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St 2/11 DEPARTMENT OF STATE AUTHORIZATION ACT,
FISCAL YEARS 1980 AND 1981

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HEARING
BEFORE THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
NINETY-SIXTH CONGRESS
SECOND SESSION

ON
S. 2444, A BILL TO AMEND THE DEPARTMENT OF STATE
AUTHORIZATION ACT, FISCAL YEARS 1980 AND 1981 TO PRO-
VIDE ADDITIONAL AUTHORIZATION FOR FISCAL YEAR 1980,
AND FOR OTHER PURPOSES

AND
S. 2445, A BILL TO PROVIDE ADDITIONAL AUTHORIZATION
FOR FISCAL YEAR 1981, TO AUTHORIZE APPROPRIATIONS FOR
FISCAL YEAR 1982, AND FOR OTHER PURPOSES

MARCH 25, 1980

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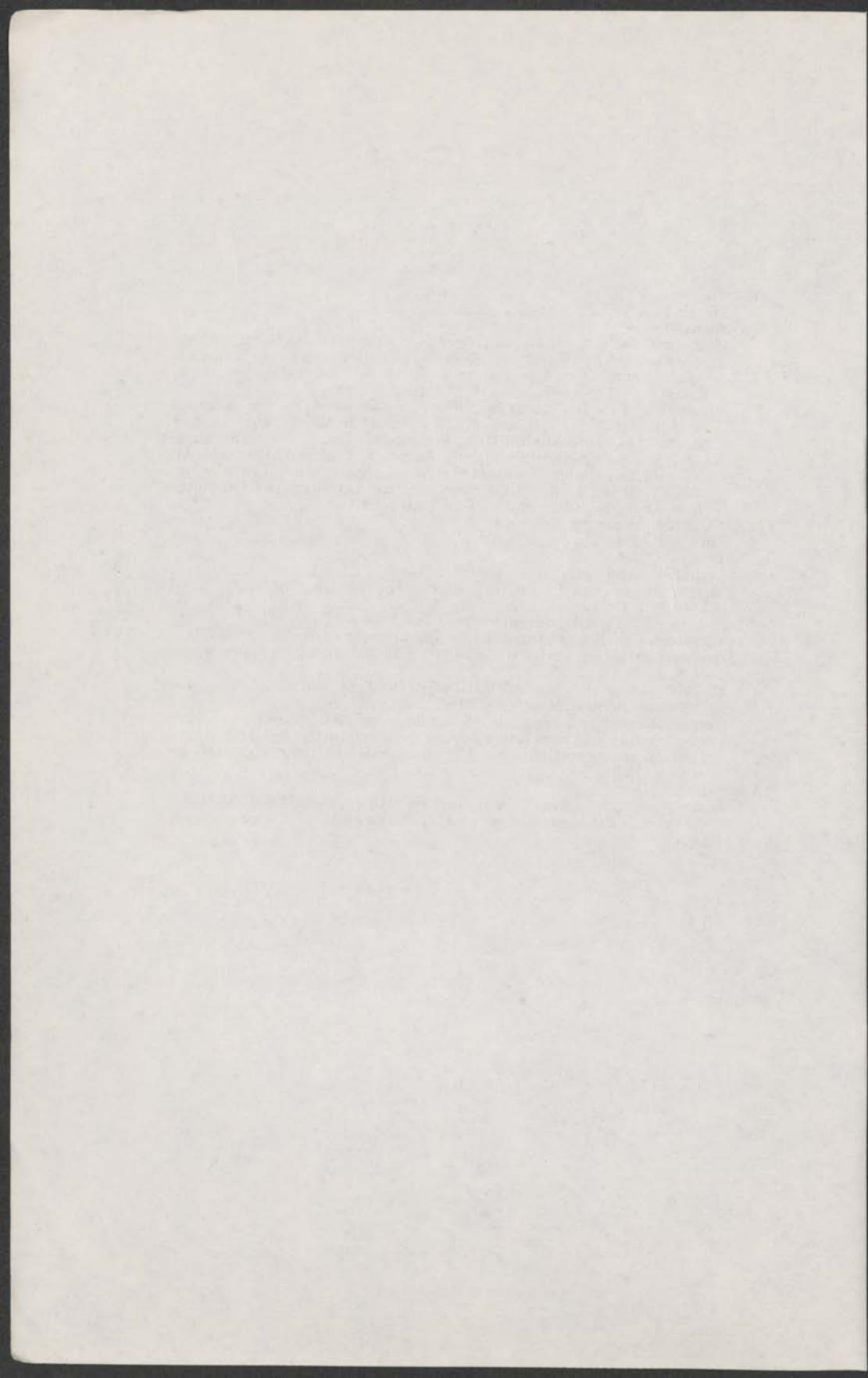
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DEPARTMENT OF STATE AUTHORIZATION ACT
FISCAL YEARS 1980 AND 1981

TUESDAY, MARCH 25, 1980

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The committee met, pursuant to notice, at 10:06 a.m., in room 4221, Dirksen Senate Office Building, Hon. Frank Church (chairman of the committee) presiding.

Present: Senators Church, Pell, Glenn, Percy, and Helms.

The CHAIRMAN. The committee will please come to order.

OPENING STATEMENT

The CHAIRMAN. Today the committee will hear testimony from witnesses of the Department of State and the Board for International Broadcasting justifying their requests for additional authorization of appropriations for fiscal year 1980 and fiscal year 1981.

The State Department is requesting the following: \$27.3 million in fiscal year 1980 for shortfalls in the assessed contributions to international organizations; \$20 million in fiscal year 1981 for the creation of a buying power maintenance fund; \$24.9 million in fiscal year 1981 for increased assessments to international organizations; and \$94.4 million in fiscal year 1981 for migration and refugee assistance.

The Board for International Broadcasting is asking for \$12 million in fiscal year 1981 authority for the increased costs of operating Radio Free Europe and Radio Liberty [RFE/RL].

[Text of S. 2444 and S. 2445 follows:]

1 in paragraph (2) by striking out "\$502,945,000" and insert-
2 ing in lieu thereof "\$530,234,000".

3 (b) The same Act is amended by striking out in its en-
4 tirety subsection (b) of section 102.

5 (c) The same Act is amended by striking out in its en-
6 tirety subsection (c) of section 102.

7 TITLE II—EX GRATIA PAYMENT

8 SEC. 201. Of the amount appropriated under paragraph
9 (1) of section 102(a) of the Department of State Authoriza-
10 tion Act, Fiscal Years 1980 and 1981, \$81,000 shall be
11 available for payment ex gratia to the Government of Yugo-
12 slavia as an expression of concern by the United States Gov-
13 ernment for the injuries sustained by a Yugoslav national as
14 a result of an attack on him in New York City.

96TH CONGRESS
2D SESSION

S. 2445

To provide additional authorization for fiscal year 1981, to authorize appropriations for fiscal year 1982, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 19 (legislative day, JANUARY 3), 1980

Mr. CHURCH (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To provide additional authorization for fiscal year 1981, to authorize appropriations for fiscal year 1982, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—DEPARTMENT OF STATE

4 ADDITIONAL AUTHORIZATION OF APPROPRIATIONS FOR

5 FISCAL YEAR 1981

6 SEC. 101. (a) Section 102 of the Department of State
7 Authorization Act, Fiscal Years 1980 and 1981, as amended,
8 in subsection (a) is amended—

1 (1) by striking out "\$1,009,815,000" and insert-
2 ing in lieu thereof "\$1,029,815,000";

3 (2) by striking out "\$525,082,000" and inserting
4 in lieu thereof "\$549,978,000"; and

5 (3) by striking out "\$457,798,000" and inserting
6 in lieu thereof "\$552,209,000".

7 (b) The same Act is amended by striking out in its en-
8 tirety subsection (b) of section 102.

9 AMERICAN INSTITUTE IN TAIWAN

10 SEC. 102. (a) Section 16 of the Act entitled "Taiwan
11 Relations Act", approved April 10, 1979, is amended by
12 striking out "1980" and inserting in lieu thereof "1981".

13 (b) Of the amounts authorized to be appropriated by sec-
14 tion 102(a)(1) of this Act for the fiscal year 1981, \$6,582,000
15 shall be available only for the necessary expenses to carry
16 out the Taiwan Relations Act, Public Law 96-8 (93 Stat.
17 14).

18 ASSESSED CONTRIBUTIONS TO INTERNATIONAL
19 ORGANIZATIONS

20 SEC. 103. Section 24(a) of the Act entitled "An Act to
21 provide certain basic authority for the Department of State",
22 approved August 1, 1956, as amended (22 U.S.C. 2696), is
23 amended by inserting immediately after "law" "and United
24 States assessed contributions to international organizations".

