying Pakistan problems and doing practical work and research in the rural areas during vacation periods. CFA now has a representative in Dacca (East Pakistan) as well as Karachi (West Pakistan).

Problems

The representative in West Pakistan during the past year gave evidence of concentrating on "do-good" projects which, while useful, did not meet the CFA standard of concentrating on the development of free institutions and organizations. This tendency, however, appears to have been corrected in the present budget request.

CEYLON

Accomplishments

CFA has sponsored the development of four youth centers in the Southern Province of Ceylon, which is the province providing almost half of the total communist vote in the 1952 general elections. The success of these centers has led to the establishment by leading citizens of the area of a Southern Youth Council, the first province-wide organization in Ceylon established to coordinate youth and community activities.

CFA has also made possible the establishment of an educational publishing house to produce Sinhalese textbooks, which has now been given the responsibility by the Ceylon Government for the selection, translation, and publication of the major portion of textbooks and other materials used in the school system. The publishing house intends to publish in other than textbook fields, including publishing in Tamil, the south Indian dialect, for distribution in India.

Problems

No problems.

KOREA

Accomplishments

CFA has centered its limited effort on demonstrating the free world interest in and support of cultural activities in Korea. Stimulation of the creation of artistic and literary output will continue to be the focus of CFA activities there. The CFA program in Korea has to date been run by a visiting representative from the Tokyo office. A full-time representative has been appointed for the forthcoming fiscal year.

Problems

No problems.

S E C R E T

S E C R E T

-7-

5. INTELLIGENCE BY-PRODUCT

CFA is instructed not to compromise itself by attempts to obtain intelligence information. However, CFA field representatives in the course of their normal duties obtain information of intelligence value to the Agency. A procedure was established this month for dissemination of this information by the Office of Operations, and OO has disseminated six CFA reports on political developments in Dacca and student developments in Japan. Several FI reports on political developments in Burma are based on information supplied by CFA. A research institute supported by CFA in Hong Kong has publications not otherwise available to CIA, and arrangements are being made to obtain them on a regular basis.

6. EVALUATION OF OPERATIONAL CAPABILITY IN FY-1955

Establishment and acceptance of CFA in Asia, referred to above, depend to a large extent on the general "character" which Asians ascribe to the organization.

The name "Committee For Free Asia" has proved an impediment in the establishment of the character desired for CFA. It has a political connotation and irritates Asians, proud of the fact that they are already free. Therefore, the name is being changed to "The Asia Foundation" and appropriate organizational changes are being made in that connection.

Most of the forty-odd members of the Committee are persons whose names are not known in Asia. Therefore, the membership is being revised, some persons being dropped and others known for their interest in Asia being added. This will help in explaining the operation to Asians.

A Fund for Asia is being established on the East Coast. This organization will raise funds on a low-pressure, institutional-type basis for CFA, and thus give it a credible public source of funds which it now lacks. (See attachment "C")

The operational capabilities of CFA increase in direct proportion to the ability of the indigenous organizations which it assists to gain local or national prestige and influence. Many of these organizations are showing progress in this direction.

Conversely, the experience of the past year has demonstrated that certain organizations are not going to develop as hoped, and they can be weeded out. The passage of time gradually permits CFA to become more selective.

For the first time, the beginning of the new fiscal year finds CFA led by a person in whom CIA, the Executive Committee of CFA, and the staff of

S E C R E T

Substitute for Figures on Page 8 of Memorandum for PAC, 25 June 1954

8. FUNDS

A total of [] is requested for FY-1955. Attachment "A" shows amounts approved and expended in past fiscal years.

Attachment "B" is the budget request submitted by CFA for FY-1955. This totals [] IO Division recommends, and DD/P concurs, that this amount be reduced in the following manner (see page 7 of part I of CFA budget request):

ADMINISTRATIVE

	<u>CFA REQUEST</u>	<u>ACTUAL</u>	<u>REDUCTION</u>
San Francisco -	[]	\$ []	\$ []
New York -	[]	[]	_____
Asia -	[]	[]	[]
<u>PROGRAMS:</u>			
Country Programs	[]	[]	[]
Intra-Asian and Special Projects	[]	[]	[]
<u>INVESTMENTS IN RESEARCH AND PURCHASES</u>	[]	[]	[]
<u>CONTINGENCY</u>	[]	[]	[]
<u>FUND FOR ASIA</u>	(none)	[]	[]
TOTALS:	[]	[]	[]

SECRET

*This page
referred*

CFA have the greatest confidence. Robert Blum has squeezed some of the water out of the organizational structure, has defined CFA's targets more sharply and has refined its methods of operating. It is expected that his contributions in these respects will be even more substantial in the coming year.

Specific operational objectives are set forth in detail in the attached Budget.

8. FUNDS

A total of [] is requested for FY-1955. Attachment "A" shows amounts approved and expended in past fiscal years.

Attachment B is the budget request submitted by CFA for FY-1955. This totals \$ [] IO Division recommends, and DD/P concurs, that this amount be reduced in the following manner (see page 7 of part I of CFA budget request):

ADMINISTRATIVE:

	<u>CFA REQUEST</u>	<u>IO REQUEST</u>	<u>REDUCTION</u>
San Francisco -	\$ []	[]	\$ []
New York -	[]	[]	[]
Asia -	[]	[]	[]
<u>PROGRAMS:</u>			
Country Programs	[]	[]	[]
Intra-Asian and Special Projects	[]	[]	[]
<u>INVESTMENTS IN HOUSING AND FURNISHINGS</u>			
	[]	[]	[]
<u>CONTINGENCY</u>	[]	[]	[]
<u>FUND FOR ASIA</u>	(none)	[]	[]
TOTAL	\$ []	[]	[]

Adjustments within each of the categories listed above will be made by CFA.

