

C.I.A. Panel Said to Urge Use of a Nonsecret Fund

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WASHINGTON, March 18—The three-man Presidential committee studying the Central Intelligence Agency is believed to have recommended the establishment of an inde-

pendent corporation to finance openly the overseas activities of voluntary groups.

Such a nonprofit corporation, financed by contributions from private foundations and individuals as well as by the Federal Government, would replace the intelligence agency's program of secret support of anti-Communist activities of student, labor and other voluntary groups.

The committee's report is being reviewed at the White House and is expected to be made public soon after President Johnson returns from his trip to Europe.

The committee is headed by Under Secretary of State Nicholas deB. Katzenbach. The other members are John W. Gardner, Secretary of Health, Education and Welfare, and Richard Helms, Director of Central Intelligence.

Committee Set Up

Mr. Johnson set up the committee Feb. 15, following disclosures, first made in Ramparts magazine, that the intelligence agency had been secretly subsidizing the foreign operations of the National Student Association.

The President ordered the agency to suspend its program of aid to youth groups and gave the committee the task of formulating a policy that would prevent the C.I.A. or any other Government agency from endangering the integrity and independence of American educational institutions.

In reviewing the problem the committee decided to extend its study beyond student and educational groups because of press disclosures that a wide variety of other organizations had also been receiving funds from the spy agency. Among the subsidized organizations were those made up of lawyers, journalists, religious workers, Socialists and unionized Government employees.

The Katzenbach committee also decided that it could not stop with a mere recommenda-

Continued on Page 33, Column 4

Continued From Page 1, Col. 3

tion for insulating private groups from the intelligence agency. The activities of some groups were considered so valuable in advancing American ideas abroad that an alternative method of financing was sought.

Defenders of the program have pointed out that the secret subsidy was decided on in 1952 only after private foundations refused to finance youth and labor groups who wanted to wage propaganda and political warfare against Communists overseas.

Congress was not asked to finance the program with open appropriations because of a fear of the late Senator Joseph R. McCarthy, Republican of Wisconsin, who was waging a campaign against the non-Communist left wing as well as against Communists.

It was thought that he would exploit the fact that some of the student and labor leaders were left wing to block any open appropriations. Such a rejection would have made it difficult to justify secret subsidies.

There has been wide criticism in and out of Congress that regardless of the laudable objectives of the program, this resort to secrecy subverted the democratic process and tainted organizations that were nominally free and independent.

In a preliminary report to President Johnson on Feb. 22, the Katzenbach committee came to the intelligence agency's defense. Mr. Katzenbach said that the agency had not acted on its own initiative in setting up the program but only in accordance with policies established by the National Security Council.

Alternative Sought

In its search for an alternative method of financing, the Katzenbach committee is known to have examined the operations of the British Council. This Government-financed but essentially privately administrative body resembles, in structure, the British Broadcasting Corporation.

Only seven of the council's 30-member executive committee are Government officials; the others are from private life. Since the committee fills its own vacancies, the Government cannot force policy changes by packing it.

The Government does decide the countries the council can

operate in; the council decides the nature of the work. In actual operations, however, there are continuing discussions between Government officials and the council's executive committee.

The British Council is limited in purpose to the promotion of the English language abroad and closer cultural relations with foreign countries. It does not finance trips by British students, who pay their own expenses. Much of the council's work involves exchanges of professional people, such as drama and opera companies, and the operation of British libraries.

Bill Introduced

The Katzenbach committee is believed to have urged that any American corporation set up to finance overseas activities have a much wider mandate than the British Council.

A bill somewhat along the lines of the Katzenbach com-

mittee's proposal has already been introduced in the House by Representative John S. Monagan, Democrat of Connecticut. His measure calls for the establishment of a federally chartered independent corporation, to be known as the American International Cultural and Educational Council.

Under the Monagan bill, the council could subsidize and advise student, labor, journalistic, scientific, education and "other similar" organizations in the support of American foreign policy.

The council could accept funds from foundations or private individuals, but if such financing was insufficient, the bill authorizes Congress to make appropriations.

"Thus," Mr. Monagan said, "while there could be some Government support, at least it would be open and its extent known."