1 AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR

2 1982

3 SEC. 104. There are authorized to be appropriated to
4 the Department of State for fiscal year 1982 such sums as
5 may be necessary to carry out the authorities, functions,
6 duties, and responsibilities of the United States in the con-
7 duct of foreign affairs and for other purposes authorized by
8 law.

9 PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY

10 SEC. 105. Paragraph (1) of Public Resolution 42, Sev-
11 enty-fourth Congress, approved August 2, 1935, as amended
12 (22 U.S.C. 273), is amended by deleting “, not to exceed
13 \$200,000 annually.”.

14 INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF
15 PRIVATE LAW AND HAGUE CONFERENCE ON PRIVATE
16 INTERNATIONAL LAW

17 SEC. 106. Section 2 of Public Law 88-244, approved
18 December 30, 1963, as amended (22 U.S.C. 269g-1), is
19 amended—

20 (1) by inserting “after 1978” immediately after
21 the words “any year”; and

22 (2) by striking out “7” immediately following the
23 word “exceed,” and inserting in lieu thereof “10”.

1

BUYING POWER MAINTENANCE

2 SEC. 107. There is hereby authorized to be appropriated
3 to the Department of State for transfer by the Secretary of
4 State to appropriations available for the overseas operations
5 of the Department of State for any fiscal year when neces-
6 sary to maintain the approved level of operations and to elim-
7 inate substantial losses to appropriations caused by fluctu-
8 ations in foreign currency exchange rates or overseas wage
9 and price changes: \$20,000,000, to be available without
10 fiscal year limitation. In order to eliminate substantial gains
11 to approved levels of overseas operations, the Secretary may
12 be authorized through appropriation Acts to transfer to the
13 "Buying power maintenance" account amounts in other ac-
14 counts which are determined by the Secretary to be excessive
15 to the needs of an approved level of operations due to foreign
16 currency exchange rates or overseas wage and price changes.

17 TITLE II—INTERNATIONAL COMMUNICATION

18

AGENCY

19 ADDITIONAL AUTHORIZATION OF APPROPRIATIONS FOR

20

FISCAL YEAR 1982

21 SEC. 201. There are authorized to be appropriated to
22 the International Communication Agency for the fiscal year
23 1982 such sums as may be necessary to carry out interna-
24 tional communication, educational, cultural and exchange
25 programs under the United States Information and Educa-

1 tional Exchange Act of 1948, the Mutual Educational and
2 Cultural Exchange Act of 1961, and Reorganization Plan
3 Numbered 2 of 1977, and other purposes authorized by law.

4 TITLE III—BOARD FOR INTERNATIONAL
5 BROADCASTING

6 ADDITIONAL AUTHORIZATION OF APPROPRIATIONS FOR
7 FISCAL YEAR 1981

8 SEC. 301. Subsection (A) of section 8(a)(1) of the Board
9 for International Broadcasting Act of 1973 (22 U.S.C.
10 2877(a)) is amended to read as follows:

11 “(A) \$81,917,000 for the fiscal year 1980 and
12 \$98,835,000 for the fiscal year 1981, of which
13 \$4,500,000 shall be available only for the purpose of
14 transferring Radio Free Europe and Radio Liberty pos-
15 sitions to the United States in accordance with recom-
16 mendations of the Board for International Broadcast-
17 ing; and”

18 AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR
19 1982

20 SEC. 302. There are authorized to be appropriated to
21 the Board for International Broadcasting for the fiscal year
22 1982 such sums as may be necessary to carry out the pur-
23 poses of the Board for International Broadcasting Act of
24 1973 (22 U.S.C. 2877(a)), as amended.

The CHAIRMAN. Our first witness today is Under Secretary for Management, Ben H. Read, of the Department of State.

I understand, Mr. Secretary, that you are accompanied by Victor Palmieri, the Ambassador at Large and U.S. Coordinator for Refugee Affairs of the Department of State; Hon. Thomas M. Tracy, the Assistant Secretary, Bureau of Administration, Department of State; Roger B. Feldman, the Comptroller, Office of the Under Secretary for Management, Department of State; and Charles William Maynes, Assistant Secretary for International Organizations, Department of State.

We also have as scheduled witnesses this morning representatives of the Board for International Broadcasting.

Do you have a short statement that you would like to give at this time?

STATEMENT OF HON. BEN H. READ, UNDER SECRETARY FOR MANAGEMENT, ACCOMPANIED BY HON. VICTOR H. PALMIERI, AMBASSADOR AT LARGE AND U.S. COORDINATOR FOR REFUGEE AFFAIRS; HON. THOMAS M. TRACY, ASSISTANT SECRETARY, BUREAU OF ADMINISTRATION; ROGER B. FELDMAN, COMPTROLLER, OFFICE OF THE UNDER SECRETARY FOR MANAGEMENT; AND HON. CHARLES WILLIAM MAYNES, ASSISTANT SECRETARY FOR INTERNATIONAL ORGANIZATIONS, DEPARTMENT OF STATE, WASHINGTON, D.C.

Mr. READ. Thank you, Mr. Chairman. I do.

With your consent, I would like to submit for the record the formal statement which I have prepared and will very briefly summarize its four sections.

The CHAIRMAN. Very well. Your full statement will be included in the record.

Mr. READ. First, as you indicated, the Department is requesting \$27.3 million in additional authorization of appropriations for fiscal year 1980. As indicated in the first section of the statement, this request is needed to cover the cost of arrearages and anticipated shortfalls in assessed contributions to international organizations, which are, as you know, treaty obligations.

Second, we are requesting \$139.3 million additional authorization of appropriations for fiscal year 1981 to cover the three anticipated uses which you outlined and which are detailed in the second part of the statement: One, \$24.9 million for estimated increased U.S. assessed contributions to international organizations; two, a \$94.4 million net increase in our programs for African, Asian, Soviet, East European, Palestinian, and Cypriot refugees; and three, \$20 million in standby budget authority for the Secretary of State to establish a new buying power maintenance fund which would enable the Department to handle more efficiently unbudgeted increases and decreases in exchange and inflation rates in 17 OECD countries. In addition, the Department is requesting authorization of such sums as may be necessary for fiscal year 1982 operations.

Third, we are proposing several technical amendments to existing law, which are summarized in section 3 of the statement, and in the

section-by-section analysis accompanying the three authorization bills which are pending before the committee. I draw your attention to the proposed amendment with widest effect which would authorize the Secretary of State to determine the fee for passport issuance and to extend for up to 10 years the period of validation of U.S. passports.

The fourth and final section of the statement discusses the 16,470 positions funded by the pending requests. There are 666 positions fewer than previously approved for fiscal year 1980 after accounting for transfer under the administration's trade reorganization plan approved by Congress last fall and other specified changes, and 99 net additional positions requested in fiscal year 1981 to provide for strengthened political and economic reporting and increased consular workload with a number of offsetting reductions of positions. Most of the latter reflect the proposed elimination on a reciprocal basis of our current nonimmigrant-visa requirements for short-term business and tourist visitors who are citizens of lowest visa fraud countries.

Mr. Chairman, as soon as the President decides on the specific budget changes which are now under consideration, the committee will, of course, be advised. We do expect, however, that we will need to propose additional fiscal year 1981 authorization to cover our assessed calendar 1980 and 1981 contributions to the International Labor Organization which the United States rejoined last month.

In addition, we expect to be in a position to request additional sums for the strengthening of our most dangerous posts in the near future.

We have and will exercise maximum feasible budget restraint and conduct continuous review of changing resource priorities and requirements. As the committee knows, the Department's current direct hire personnel base is about 7 percent smaller than in the late 1960's, although State's overall workload has risen by every measurable test. Our proposed fiscal year 1981 appropriation for salaries and expenses, for example, is at the same level in constant dollars as it was 5 years ago, and 7 percent smaller than the first budget I presented 3 years ago. This has been possible largely because of your approval of our many reprogramming requests and your funding of our automation projects in communications, consular, and other areas of work. We will make every effort to warrant the committee's continuing support.

Mr. Chairman, I will be glad to try to respond to the committee's questions, with my colleagues.

