

SECRET

PROJECT APPROVAL NOTIFICATION

PROJECT DTPILLAR	<input checked="" type="checkbox"/> CA	<input type="checkbox"/> PROPRIETARY
	<input type="checkbox"/> FI/CI	<input type="checkbox"/> SUBSIDY
		<input type="checkbox"/> DIRECT

ACTION		AREA	
	NEW PROJECT	DIVISION	
XX	AMENDMENT No. 8	CA Staff	
	RENEWAL	BRANCH	
	TERMINATION	2	
	EXTENSION	DESK	
	OTHER	CASE OFFICER	EXTENSION
		[]	6041

AUTHORIZATION			
APPROVING AUTHORITY	TOTAL AMOUNT APPROVED	FY	AMOUNT
DDCI 26 June 1964	[]	1964	
PERIOD OF APPROVAL		196	
FROM 1 July 1963 TO 30 June 1964	FINANCIAL CODE SYMBOL	4124-0000-8932	

CONDITIONS OF APPROVAL

Amendment No. 8 to Project DTPILLAR approved in the amount

[] increasing the project's authorization from []

to [] for FY 1964.

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

SIGNATURE	DATE
DDP/PG []	

DISTRIBUTION											
JUN 9449											
1	FINANCE DIVISION	1	SSA-DD/S	1	BUDGET DIVISION	1	OPERATING DIVISION CHIEF OF SUPPORT	1	CASE OFFICER	2	DDP/PG

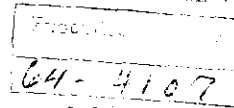
SECRET

Project DTPILLAR

Amendment No. 8

Amount: []

FY 1964



MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director for Plans

SUBJECT: Budgetary Status of The Asia Foundation/
Proposed Increase

1. This memorandum recommends action on the part of the DCI in paragraph 6.

2. **BACKGROUND**

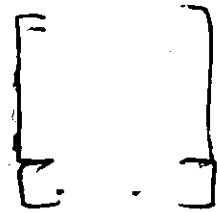
Reference is made to your meeting on 14 April 1964 with Messrs. Russell Smith and Hayden Williams, Chairman of the Board of Trustees and President of The Asia Foundation, respectively. It will be recalled that Mr. Smith reported that the Board of Trustees had met on the previous day to consider the Foundation's within-ceiling budget presentation for FY 1965 and a supplemental budget request which took the form of a Special Report to the Director (Attachment A). Mr. Smith explained that the Board had adopted a resolution (Attachment B) which endorsed the budgetary request contained in the Special Report. The Board of Trustees will hold their next regular meeting on 18 July and it is felt that the Agency's position on these matters should be made known to the Board at that time.

3. **FACTORS FOR CONSIDERATION**

a. Within-ceiling Budget Data: The Foundation's request for Supplemental funds is made against a back-drop of our joint efforts to develop a within-ceiling budget for FY 1965. This budget is now in hand and has been coordinated with each Field Station, the interested CIA Country Desks and the Staff elements concerned. It provides for Agency support at the same level as FY 1964, but considerably less than was made available to the Foundation in FY 1963. The Foundation has held the line by subordinating pressing administrative needs to programming requirements. Briefly, this

within-ceiling budget provides for:

- Project Programs
- Overseas Program Support
- Administration
- Contingency Fund



b. Within-ceiling Budget Programming
Emphasis: The Foundation's mission is to encourage, assist, and support non-Communist Asians in their efforts to strengthen their societies and institutions in ways which enhance the accomplishment of U. S. Government policy objectives. It does so as an ostensibly private American foundation, providing the means through which Asians can commit themselves to constructive endeavors in their own and U. S. national interest. In pursuit of this mission the Foundation's within-ceiling program budget for FY 1968 is distributed as follows:

- (1) Building grass roots capability to resist subversion by strengthening social and political science education - 23 projects in 8 countries,
- (2) Working through Asian leaders and institutions to expose the fallacies in communist theory and practice as they relate to the solution of Asian problems - in all countries where the Foundation has representatives,
- (3) Promoting viable ties to and relations with the West - 23 projects in 9 countries,
- (4) Assisting the reform and re-organization of Asian legal systems - 31 projects in 11 countries,
- (5) Assisting Asian Buddhist leaders and organizations in their efforts to update

Buddhist education as an alternative
to Communist manipulation of Buddhist
circles - 26 projects in 8 countries,

(6) Improving facilities and
methods for student guidance counseling
in Asian universities - 28 projects in
9 countries.

Additionally, the FY 1968 budget provides
for forty-two advisers and consultants to Asian
governments and institutions to assist
in influential positions which could not be
occupied by individuals under official U. S.
sponsorship.

