

PRESIDENT ORDERS C.I.A. TO HALT AID TO PRIVATE GROUPS

He Sets Up Study to Explore
Ways for U.S. to Help Back
Such Bodies Openly

EXCEPTIONS PERMITTED

But Only if Security Reasons
Are Judged 'Overriding'
by Two Top Officials

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President's statement and
Katzenbach report, Page 30.

By ROY REED

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WASHINGTON, March 29—

President Johnson directed the Central Intelligence Agency today to end covert financing of private voluntary organizations and ordered a study to find new ways of supporting such groups openly.

The new policy will prohibit all such undercover support by any agency, except in cases in which the Secretary of State and the Secretary of Defense agree that it is justified by "overriding national security" reasons. Even in those cases aid to educational, philanthropic or cultural groups will be ruled out.

Under Secretary of State Nicholas deB. Katzenbach, who headed a committee that formulated the new policy, said the committee had found in its study that some groups were still receiving intelligence agency support. But the number is "very, very, very small," he said.

The committee said that all such support could be ended by Dec. 31.

It recommended replacing the covert financing by an unspecified "public-private mechanism" that would operate openly. The President announced the formation of a new committee, headed by Secretary of State Dean Rusk, to decide on such a mechanism.

Panel Included Helms

The President appointed the Katzenbach committee Feb. 15 following disclosures that the intelligence agency was supporting student, labor, cultural and other organizations engaged in overseas programs.

The committee included John W. Gardner, Secretary of Health, Education and Welfare, and Richard Helms, director of the intelligence agency.

It recommended, and the President accepted, the following policy statement:

"No Federal agency shall provide any covert financial assistance or support, direct or indirect, to any of the nation's educational or private voluntary

organizations. This policy specifically applies to all foreign activities of such organizations and it reaffirms present policy with respect to their domestic activities.

"Where such support has been given, it will be terminated as quickly as possible without destroying valuable private organizations before they can seek new means of support."

Mr. Johnson directed all Government agencies to implement the new policy fully.

The intelligence agency's program for subsidizing private groups has been headed by Cord Meyer Jr., an intellectual and war veteran who joined the agency in 1951.

Cites Narrow Scope of Aid

Obviously concerned that private American programs abroad might have been damaged by the disclosures of the intelligence agency's involvement, the committee stressed that the number of organizations that have been aided covertly was a small fraction of all the organization engaged in foreign activities.

"The vast preponderance have had no relationship with the Government or have accepted only open Government funds—which greatly exceed funds supplied covertly," the committee said in its report to the President.

"The work of private American organizations, in a host of fields, has been of great benefit to scores of countries," the committee said. "That benefit must not be impaired by foreign doubts about the independence of these organizations. 'The committee believes it is essential for the United States to underscore that independence immediately and decisively.'"

The new policy statement should make it clear that the American Government, through its covert assistance, does not influence the policies of the organizations it has supported, the committee said.

"If the statement of policy is to be effective," the committee said, "it must be rigorously enforced."

Won't Bar All Exceptions

"In the judgment of this committee," it went on, "No programs currently would justify any exception to this policy. At the same time, where the security of the nation may be at stake, it is impossible for this committee to state categorically now that there will never be a contingency in which overriding national security interests may require an exception—nor would it be credible to enunciate a policy which purported to do so."

The committee therefore recommended that the interdepartmental committee that now passes on intelligence agency activities be permitted to make exceptions to the new policy, "but only where overriding national security interests so require, only on a case-by-case basis, only where open sources of support are shown to be unavailable, and only when such exceptions receive the specific approval of the Secretaries of State and Defense."

"In no event should any future exception be approved which involves any educational, philanthropic, or cultural organization," the committee said.

As for how to replace the covert support, the committee said, "the time has surely come for the Government to help support such activity in a mature, open manner."

'Public-Private Mechanism'

The committee said that many organizations would not be able to accept Government aid directly without hampering their effectiveness in dealing with persons in other countries.

The answer, it said, should be a "public-private mechanism to provide public funds openly."

Although the committee did not settle on a form for such a mechanism, it did mention favorably the vehicles used by Britain, India and Sweden.

The British Council administers \$30-million a year for reference libraries, exhibitions, scholarships, international conferences and cultural exchanges in 80 countries, the committee said.

It said that 21 of the council's 30 members were drawn from private life, thus insuring its reputation for independence even though 90 per cent of its funds were from the government.

The committee also mentioned the Indian Council for Cultural Relations, which uses government money but is operated autonomously, and the Swedish Institute for Cultural Relations, which is composed of both public and private members and gets 75 per cent of its money from the Government.

One approach might be the establishment of a governmental foundation, the committee said.

It noted that a precedent for such a foundation was the Smithsonian Institution, which was established by Congress as a private corporation governed by a mixed public-private board.

The committee recommended that the new committee to find the proper mechanism include persons in private life. George Christian, the White House news secretary, said the other members of the committee to serve with Mr. Rusk would be announced shortly.

A number of bills to provide open Government financing of overseas programs have been introduced in Congress.

The cutoff of covert funding is not expected to be reflected in future Government budgets because money for the intelligence agency is camouflaged in the budget.

Comment on the report's recommendations was sparse today, with many members of Congress out of town during the Easter week recess.

The National Student Association, the first of many groups recently discovered to have received funds secretly from the C. I. A., announced its "support" of the recommendations, but said it disagreed "with the implication of the Katzenbach committee that covert governmental aid to private voluntary organizations was justified in certain periods of our history."

In a statement, the group said it was pleased by the President's prompt acceptance of the recommendations and his declaration that all agencies of the Government must implement them fully.

The statement was issued by Edward Schwartz, national affairs vice president of the student group, in the absence of the president, W. Eugene Groves, who was away.

Senator Eugene J. McCarthy, who last week introduced a bill to establish a fund for such open grants, financed by private gifts and foundation money, said: "Taken all together, it is a good report."