[Mr. Read's prepared statement follows:]

PREPARED STATEMENT OF HON. BEN H. READ

Mr. Chairman: Thank you for this opportunity to appear before the Committee to discuss the Department's request for additional authorization of appropriations for fiscal years 1980 and 1981. The 1980 and 1981 funding levels contained in the proposed "Department of State Additional Authorization Act of 1980" and the "Foreign Relations Authorization Act of 1981" are essential for the attainment of our foreign policy objectives and represent our best judgment of the most judicious use of resources in attaining those objectives.

1. FISCAL YEAR 1980 AUTHORIZATION

For fiscal year 1980 the Department is requesting \$27,289,000 in additional authorization for the International Organizations and Conferences category, thereby increasing it from \$502,945,000 to \$530,234,000 and our overall fiscal year 1980 authorization from \$1,836,742,000 to \$1,864,031,000. The requested increase covers the cost of prior year arrearages and anticipated shortfalls in assessed contributions to various international organizations.

2. FISCAL YEAR 1981 AUTHORIZATION

The Department is also requesting \$139,307,000 in additional authorization for fiscal year 1981 to cover specified activities in the categories for International Organizations and Conferences, Migration and Refugee Assistance, and Administration of Foreign Affairs. This would increase our overall fiscal year 1981 authorization from \$2,020,176,000 to \$2,159,483,000.

In the International Organizations and Conferences category, \$24,896,000 is requested to cover increased U.S. assessments to international organizations, primarily because of increased inflation abroad. The additional authorization would increase the currently authorized level for this category from \$525,082,000 to \$549,978,000.

In the Migration and Refugee Assistance category, the Department is requesting a net authorization increase of \$94,411,000 for refugee programs. This change results from increases of:

\$76,000,000 for activities previously financed from other appropriations, of which \$12,000,000 is for African refugees; \$62,000,000 is for Palestinian refugees; and \$2,000,000 is for Cypriot refugees;

\$20,836,000 for resettlement of Indochinese refugees in the United States;

\$23,075,000 for increased caseload within the Soviet, Eastern European, and other refugee programs; and

\$17,000,000 for expanded assistance to African refugees.

Partially offsetting these increases is a decrease of \$42,500,000 attributable to reductions in the estimated cost of care and maintenance of refugees in Southeast Asia.

These additional requests would increase the current authorization of \$457,798,000 to \$552,209,000.

In the Administration of Foreign Affairs category, the Department of State requests \$20,000,000 in budget authority for Buying Power Maintenance to permit a significant improvement in the way the Department manages its resources. Under present arrangement, rapidly fluctuating foreign exchange rates and rampant overseas inflation are seriously disruptive to on-going operations and timely responses to non-discretionary fund requirements cannot be made.

The volatility of foreign currency rates of exchange and changes in rates of inflation overseas over the last few years has made accurate budget formulation difficult if not impossible. Events such as the fear of restricted oil supplies and general unrest in the Middle East have had a heavy impact on prices and on the strength of the dollar.

This request would provide standby authority for the Secretary to maintain necessary and approved levels of activities under adverse international conditions by making funds available to meet unbudgeted overseas inflation and foreign currency losses in 17 OECD countries. It would also permit transfers from other appropriations to this appropriation of gains due to favorable movements in these factors in the covered countries. This appropriation is estimated to require no outlays since the premises upon which the other appropriations are budgeted are considered valid at this time. If approved, the additional authority requested for this category would raise the authorized level from \$1,009,815,000 to \$1,029,815,000.

In addition to the adjustments to authorization requested for fiscal years 1980 and 1981, the Department is also requesting such sums as may be necessary to continue operations in fiscal year 1982.

As soon as the President decides on the specific budget changes now under consideration, the Committee will, of course, be advised. We expect that we will need to prepare additional fiscal year 1981 authorization to cover an assessed calendar 1980 and 1981 contributions to the International Labor Organization which the United States rejoined last month.

3. TECHNICAL AMENDMENTS

The Department is also proposing several technical amendments in addition to the authorization of appropriations.

First, we are seeking to eliminate the authorization ceilings imposed by Public Law 96-60 of \$1,369,401,000 for fiscal year 1980 and \$1,547,778,000 for fiscal year 1981. In order to provide for our 1980 supplemental appropriations request and additional requirements in 1981, the Department must exceed these legislated ceilings. The elimination of these ceilings will make available to us previously approved authorization.

Second, we are proposing language which would authorize us to make an *ex gratia* payment of \$81,000 to a Yugoslav national who was injured while on assignment at the Yugoslav mission to the U.N. in New York. This payment will not require additional appropriations.

Third, we are proposing an amendment to include increases for U.S. assessed contributions to international organizations. This provision will eliminate the need to request additional authority each year to cover probable supplemental appropriations.

Fourth, we are seeking to remove the provision in Section 102(c) or Public Law 96-60 which prohibits U.S. payment of assessed contributions for two U.N. units pertaining to Palestinians. If this provision remains in force, the United States will fall behind in its assessed contributions to the U.N., in violation of Article 17 of the U.N. Charter. Removal of the provision will enable the Department to fulfill its treaty obligations, which are specifically authorized in the United Nations Participation Act (22 U.S.C. 2873).

Fifth, we are proposing language which would provide legal authority for the United States to pay arrearages in its assessments for membership in certain international organizations in 1979 and 1980 and to meet fully the anticipated assessments for membership in 1981 and beyond. In the case of contributions to the Pan American Institute of Geography and History (PAIGH), we are proposing to delete the limitation on the U.S. contribution of \$200,000 annually.

Sixth, we are proposing an amendment to certain passport authorities which would permit the Secretary to determine the execution and issuance fee for U.S. passports, and also set a ten year duration for passport validity from the date of issuance.

Seventh, we are proposing an amendment to provide authorization for the lease or rental of living quarters for use by the staff of the U.S. Representative to the U.N.

Eighth, we are proposing an amendment to the Foreign Service Act which would make available a transfer allowance to all foreign service officers and employees transferring to or within the United States, its territories or possessions or the Commonwealth of Puerto Rico on the same basis as is currently available to non-Foreign Service employees.

Finally, we are proposing several amendments primarily designed to strengthen our legislative authorities.

4. POSITIONS AND RESOURCE MANAGEMENT

The 16,470 positions funded by this request indicate several significant adjustments for appropriation transfers and a fiscal year 1980 budget supplemental—totaling a reduction of 666 positions—when compared to the positions previously approved for fiscal year 1980.

Within current fiscal year 1980 authorization levels we are requesting a fiscal year 1980 supplemental appropriation to fund 18 new consular positions to process additional Western Hemisphere immigrant visas as required by a Federal District Court decision. In addition, during this fiscal year, we will transfer 679 positions to the Department of Commerce to create the new Foreign Commercial Service. In another action, 5 positions have been transferred in fiscal year 1980 to the Office of the U.S. Trade Representative under the recent Congressionally approved Trade Reorganization Plan.

Within levels now authorized for fiscal year 1981 the Department is also requesting a new increase of 99 positions to meet its foreign affairs commitments and to cope with increasing workload. This increase is almost one-third of the 289 new positions the Department plans to establish for increased policy and workload requirements for which we plan partially offsetting reductions of 190 positions elsewhere to meet these higher priority requirements.

Over 60 percent or 178 of our new positions will be used to meet continually rising consular and passport workloads world-wide. Consular workload has increased by over 200 percent while passport workload has grown by 78 percent during the past 10 years.

Another 94 positions will be allocated for strengthening substantive reporting and analysis in response to the President's desire for stronger performance in these areas. The positions will primarily be distributed as political and economic reporting officers and staff support among the five geographic bureaus in countries critical to our foreign policy interests. For example, nearly a third of the positions will be used in the Middle East and 10 positions are slated for China.

The remaining 17 positions will open Port Harcourt, Nigeria in an area of substantial oil reserves and strengthen our new post of Antigua in the Caribbean.

Of the 190 positions to be reduced, about two-thirds or 121 reflects anticipated elimination on a reciprocal basis of our current non-immigrant visa requirement for short term business and tourist visitors who are citizens of 31 low visa fraud countries. Legislation to eliminate this requirement for these countries has been transmitted to the Congress.

Another 38 positions will be reduced in the passport area. Of this reduction, 28 positions will no longer be needed for the Passport Agency in Washington, D.C., as we begin to implement the new Travel Document and Issuance System for issuance and control of passports. We are appreciative that this Committee over the past several years has supported the development of this system which will generate significant management improvement in our passport activities. We are also reducing 10 positions under the assumption that the Department will be authorized by proposed legislation to move from a 5-year to a 10-year passport.

The remaining 31 position reductions are scattered among various functional areas of the Department.