6. The Question of Duplication: It will
be recalled that it was the consensus of the
Special Group at its 13 December 1963 meeting
that the work of the Foundation was important
as programed and should be continued by CIA.
In response to questions raised as to whether
the Foundation might be duplicating the efforts
of other government and private organizations,
two special efforts have been undertaken in the
intervening months. First, CIA Field Chiefs
were asked to review Foundation country programs
and to report whether they found evidence of
duplication. They reported that there was no
duplication except in a very small number of
justifiable instances. Second, based on a review
by Foundation Staff members, in concert with the
staff of CIA, of the 1963 programs of AID, USAID,
the Peace Corps, and State Department, a special
reviewing exercise was conducted for each Asia
Foundation country program to rule out any project
which appeared to duplicate other programs. CIA
and the Foundation are now satisfied that there is
no unwarranted duplication but are agreed that
this matter must be kept under continuous review.

4. Board Reaction to Within-Collins Budget:
The Foundation's budget of FY1968 submitted for final
approval of the budget is submitted. Convinced
that the budget did not reflect the true needs of

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the Foundation, and more importantly, that it failed to exploit fully the contribution the Foundation is capable of making in the national interest, the Board conveyed a resolution to the DCI (Attachment B) in which it (1) noted that the Foundation's organizational structure, its ten years of experience, its acceptability in Asia, place it in a position to reward its investors (NSA and CIA) with expanding political dividends; (2) expressed concern that the Foundation may become a wasting asset and lose its momentum unless it receives increased support; and (3) urged favorable consideration and action on the recommendations presented in the Foundation's Special Report to the Director.

e. The Special Report to the DCI: The Special Report requests supplemental funds in the amount of [] for FY 1965 for the following activities:

(1) Restoration of 30 projects in 13 countries which were not included in the FY 1965 budget due to the paucity of funds, but which have a clear political objective. []

(2) Preventative administrative maintenance, including provision for the assignment of one Assistant Representative to each of the four countries where the Foundation is represented by just one man; in-service training; and selected merit promotions. []

(3) Restoration of the President's Reserve fund for new and imaginative program development not envisioned or provided for in specific country program budgets. []

(4) Establishment of a Special Development Fund to support a series of carefully selected programs directed at

pre-empting or dissipating Communist initiative in critical fields whether they be backed by local CP's, the PRC, or the Soviet Union. []

4. EVALUATION OF FOUNDATION'S REQUEST

We have reviewed the Foundation's Special Report to the NCI and the forwarding Board Resolution. In brief, we recognize the validity of the Board's position. The Foundation's record is impressive. Through carefully programmed, sensitively applied, modest assistance programs effected over the past ten years in Asia, the Foundation has achieved a level of trust and acceptance among Asians which deserves fullest exploitation for U. S. national interest. The Foundation shares our view that it is essential to preserve its image as a "private", small grant organization and therefore fully recognizes the need to limit the scope of its administration and programming to levels commensurate with this image. At the same time, having achieved an operational beachhead in Asia, the Foundation has fully to capitalize upon opportunities which have arisen as a result of its present position.

With regard to the Foundation's projected use of supplemental funds, we have the following comments and recommendations:

a. Restoration of 30 Projects in 13 Countries. All of these projects (Appendix A (5 Attachment A)) were considered during the course of the recent Foundation/Agency budget review. They were found to merit support but were not included because (1) there were no funds with which to implement them, although they are fully capable of implementation, and (2) because no commitment to undertake them had been made to Asian leaders or institutions. Among the proposed projects are a request for funds to establish a Chinese-language magazine which would support our political action and propaganda program (STAVEL) against Communist China, the

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development of a journalism training program in Hong Kong which would serve as a source of professional journalists for the Chinese-language press of Asia, the introduction of Japanese participation in development of other free Asian countries by dispatching a team of ten Japanese professors to Ceylon and Malaysia for field research, the establishment of a Professor of American Literature at Nanyang University in Singapore, the development of a public administration training project in Borneo, and the provision of additional American advisers to the governments of Korea and Afghanistan. We believe that \$250,000 should be provided to enable the Foundation to pursue the development of the more important of these activities. It is emphasized, however, that approval of this recommendation would not carry with it approval of the projects or any combination of projects in the Special Report. These projected activities would be handled in precisely the same manner as planned projects presented by the Foundation in its within-ceiling budget. They are not implementable until they can be developed with sufficient specifics for the normal internal Foundation approval procedures to be completed and until the Agency's concurrence procedures come into play, including security requirements and operational considerations, especially as related to Field Station interest.