1/ See attachment "C"

S E C R E T

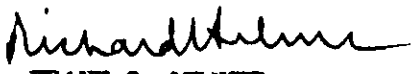
-9-

Although this is the first CFA budget based on estimates and requests from the field representatives, and although it has the unanimous endorsement of the Executive Committee of CFA, it is felt that the amount requested will not be needed.

The history of CFA budgets is one of over-requests and under-expenditures, as indicated in attachment "A". This shows that FY-1953 expenditures amounted to approximately 43% of the amount originally requested, and for FY-1954 the estimated expenditures are approximately 52% of the amount requested by Mr. Blum and approximately 42% of the amount originally requested for FY-1954 by Mr. Blum's predecessor. The budget of [] recommended by IO and DD/P is 78% of the total amount requested by CFA. It would be flying in the face of experience to approve a larger sum at this time, especially since the amount requested by CFA includes a contingency fund of []. On the other hand, IO and DD/P believe that CFA's budget request, based for the first time on estimates from field representatives, is more realistic than any previously submitted. The opening of new offices in Korea, Afghanistan and Thailand requires []. A pilot investment program in housing and furnishings requires []. Additional intra-Asian and Special Projects require [] more than was spent in FY-1954. The addition of new assistant field representatives requires an additional []. An additional [] is required for new or expanded programs in East and West Pakistan, Ceylon, Japan, Malaya, the Philippines and Taiwan.

9. SUPPLEMENTAL FUNDS

The financial position of CFA will be reviewed at the end of the first half of the fiscal year. If such review indicates that CFA will need more than its approved budget to carry out worthwhile projects during the second half of fiscal year, approval of such projects will be requested.


FRANK G. WISNER
Deputy Director, Plans

S E C R E T

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HISTORY OF CFA BUDGET *

	<u>Originally Amount Requested By CFA</u>	<u>Final Request By CFA</u>	<u>Amount Approved By CIA</u>	<u>Actual Expenditures</u>	<u>Expenditures as Percentage of</u> <u>(1) Final</u> <u>CFA Request</u>	<u>(2) Approved</u> <u>Budget</u>
FY-1952						
FY-1953	C]	C]	C]	C]	43 %	52 %
FY-1954	C]	C]	C]	C]	52 %	81 %

* Amounts applicable to Radio Free Asia (which was abolished in April, 1953), are not included.

S E C R E T

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ATTACHMENT "C"

FUND FOR ASIA

REQUEST

It is requested that [] be approved for establishment and operation of the Fund for Asia in FY-1955.

TARGET AREA

Asia and the United States.

MISSION AND OBJECTIVES

The Fund for Asia will provide cover for the Committee for Free Asia by raising funds for CFA and other worthy organizations.

PROGRESS TO DATE

None

INTELLIGENCE BY-PRODUCT

None

EVALUATION OF OPERATIONAL CAPABILITY IN FY-1955

Developmental work on the Fund for Asia has been underway for several months.

Fund for Asia will be a non-profit charitable foundation incorporated in an East Coast state other than New York. Its stated purpose will be "to aid the cause of freedom by promoting understanding and good will between the peoples of Asia and the United States". It will "seek public support and funds for private activities in the educational, cultural, civic and other fields."

Officers and members will be selected from the following list of persons prominent in the fields of business, law, education, agriculture, publishing and diplomatic service:

Manly Fleischmann
Chester Bowles
Murray D. Lincoln
John Farrer
Henry F. Grady
Eric Johnston

S E C R E T

S E C R E T

-2-

Charles W. Cole
Thomas S. Nichols
Charles E. Wilson
Joseph Grew
Harold Hoskins
Henry Wriston
Allen Griffin
Whitney Griswold
James Michener

Funds will be raised on a low-pressure, institutional-type basis, with the assistance of a professional fund-raiser of proven capability and integrity.

The Fund for Asia will be organized, operated, financed and accounted for in accordance with appropriate amendments which will be made to CFA's administrative plan. These will provide among other things, that Fund for Asia undertake only activities approved by CIA; that all funds raised be disbursed only as directed by CIA; that quarterly financial reports be submitted to CIA; that an audit of Fund for Asia be made annually by a firm designated by CIA.

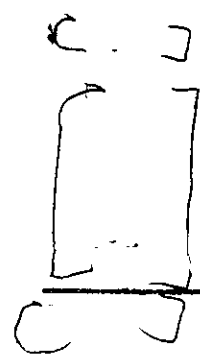
It is expected that about \$150,000 can be raised in FY-1955. Although this is a small portion of CFA's budget, the reputation of the members of the Fund for Asia and the motions it goes through in raising funds should lend credence to the story that CFA receives a substantial share of its funds from Fund for Asia (neither CFA's budget nor the amount of money raised by Fund for Asia will be made public). In addition, Fund for Asia will pass CIA money to CFA.

FUNDS

The following are estimates:

Services of professional fund-raiser
(including office space, secretarial assistance,
preparation of brochures and letters,
presentations before potential donors, etc.)

Printing Costs
Telephone, postage, etc.
Travel in U.S.
Travel in Asia for one member of Fund
Public Events, such as banquets
Seminar on Asian Problems



S E C R E T