The request before you reflects continued careful and coordinated measures by the Department's top management to meet our commitments world-wide with limited resources. In arriving at our proposed budget request, we have again made use of the zero base budgeting process. For over a month last summer, the Priorities Policy Group, the Department's top management entity built on previous years efforts in considering and prioritizing the competing fiscal year 1981 resource needs and uses of the Department's bureaus and overseas posts. This process of making every effort possible to insure the optimal use of our resources by sound and responsible management practices is continuing on a year-round basis.

Mr. Feldman, the Comptroller of the Department, and Mr. Jurvis, the Director of the Office of Budget and Planning, are with me today to address our overall authorization requirements. Also available are Assistant Secretary Maynes to discuss International Organizations and Conferences, Assistant Secretary Tracy to discuss issues related to security and Ambassador Palmieri, Special Coordinator for Refugee Affairs, to discuss Migration and Refugee Assistance issues. We will be pleased to try to respond to your questions.

Thank you.

The CHAIRMAN. I think perhaps this hearing is premature. The President is in the process of submitting a new budget to the Congress that presumably is to be balanced, and he has said this will require very substantial cuts across the board, except for the military.

I find it hard to reconcile these requests for supplementary authorizations for increased spending with the President's proposed balanced budget. State is going to have to take its share of the cut, and you are coming up here, asking for more money across the board rather than for less. Your position seems to me to be inconsistent with the President's.

Mr. READ. We are indeed not immune from the exercise that is going on, Mr. Chairman. While we are not in a position today to advise as to what the President's final determinations are, we know that we will not be immune.

The CHAIRMAN. I think what we should do is go back to the drawing board and await the President's proposed reductions. I certainly am not going to recommend to the Foreign Relations Committee that these increases be approved. The State Department, along with the foreign aid program, has to take a proportionate share of the cuts that are going to be necessary for domestic spending if we are going to balance the budget and combat an inflation that rapidly is becoming a disaster.

So it seems to me that perhaps we are premature in holding this hearing. You yourself have said that these figures may have to be modified once the new budget is agreed upon in the executive branch and submitted to the Congress.

Mr. READ. We think we know where those modifications will be; but we simply are not in a position to announce them at this time. The CHAIRMAN. I understand. But this being the case, I don't know how the committee can be in a position to pass on these supplementary requests since clearly they are going to have to be reviewed by the President, if we in fact, are to achieve a balanced budget.

CLOSING OF CERTAIN CONSULATES ABROAD

I know there is a matter of particular interest to Senator Pell in connection with the proposed closing of certain consulates abroad. Senator Pell, have you had an opportunity to look at that particular question?

Senator PELL. Yes, Mr. Chairman, thank you.

You are quite right. I am concerned, but it is not only me. I think many of us, as we have thought about the results of closing these consulates, wonder what the process of thinking was in the Department that made you decide those consulates should be closed rather than making other cuts. I think the total amount of money is about \$2 million and the cost of opening these consulates again—which has happened in the past, Salzburg being a good example—makes the economic argument rather short lived because you have to give termination payments, find a new place to rent, and get involved in other start-up costs if the posts are reopened, which has often happened in the past.

I think the facts are that in Salzburg, as one example, there are 23 or 24 Soviet citizens in the Soviet consulate and 1 American citizen in ours. You are as aware as am I of the very real concern this has been not only to many of the Americans in that area but also to the Austrian Chancellor and the President. It is a direct slap in the face to Australia, which is having a difficult time. In Turin, which is a major Italian industrial center, there are tremendous American national interests. I think this would also be a difficult situation if our consulate there were closed. I would make the same comment for the other consulates.

I wonder if you would give me the rationale of the Department in this regard, or, if not the rationale of the Department, the rationale of OMB as to why it feels these consulates should be cut.

Mr. READ. Senator Pell, the rationale remains similar to the arguments that we presented last year. These posts, as we reviewed the entire slate of over 250 posts that we have across the world, did appear marginal in terms of workload, comparative burdens, and priorities elsewhere. Those considerations were reflected in the post closing list that was first put together about 2 years ago.

As you recall, the Congress disallowed the reprogramming requests that we put forward early last year to effect those closures for reasons with which you are most familiar and included a disapproval provision in the Department's fiscal year 1980 Authorization Act.

The President, in signing that authorization bill in August, took issue with that particular directive by the Congress and said that under the Constitution—

Senator PELL. Excuse me—that particular law.

Mr. READ. He said that under the Constitution, the President "has the power to appoint consuls as well as ambassadors and other public ministers. Implicit in this grant is the right to decide when and where an ambassador or consul should be appointed."

We drew down the staffing levels at those posts and put forward the arguments pro and con keeping them at those levels or closing them. The President decided in February that he wished to proceed with the closures of the seven posts at issue.

Senator PELL. What is the total saving that will be derived from the closing of these consulates?

Mr. READ. In 1980-81, it is \$1,674,000.

Senator PELL. That would be the total?

Mr. READ. On an annual basis thereafter over \$3 million in savings will be effected, and, of course, certain positions that go with them.

The CHAIRMAN. Is this savings per country?

Mr. READ. No; this is for the entire list of seven consulates.

Senator PELL. So it would be \$3 million in total on an annual basis.

Mr. READ. Yes, after the initial costs of closure.

Senator PELL. Which consulates are being closed this time, in contravention of Congress law?

Mr. READ. Brisbane, Australia; Salzburg, Austria; Goteborg, Sweden; Bremen, Germany; Nice, France; Turin, Italy; and Mandalay, Burma.

Senator PELL. As you know, Goteborg is the oldest consulate we have. We have had an American flag flying there for a long time.

I may be subjective in this, having been in the consular service, and seeing that it really is the antenna or the front line of our diplomatic establishment. They are usually run pretty modestly.

When the President decides to do this in contravention of the law, falling back on the Constitution, it would indicate certainly a disregard for the wishes of the Congress. He possibly may be right in his legal arguments.

Does the Department have any views in this matter? Do you think as a general rule that the laws of Congress should be obeyed?

Mr. READ. Indeed, I do, and the Constitution as well.

If I may, I would like to introduce into the record the memorandum from the President to the Secretary dated February 19, in which he asserted the constitutional right to which I have alluded.

[The information referred to follows:]

THE WHITE HOUSE,
Washington, D.C., February 19, 1980.

MEMORANDUM FOR THE SECRETARY OF STATE

On your recommendation I approved early last year the closure of thirteen consulates that you judged no longer necessary for the performance of essential functions. Subsequently, the Congress included in the Department of State Authorization Act, Fiscal Years 1980 and 1981, a provision that ten specified consulates of the thirteen should not be closed. At the time of my approval of the authorization act, I noted that because of the President's constitutional power to appoint Consul and the authority implicit in that grant of power to decide where and when a Consul should be appointed, I regarded the provision in the authorization act to be a recommendation and not a requirement.

As you know, the advisability of closing ten consulates was thoroughly reconsidered during the preparation of the 1981 budget. Recent events have led me to conclude that three of the ten consulates, namely, Adana, Surabaya and Tangier, should remain open. The remaining seven consulates clearly are marginal and should be closed as soon as feasible, consistent with good management practices. I understand that you also plan to close two other marginal consulates over the next year. I view the closing of these consulates as a sound economizing step. It is also consistent with my directive of last May to you and OMB Director

McIntyre to review overseas staffing and eliminate excess employees. It is important that the Administration make every effort to phase out the least important Federal government activities in order to make room for urgent new needs that must be met.

JIMMY CARTER.

Senator PELL. Many times there is a right. Nobody is saying that he does not have the right to appoint people as consuls. But he can still obey the law which was passed, which is not to close them this year.

Mr. READ. Well, sir, it was his feeling that this was a part of the best worldwide allocation of physical and personnel resources that he could determine within his foreign affairs prerogatives.

That is what has led to this result.

Senator PELL. I see the argument. Apparently the President believes it is worth the \$1½ million saving and that this saving outweighs the negative effect of the slap in the face to the Congress.

To my mind, this is a very shortsighted economy, and one with which I intensely disagree. I have been in conversation with individuals from several of these areas. I have seen some of the consulates myself and feel that this is a very shortsighted move.

What we will do about it, I do not quite know. But we will try to figure some way, I would hope, of lessening the impact here.

Is it your thought that these consulates will be reopened when the budget is in balance, or do you visualize the United States dropping back and not having these consulates ever again?

Mr. READ. The latter, Senator Pell.

Senator PELL. Do you think he will reopen the consulate in Bratislava, Czechoslovakia, at some point or not?

Mr. READ. I have not heard that proposal made.