AMOUNT REQUESTED

[]

AMOUNT RECOMMENDED

[]

b. Strengthening of Career Services, Training, and Personnel Assignments. Despite rising costs the Foundation has a remarkable record in holding administrative expenditures at approximately the same level over the past five years. Further efforts to do so, however, would involve sacrifices of management and personnel procedures. A requirement for future Foundation effectiveness is that it attracts the ablest young men available. Retaining staff is

a problem of major concern. The Foundation has long felt the need for Assistant Representatives in Laos, Cambodia, Taiwan, and the Philippines where the Foundation is represented by a single man. This need has been recognized by the Stations. It is recommended that \$300,000 be provided for these administrative needs, including a modest in-service training program and selected merit promotions be provided.

AMOUNT REQUESTED

[]

AMOUNT RECOMMENDED

[]

c. Restoration of the President's Reserve Fund. Experience supports the need for such funds to enable the President to exploit promising opportunities with funds not specifically earmarked for specific countries. It was dropped in the FY 1964 and FY 1965 budgets in order to alleviate somewhat the budget reduction. These funds are available for expenditure, with prior concurrence in each instance by the Agency, for new and imaginative projects. It has proven to be one of the Foundation's most valuable programming devices. In the few weeks since the preparation of Attachment "A", a number of opportunities have been presented which appear to be excellent investments and have been strongly endorsed by the Country Team. For example:

(1) A cabinet minister in the Singapore Government has requested the services of an American Economics professor to teach at the University of Singapore and, concurrently, act as the Minister's confidential advisor. (Estimated Cost: [])

(2) Vietnam's Ministry of Foreign Affairs has requested Foundation advice and assistance in developing a Foreign Service Institute. (Estimated Cost: [])

Such projects were not, and could not have been, programmed in advance at U. S. initiative. They have clear potential as vehicles for the articulation of U. S. national interests in important areas of Asian government and society. It is desirable that the Foundation possess the resources to allow it to act on such key ad hoc proposals. It is recommended that the President's Reserve be restored in the lower amount of \$200,000.

AMOUNT REQUESTED	AMOUNT RECOMMENDED
[]	[]

4. Special Anti-Communist Development Fund.
The Foundation's total effort is directed at providing a barrier to communist gains in Asia. However, we welcome and endorse the Foundation's proposed development of a series of carefully selected projects clearly targetted at communist initiatives in critical fields. The Foundation proposes these funds be used exclusively for programs designed to neutralize and limit communist efforts to develop access to and influence leaders, interest groups and power elites in those countries where the communists (particularly Communist China) appear most likely to undertake sustained efforts to diminish U. S. prestige. It is recommended that \$200,000 be provided for these purposes with the understanding that prior Agency approval be obtained and that a prerequisite to approval will be analysis of the project by Headquarters and the Field as necessary to insure that the projected activity meets the objectives of the Special Anti-Communist Development Fund.

AMOUNT REQUESTED	AMOUNT RECOMMENDED
[]	[]

5. SUMMARY

The Foundation's within-ceiling budget, its requested revised budget, and the budget level recommended by the CA Staff are outlined below:

14 April 1964

The following resolution was adopted by the Trustees of the Asia Foundation meeting in New York on 13 April 1964 for immediate conveyance to the Director:

"The Asia Foundation's FY 1964-65 budget has been reviewed and is hereby forwarded to the Sponsor along with a special report to the Director expressing the Trustees' strong belief in the value of the Foundation to the Sponsor and its present urgent need in the National interest for a higher level of financial support.

The Board wishes to go on record as feeling that it would not be discharging its obligation if it did not call forthrightly to the attention of the Director its belief that the \$75,000,000 investment in the Asia Foundation will become a wasting asset unless it is given increased financial support now and in the years ahead. The Board feels that this is a time of crisis in Asia and a time of increasing challenge and opportunity for the Foundation. If these challenges are to be met, if these opportunities are to be exploited, the sights of the Foundation must be set at a higher level.

The Foundation is now a soundly established and recognized professional institution. It represents a multi-million dollar covert asset which could not be replaced except over a period of years and at considerable new expense. Because of its organizational structure, its experience, its acceptability, it is now after more than ten years of building, in a position to reward its investors with expanding political dividends. These assets and capabilities should be fully exploited, otherwise the Foundation's momentum will wane.

It is the consensus of the Board that it is false economy to limit the Foundation's range of opportunities and institutional life through insufficient financial support. The Foundation is an asset that must be used, if it is to be justified in economic and political terms. It cannot stand still. If it does, its vitality and influence will inevitably decline.

Therefore, the Trustees urgently request favorable consideration and action on the recommendations presented in the special report to the Director."

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Attachment A

Special Report to the DCI

("Green Book")

Indexed with green tabs as follows:

GENERAL STATEMENT

STATEMENT OF 1964/65 PROGRAMS

STATEMENT OF ADMINISTRATION

FUTURE PROSPECTS AND REQUIREMENTS