Senator PELL. As you know, it would be a reciprocal proposal if we ever get rid of the gold question and the Czechs then would open a consulate in America.

Mr. READ. As the chairman said, though, the Department is not immune from the present budget exercise, and this is one of the President's determinations, to move in that direction.

Senator PELL. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Percy?

Senator PERCY. I have no questions at this time.

The CHAIRMAN. Senator Glenn?

Senator GLENN. I will pass for this round.

The CHAIRMAN. I have a few more questions.

ORGANIZATION OF AMERICAN STATES

I will not press all my questions this morning because, as I have indicated, I think you should take this back to the drawing board and bring it into conformity with what I anticipate will be reduced requests in the President's modified budget. Then there will be time enough for us to consider.

But I do have some questions which we might dispose of today.

It had been my understanding that the Carter administration intended to reduce the U.S. percentage share of the OAS assessed contribution from 65 to 49 percent. I strongly favored that for two reasons. First, it seemed to me that 65 percent was entirely out of line with the amount the United States contributes to the United Nations

and to other international organizations, even to voluntary organizations. Second if we put up about two-thirds of the money of the OAS, we foster a widespread perception in Latin America that it is our organization and that all of the other countries combined ought to put up at least 51 percent of the funds.

It seemed to me that this was a rather modest reduction that we sought. It was well grounded. But I notice that you now are asking for additional contributions of \$40.5 million for fiscal year 1980 and \$38.3 million for fiscal year 1981, which remain about 65 percent of the OAS budget. Whatever happened to our plan to reduce the American assessment to something under 50 percent?

MR. READ. Mr. Chairman, if I may, I would ask Mr. Maynes to answer that.

MR. MAYNES. Mr. Chairman, this is not my direct area of responsibility—it is Ambassador McGee's—but I believe I can answer your questions.

In the case of the assessed contributions to the OAS, we have been successful in persuading the major contributors from the Latin American side to engage in an urgent study of this question. We have not been successful in getting it immediately down to 49 percent.

We requested, I believe, 64 percent in fiscal year 1981 with the idea that this urgent study would be undertaken.

We have been successful in holding the expenses of the organization down to a very, very low rate, virtually a zero rate of real growth.

In addition, I would mention that on the voluntary side the U.S. contribution is about 54 percent and not 66 percent.

Finally, I would stress that this is a sensitive political issue. As I know you understand, our assessed share, on the basis of per capita income, would be close to 90 percent, or certainly in the high eighties. In effect, we have to persuade three major countries in Latin America—Argentina, Brazil, and Mexico—to assume a major disproportionate increase in their contributions on the basis of a per capita income criterion.

THE CHAIRMAN. If this is to be really a regional organization, there are good reasons why some of the Latin countries should pay more, apart from a purely economic reason based upon gross national product or per capita income. What percentage share does Venezuela pay, do you know?

MR. MAYNES. It is about 4 percent.

THE CHAIRMAN. About 4 percent. There are some countries in Latin America that are doing very well, you know, and 4 percent for Venezuela seems a very small amount considering the present price of oil and the fact that it was doubled in 1979 alone.

MR. MAYNES. Mr. Chairman, I would like to make clear that we share the goal of the Congress of reducing the percentage. We have made significant, but still inadequate, progress toward that goal.

THE CHAIRMAN. I am not sure that I agree that the progress even has been significant.

MR. MAYNES. Well, 54 percent on the voluntary side is what I am referring to.

THE CHAIRMAN. How does that compare with previous contributions?

MR. MAYNES. We had been paying 66 percent and higher.

THE CHAIRMAN. How much does the voluntary contribution amount to as compared to the assessed contribution?

Mr. MAYNES. The voluntary contribution is \$17.5 million; the assessed contribution is \$38 million in fiscal year 1981.

The CHAIRMAN. When you say that you have kept the costs down in real terms, what is the need for supplemental appropriations of this size over and above those originally budgeted?

Mr. MAYNES. For 1980, in the inter-American area, we have several requests. Two of them, the Inter-American Indian Institute and the Pan American Institute of Geography and History, are where there was an additional assessment levied to finance the transition period created by the organization's change from a fiscal year to a calendar year budget in 1979.

In the case of the International Center for the Study of the Preservation and Restoration of Cultural Property, there had been a \$175,000 limitation set some years ago on the amount of the U.S. contribution. It did not take into account inflation and devaluation, and for that reason there were arrears to make up. We were unable to ask for those before because of the statutory limitation on our contribution.

The CHAIRMAN. Do you regard all of this additional request as obligatory?

Mr. MAYNES. In the case of the international organizations, we have a treaty obligation.

The CHAIRMAN. I understand that. But there are voluntary contributions as well as assessed contributions. My question is in the case of OAS. Do you regard the \$40.5 million for fiscal year 1980 and the \$38.3 million, both being over and above the original request, supplementary to the original request, as obligatory under our treaty arrangements?

Mr. MAYNES. In the case of the mandatory contributions, yes, they are obligatory, Mr. Chairman.

The CHAIRMAN. Well, what part of this is mandatory and what part is not?

Mr. MAYNES. The voluntary programs are under a different authorization. The figures that we are talking about here that apply to international organizations are mandatory obligations of the United States.

So the \$27.3 million that is requested for fiscal year 1980 is a mandatory obligation, a legal obligation of the U.S. Government.

The CHAIRMAN. But you are requesting \$40.5 million for 1980 for OAS.

Mr. FELDMAN. Mr. Chairman, I believe Mr. Maynes was referring to the total additional authorization request for 1980, which involves several international organizations and of which the Organization of American States is one component. The \$40.5 million figure is the total U.S. contribution in 1980 to the Organization of American States.

Within this \$40.5 million, the additional supplemental authorization being requested in fiscal year 1980 would be \$5,471,772.

The CHAIRMAN. I see. And how much for fiscal year 1981?

Mr. MAYNES. The assessed figure is \$38.3 million.

Mr. FELDMAN. This \$38.3 million would be the assessed U.S. contribution to the OAS.

There is sufficient funding to provide for that contribution within the already legislated authority. So, under this bill we are not requesting additional authorization for the OAS for 1981.

The CHAIRMAN. I see. I think that clarifies the question that was in my mind. But the additional amounts you are requesting for 1980 are obligatory under the treaties or the conventions?

Mr. MAYNES. That's right. They are obligatory for the United States.

The CHAIRMAN. I have one other question and then I will turn to Senator Percy and to other Senators who may have questions.

You have a request in for a supplementary authorization of \$20 million in fiscal 1981 for the creation of a buying power maintenance fund.

First, would you explain to me what this buying power maintenance fund is? I believe I understand that it has to do with the fluctuating rate of foreign currency vis-a-vis the American dollar. Have you ever had such a fund before?

Mr. READ. We have not had authorization for such an appropriation for the State Department, Mr. Chairman. There has been a precedent for this in the Board for International Broadcasting, however.

The CHAIRMAN. But in the State Department authorizations you have not had such a fund before?

Mr. READ. No, sir, we have not.

Roger Feldman is the person most familiar with this, and would be glad to explain it to you.

The CHAIRMAN. Mr. Feldman, what about that?

Mr. FELDMAN. Mr. Chairman, there are similar appropriations already authorized. First, this committee has authorized a fund for the Board for International Broadcasting to offset foreign exchange rate losses. The Department of Defense also has a fund similar to that for BIB.

This authority that we are seeking would provide the Secretary of State the necessary standby authority to respond to the volatile changes in economic situations that may arise.

The CHAIRMAN. Well, how have you been getting by? I know that changes in allowances have been made in the past for Embassy personnel abroad, but how have you been getting by without a fund up until now?

Mr. FELDMAN. Mr. Chairman, the lack of such a mechanism has caused the Department to seek supplemental appropriations and supplemental authority almost continually during the course of the year in order to respond to the changes in overseas inflation and foreign currency fluctuations. It has been so seriously disruptive to our operations that our ongoing operations have had to be reduced considerably in order to accommodate the situation.

The CHAIRMAN. Is this unduly pessimistic? Recently the dollar has been gaining with reference to strong foreign currencies.

When I was in Japan in April of last year, the exchange rate was 170 yen to the dollar. I understand that now it is about 240.

Mr. FELDMAN. Almost 250.

The CHAIRMAN. Almost 250, then. Can't we squeeze a little money out of the strengthening dollar?

Mr. FELDMAN. Yes, sir. As a matter of fact, this year that is precisely what we are doing.

This particular authority for the new fund would work two ways. In other words, it is not pessimistic or optimistic. It is neutral.

If, in fact, we are gaining as a result of the circumstances that you were describing, we would draw down from certain other appropriations and deposit these amounts into this appropriation so that the fund itself would receive credits. On the other hand, in past years when the yen went from 320 to the dollar down to 170 to the dollar, we would have been drawing from this fund in order to maintain our operations, using that example, in Japan.

In short, the buying power maintenance appropriations would work both ways.

The CHAIRMAN. I appreciate the convenience of having a fund of that kind. In fact, I have played that game myself. This committee this year asked the Rules Committee for a contingency fund to take care of unanticipated events that tend to come along so that we would have extra money with which to conduct hearings and not have to go back to the Rules Committee for a supplementary authorization.

The committee told us that this was a year for austerity, that the Congress itself had to learn to live with less, that we had never asked for a contingency fund before and this was the first item stricken from this committee's budget.

So it may be that we will have to take a similar position with respect to the State Department. At least I think that request should be reviewed if the President really means to submit a balanced budget.

Mr. FELDMAN. Mr. Chairman, by further explanation, there are no outlays associated with this appropriation. This is just authorization of standby budget authority. In other words, it is, in fact, neutral. It is not for additional operations or expanded operations and there are no outlays.

The CHAIRMAN. Well, you are not going to get this additional authority and then not ask for an appropriation, are you?

Mr. FELDMAN. No, sir. The appropriation, however, would just be standby budget authority. There are no outlays associated with it.

The CHAIRMAN. What do you want it for?

Senator GLENN. Where is the money coming from?

The CHAIRMAN. You seem to prove my point. That is one of the things that ought to be stricken from this.

Senator GLENN. I would be glad to go along with it so long as it remains only authority.

Where would the money come from if it is only authority?

The CHAIRMAN. Do you have \$20 million in excess—

Mr. FELDMAN. No, Mr. Chairman.

The CHAIRMAN. Well, what do you want it for?

Mr. FELDMAN. If, in fact, the economic situation overseas were to develop so that this fund had to be drawn against, then there would be outlays associated with it.

The CHAIRMAN. Of course.

Mr. FELDMAN. If, in fact, the circumstances are favorable to the dollar abroad, as the chairman described, it would be a gain to the balancing of the budget because moneys would be drawn from existing appropriations, not used, and deposited into this particular appropriation.

Mr. READ. If I could just add a note, Mr. Chairman. This is not a contingency fund in the normal sense at all. These funds are solely to maintain already authorized uses for salaries and expenses. We think that you would find it a convenience with fullest accountability.

Without such an appropriation, we would perhaps have to come before you frequently, as you know, during the course of the year for supplementals for price and wage increases. They are never avoidable. They are just mandatory costs of doing business.

If we are authorized to create such a fund, we would notify the committee in advance of each expenditure.

The CHAIRMAN. Well, it all boils down to the same thing: It gives you \$20 million extra to use for this purpose. If we are going to be stringent in the allocation of money to the various departments, including the State Department, it seems a poor time to be requesting this kind of additional contingency fund.

Senator GLENN. Will the chairman yield along that line?

The CHAIRMAN. Yes.

Senator GLENN. To keep this from being a contingency type fund, would you use it only for currency exchange rate problems and inflation?

Mr. READ. That is correct.

Senator GLENN. That's all? It would not be available for any other purposes?

Mr. READ. No, it would not be available for any other purpose.

Senator GLENN. Then how do you make it go down? To followup on the chairman's question, these rates fluctuate all the time. As he pointed out, the dollar now may be in the ascendancy. We hope so. Then how do you reduce this. Once you have raised somebody's salary at the local level, it is very difficult to lower that when the exchange rate changes.

How do you guarantee that we reduce this and truly make it a revolving fund that is not an increasing thing?

I am sympathetic to giving you flexibility. I had a discussion one night with Cy Vance about this. He spoke of the difficulties of shuffling funds when rates go up so tremendously. We see rates of inflation in some countries of 75 or 100 percent for a short period of time and then, all of a sudden, things go in the other direction. With the floating exchange rates that now exist, stability is considerably less than it used to be.

So, I am sympathetic to giving you some flexibility, but I am concerned that these things be used only for rates of inflation and currency exchange problems. There has to be a correction, then. When we move from the bad side of the cycle to the good side of the cycle, how do you make that up? How do you write that into legislation that we might pass?

Mr. READ. It is written in as an automatic feature in the language we are putting forward, Senator Glenn. In times when there is a favorable exchange rate move or an inflationary rate that was less than the amount budgeted in any country, there would be an automatic replenishment of this authority, and there would be no new uses authorized by this particular language.

For instance, in the example you mentioned, if you raise the wage of a local employee, that is strictly governed by part of the Foreign Service Act which requires us to pay prevailing wage rates and nothing more or nothing less. We would have to pay it whether or not this fund existed. There would be no new usages that would be envisaged.

Senator GLENN. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Percy?

Senator PERCY. Thank you, Mr. Chairman.

ESTIMATE NEEDED FOR CAMBODIAN RELIEF

Gentlemen, we certainly welcome you this morning. This committee has talked in recent weeks about the increasingly urgent problem that the world faces in Cambodia. UNICEF and ICRC say that \$262 million is urgently needed for Cambodian relief over the next 8 months. Does the administration concur in this estimate?

Ambassador PALMIERI. Senator Percy, the U.N. agencies involved in the Kampuchean relief program are meeting tomorrow in New York to discuss the basis for the \$262 million appeal and, second, to address some fairly searching questions about accountability for the food distribution procedures and monitoring procedures within Kampuchea.

At this point, we are convinced that there is a very pressing need, that we face the threat of renewed famine. I would be better able to advise you and to answer your question after my deputy has had an opportunity tomorrow at the conference in New York to get the full particulars of the appeal.

I have no hesitation in telling you at this point, however, that we intend to continue our support, that we intend to press for monitoring and accountability, and that we will be in a position to make a new pledge at this conference, although it may be a modest one.

INCREASED CONTRIBUTION TO UNICEF

Senator PERCY. During the course of the recent dinner which you gave for UNICEF, there was discussion of an increased proportion that the United States would be asked to bear of the UNICEF budget, going up to 25 percent of that budget.

I suggested at the time that while we certainly want to do everything that we can, there is the possibility the Japanese could be asked to increase their contribution. Could you update me as to the status of that particular budget? Is the administration supporting an increase in the UNICEF budget and the proportion that it bears to the total?

Ambassador PALMIERI. I should address only the issue in relation to the Kampuchean program. Secretary Maynes can deal with the contribution to UNICEF as one of our international organization contributions.

Let me say simply, Senator, that in the Kampuchean program we essentially are bearing a 33-percent share of that program. Specifically, out of the \$70 million which we have committed to the Kampuchean relief so far, some \$11.5 million, approximately, has been committed to UNICEF. That gives you a picture in terms of Kampuchea.

On the other hand, perhaps Bill Maynes should talk about the organizational commitment.

Mr. MAYNES. Senator Percy, we have requested \$40 million in the current AID budget for UNICEF. Until we know the pledges of other countries, it is difficult to know how that would come out in percentage terms; but my guess is it would be about 17 or 18 percent.

Senator PERCY. Has there been a request for the United States to increase its proportion to 25 percent? If so, what is the administration position on that?

Mr. MAYNES. The administration's position is that we defend the President's budget as it was presented to the Congress. We are on record, and the previous administration is on record, as favoring

voluntary contributions to those organizations we support, which are basically in the same kind of ratio that our assessed contribution is in.

Senator PERCY. Can you tell me what discussions have been carried on with the Japanese about increasing their food assistance amount to UNICEF?

Mr. MAYNES. Yes; I can.

During the recent Japanese Foreign Minister's visit to Washington, Secretary Vance raised this question with him. The Japanese were urged to sharply increase their contributions to the Kampuchean relief effort.

Senator PERCY. What was the response?

Mr. MAYNES. The response was that they were increasing and they will report our talks back to their Government.

Senator PERCY. Was any specific amount discussed?

Mr. MAYNES. They simply announced the increase that they already were planning. It is our feeling that that increase could be greater. The Secretary informed them of our opinion that it would be useful if they could increase their contribution.

Senator PERCY. Did they give any indication as to when they would respond to us on that?

Mr. MAYNES. They indicated to us that they, like us, had a budget process and that they would have to report back to Tokyo on the demarche that we had made.

Ambassador PALMIERI. Senator, I met with the Foreign Ministry in Tokyo a few weeks ago and made quite a strong position on this point.

They presented their full accounts for their fiscal year in question, which totaled something in excess of \$90 million for Indochinese, including Kampuchean, relief which they had contributed.

We discussed that in relation to the positions the United States is taking. Essentially, what I suggested to them was that the United States, in an area of great consequence to both countries, was supporting financially the Kampuchean relief program just as solidly as they were, and in addition, that we had enormous expenditures associated with the resettlement of the Indochinese which they were not sharing, and that to me, this had to be taken strongly into account in striking a balance of support.

They said that was an interesting theory and one which they, with typical Japanese courtesy, agreed to consider.

U.N. PRESENCE IN THAI-KAMPUCHEAN BORDER CAMPS

Senator PERCY. After a trip to the Thai-Cambodia border, Senators Hayakawa and Levin recommended that a U.N. presence be established in the border camps in order to improve security. Subsequently, Congress approved a resolution urging that such a presence be established.

What progress, if any, has been made on this?

Ambassador PALMIERI. Basically no progress has been made in terms of official observers.

Senator, the Thai Government has also been quite anxious to have the Secretary General seek to have U.N. observers. The problem is that the stationing of U.N. observers requires, first, a proceeding in the Security Council which will certainly be vetoed by the Soviets;

and second, a U.N. General Assembly motion, which the Secretary General sees is impossible to obtain.

In every case, the United Nations has, however, emphasized its willingness to encourage the augmented presence of U.N. agency personnel—that is to say, the various U.N. relief agencies which are involved. ICRC is involved, but U.N. agencies like UNICEF, WFP, UNHCR are also involved, and create a de facto U.N. presence, along, of course, with the presence of many voluntary organizations.

The idea of U.N. observers in itself raises both technical and political problems that are very difficult for the Secretary General at this point.

Senator PERCY. I have one last question.

CONCERNS OF DIPLOMATIC PERSONNEL FOR SAFETY

Mr. Secretary, could you report to the committee as to the concerns of our diplomatic personnel for their own safety and security abroad as a result of the number of instances we have had, such as in Kabul, Tripoli, and Tehran? Is the situation such that those incidents have injured morale and caused considerable concern for the diplomats as well as their families?

Mr. READ. Indeed they have, Senator Percy. We have reviewed with great care in the last few months what we should do about it.

In essence, what we are faced with is a new and more dangerous variation of the individual and small group terrorist attacks to which we were subjected in the early 1970's. Starting with the situation in Tehran last year and in Islamabad and Tripoli, what we witnessed was mob terrorism, if you could call it that. Our posts suffered sustained attacks by hostile local populations and local host governments simply failed to fulfill their responsibilities to provide prompt and adequate safeguards.

The very considerable efforts that we have made with congressional support to increase the defenses of embassies against small terrorist group attacks have proceeded substantially. For the fiscal years 1974-79 Congress has provided about \$117 million. With these resources we have done a great deal in terms of hardening access and that sort of thing.

What we now need to face, unfortunately, is essentially a twofold redesign of the embassy defenses. We cannot turn an embassy into a fortress in a foreign country and would not want to if we could. But what we think we should do in these new circumstances is, first, to look at the safe havens within the embassies. As you know, in these recent incidents the communications centers have served as safe havens. However, these centers were designed for a handful of people and machines and were not intended for large-scale retreat purposes. Thank God the one in Islamabad was or we would have had a tremendous casualty toll.

We need to consider where communications centers are positioned in the Embassy, whether they have escape hatches, and whether they are adequate for this type of safe haven purpose.

Second, we need to see what can be accomplished with existing technology—to wit, make the national security classified files both destroyable and retrievable through automated data processing and central retrieval methods.

It can be done with existing technology, and we simply must move ahead, certainly in the most endangered posts.

To this end, we have submitted to the Office of Management and Budget a supplemental for 1980 to begin this process at 36 posts. But we need to do more in a multiyear program phased over several years.

Senator PERCY. Could you describe for us what funds are available and that have been requested in this additional budget, or will we expect a supplemental to come forward for this purpose?

Mr. READ. In the fiscal year 1980 budget, which you authorized last year, there is approximately \$25 million to continue the anti-terrorism projects we have taken over the last several years. In addition, the Secretary has submitted to OMB a request for additional supplementals for 1980 and 1981 to take care of these extremely tense and dangerous areas. But these have not yet been given final clearance by OMB or sent forward to the Congress.

Senator PERCY. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Helms?

Senator HELMS. Thank you, Mr. Chairman.

Mr. Secretary, am I correct that the request for the American Institute in Taiwan is \$628,000 more than last year? I think that is the amount, but I do not have the precise figure handy.

Mr. READ. Yes; that is correct, Senator Helms.

Senator HELMS. I understand, based on reports coming to me, that there have been a great many complaints about what have been described as excessive delays in the consular section, with long lines of people waiting in the streets for visas. Are those reports correct?

Mr. READ. We have an inspection team there now, Senator Helms, and I have heard such complaints, but I do not have accurate, up-to-date information to give you on the nature of that problem. I would be glad to share that with you as soon as we have an updated report.

Senator HELMS. So you don't have any opinion as to why these delays are occurring?

Mr. READ. I could not give you an accurate summary.

The CHAIRMAN. What consulate are you referring to?

Senator HELMS. Taiwan.

The CHAIRMAN. Thank you.

Senator HELMS. Could it be that you do not have enough consular officers there? Is that it?

Mr. READ. I am afraid I cannot analyze the problem until I have more updated information.

Senator HELMS. If you would look into that and give us a report, or at least give me one, I would appreciate it.

Mr. READ. I would be glad to do so, Senator.

Senator HELMS. Thank you very much. That would be very useful. [The information referred to follows:]

SITUATION IN TAIWAN

[SUBMITTED BY DEPARTMENT OF STATE]

The situation in Taiwan regarding the excessive delays and long lines in the consular section has been remedied. This temporary condition was generated by the fact that people could not obtain visas to come to the United States between the time our Embassy closed and when the American Institute in Taiwan began operations. Therefore, once the consular section reopened, there was a massive influx of visas applications, and a large backlog was created. The consular section employed temporary help and the backlog has been largely eliminated.

Senator HELMS. Do the AIT officials have good access to high officials in the Government of the Republic of China?

Mr. READ. My impression is that they do. I have talked to the president of AIT. He has had no such problem that I am aware of to date. We know of no difficulties that have been encountered along those lines.

Senator HELMS. So you don't have any problems getting to the Taiwanese officials. Let me turn that around.

Do the Taiwanese officials of the Coordination Commission for North American Affairs have similar access?

Mr. READ. I believe it is fair to say that they have equal access and have had no difficulty.

Senator HELMS. Who is the highest level official in our State Department to receive the Director of CCNAA thus far? Do you have any idea?

Mr. READ. I would have to supply that for the record, Senator. I do not know.

Senator HELMS. If you would do that, I would appreciate it.
[The information referred to follows:]

DIRECTOR OF CCNAA

[SUBMITTED BY THE DEPARTMENT OF STATE]

It has been the policy of the United States to conduct relations with the Director of the Coordination Council for North American Affairs through the Washington, D.C. offices of the American Institute in Taiwan. State Department officials do not receive the Director of CCNAA.

ADDITIONAL AUTHORIZATION REQUESTED

Senator HELMS. Secretary Maynes, let me direct two or three questions to you.

I note that the administration is requesting a permanent authorization for increases in the U.S. share of assessed contributions to international organizations. A similar request was made last year during the authorization process. I think it was rejected by the committee.

Why does the administration keep coming back after Congress has made its position clear on this matter?

Mr. MAYNES. Senator Helms, are you referring to our request to change the restriction on the amount that we can contribute to the Pan American Institute of Geography and History and the International Center for the Study of Preservation and Restoration of Cultural Property? Is that the thrust of your question?

Senator HELMS. It says in our memo, under "C. Assessed Contributions to International Organizations: The administration is requesting a permanent authorization for increases in the U.S. share of assessed contributions to international organizations. A similar request was rejected by the committee during last year's authorization process."

That was referred to me by the committee and I assume the committee is correct.

Mr. MAYNES. Well, Senator, as the language states, without this authority, the Department would be required to seek additional

authorization each fiscal year to cover any supplemental appropriations necessary to fulfill our obligations for assessed contribution. Yes, we are seeking that. We are not seeking an increase in our percentage share.

Senator HELMS. Well, you will have some difficulty about that, at least insofar as this Senator is concerned. I think the duty of this committee and this Senate is to monitor and have annual consideration of these things.

ASSESSED CONTRIBUTIONS

Be this as it may, how much money is requested for assessed contributions to the international agencies? Do you have that figure in your mind or can you get it?

Mr. MAYNES. Yes, we have it.

For fiscal year 1981, it is \$457 million.

Senator HELMS. It is \$457 million.

Mr. MAYNES. For all international organizations, including the United Nations, the OAS, NATO, and a variety of other international organizations that are outside the U.N. system.

Senator HELMS. I would like to have, if you will provide it, sir, information showing the requests, the authorizations, and the appropriations for assessed contributions for each of the past 10 years.

Mr. MAYNES. We would be happy to provide that, sir.

Senator HELMS. Thank you. I would appreciate it.

[The information referred to follows:]

ASSESSED CONTRIBUTIONS FOR THE PAST 10 YR

	Requested	Authorized ¹	Appropriated
Fiscal year:			
1980.....	\$438,789,000	² \$530,234,000	³ \$438,789,000
1979.....	386,033,000	412,826,000	386,033,000
1978.....	390,106,000	⁴ 389,412,000	390,106,000
1977.....	352,003,202	402,460,453	352,003,202
1976.....	217,853,000	250,228,000	217,853,000
1975.....	205,903,000	229,604,000	203,903,000
1974.....	217,337,000	212,770,000	⁵ 201,200,000
1973.....	185,357,750	188,263,000	185,357,750
1972.....	162,172,360	(⁶)	162,172,360
1971.....	141,319,000	(⁶)	141,319,000

¹ Includes all "international organizations and conferences."

² Includes a proposed supplemental request of \$27,289,000.

³ Includes a proposed supplemental request of \$27,289,000.

⁴ Additional requirement obtained through transfer authority of Public Law 95-105, sec. 102.

⁵ Original appropriations were \$218,537,000 with \$17,337,000 lapsing, this giving net appropriations of \$201,200,000.

⁶ Authorization not required.

TECHNICAL ASSISTANCE

Senator HELMS. How much of the \$457 million request for assessed contributions includes contributions for technical assistance?

Mr. MAYNES. For 1980, the figure is \$41 million, of which \$33 million is for the World Health Organization. I would add that the percentage share is down from the previous year. It is approximately 12.8 percent of the assessed budgets; it was 13.1 percent the year before.

Senator HELMS. Is that for 1980?

Mr. MAYNES. Yes, that is for 1980.

Senator HELMS. What about 1981?

Mr. MAYNES. For 1981, it is \$42.8 million, which, again, is a slight decrease on a percentage share—12.7 percent. Again, the bulk of that is for the World Health Organization.

Senator HELMS. What steps, if any, has the United States taken to have technical assistance removed to the category of voluntary contributions in the foreign aid bill?

Mr. MAYNES. We have raised this issue in all international organizations. Our position is that, as a general principle, technical assistance should be funded through voluntary contributions and not out of the assessed budget. The bulk of the membership believes very strongly that there should be some technical assistance in the assessed budgets. The biggest case, as you can see from the figures, is the World Health Organization.

We have been successful, I think, just judging from the record, in persuading others that there ought to be a cap on this.

We also have been successful in preventing technical assistance programs from being established in a number of institutions which did not have them.

We have not been successful in eliminating technical assistance from budgets where it has traditionally appeared in the budget.

Senator HELMS. Well, you are working at it.

Mr. MAYNES. I think that is a fair statement.

Senator HELMS. And you will continue to work at it.

Mr. MAYNES. I think that is a fair statement also.

BRANDT COMMISSION

Senator HELMS. Am I correct that the Brandt Commission on Relations With the Third World recently has recommended that there be an international tax assessed against developed nations?

Mr. MAYNES. The Brandt Commission has proposed that there be a tax, that the international community look at a tax, which, in fact, would be assessed on everyone, not just the developed nations. Their argument is that increasingly the international community is unable to fund the required activities and that we have come up against a threshold, if you will, and that to get over that threshold we need to look at new sources of revenue.

They argue that everyone should contribute to those sources of revenue, including the more advanced of the developing countries.

They do not advance any particular formula. They argue that if such a tax is created, it should be one that everyone contributes to.

Senator HELMS. How do you feel about such a tax?

Mr. MAYNES. Well, the administration has spoken in part on this subject in the President's report to the Congress on U.N. reform, in which we said that we would be willing to study the creation of autonomous sources of revenue for the international community provided that we had the same kinds of controls over the allocation of and actual spending of those resources that we do under current arrangements. I think that is as far as the administration has gone. No concrete proposal has been advanced by the Brandt Commission for us to look at.

Senator HELMS. Well, let us assume, just for the purposes of examination, that the administration wholeheartedly favored this. How do you think it would fly in Congress?

Mr. MAYNES. Well, you are more knowledgeable of the Congress than I am, Senator.

Senator HELMS. Oh, I think you know. I don't think this Congress is going to advocate "discontrol."

Mr. MAYNES. It is precisely for that reason, I might add, that we put in our own position on this, that we would agree to look at this only if we had the same kinds of control over the actual spending that we have under current arrangements. We had very much in mind the role of the Congress in that process.

Senator HELMS. I know you are not looking for advice, but I suggest that you not give that top priority in things you are going to recommend to the Congress at any time.

Let me look at the implications of this whole area for just a second.

TECHNICAL ASSISTANCE

Do you consider the provisions of technical assistance through mandatory assessment to be in fact, an international tax? Isn't that what it really is; really?

Mr. MAYNES. I think it is shared costs for international cooperation, Senator Helms.

If you look at the activities of the World Health Organization, the United States several years ago decided that it wanted to abolish, for example, smallpox in this country. We tried to do it and we failed. We failed because we are in an era of international communication and international travel. We wanted a mechanism that, in effect, would induce people to participate in this program.

It turned out that the technical assistance program of the World Health Organization was the most effective way actually to develop a global program that everybody would live up to.

I think there are many cases, particularly in that organization, where the United States benefits very directly because of the existence of this mechanism, which we have had around for 30 years.

I would agree with you that any effort by the developing countries to change the pattern dramatically would raise fundamental constitutional questions within each of these organizations. For that reason, we have strongly opposed efforts to increase this allocation sharply or to put it into new patterns of use.

Senator HELMS. I assume from what you have said that you agree that Congress has both the authority and, if it chooses, the duty under the Constitution to refuse to appropriate funds for assessed assessments.

Mr. MAYNES. The Congress certainly has the authority under the Constitution to decide how the United States is going to spend its money. I would argue that the honorable thing to do, if we are a member of an organization and we decide that we are not going to meet the mandatory requirements of membership, would be to withdraw from the organization.

Senator HELMS. Would you advocate that for all other nations?

Mr. MAYNES. I cannot speak for other nations. I can only speak for my own duties.

Senator HELMS. Well, if we have the moral obligation to appropriate funds for assessed contributions, does that mean that the Congress of the United States is irrevocably committed to fund any project that

may be assessed through mandatory assessment? Is that what you are saying? Does your sense of morality go that far?

Mr. MAYNES. I am saying that as long as we are a member of an organization, we have the duty to meet the obligations of membership. If we decide that the burdens of membership are too great, the honorable thing to do is to withdraw.

Senator HELMS. Mr. Chairman, that is an interesting observation. That leaves no middle ground, does it?

That means if the Congress quarrels with any assessed contribution, then we either pay the assessment or we get out of the United Nations. Is that really what you are saying?

Mr. MAYNES. I am saying that we ought to meet the obligations of membership, that's right.

Senator HELMS. One hundred percent?

Mr. MAYNES. If we believe in the organization, yes, we should meet the obligation.

Senator HELMS. Of course, there are a lot of people in the United States who agree with you. They think we ought to get out of the United Nations, period.

Mr. MAYNES. The latest public opinion poll shows that 75 percent of the people think we ought to stay in.

Senator HELMS. Well, now, there are polls and there are polls.

Mr. MAYNES. As a matter of fact, the polls over the last 35 years have shown that the percentages scarcely change.

Senator HELMS. Let me go over this one more time to be sure that I understand you.

You are saying that if we are not prepared as the Congress of the United States to do everything in terms of assessed contributions—100 percent—we should get out. Is that right?

Mr. MAYNES. Well, the Congress has to decide. As I indicated, the Congress has the constitutional responsibility to decide how we are going to spend our money.

Senator HELMS. I understand that. I just want to know what you are saying.

Mr. MAYNES. My position is that if we join an organization, there are obligations of membership and we ought to meet them. If we are not prepared to meet them, then the honorable thing to do is withdraw.

Senator HELMS. One hundred percent. Well, you just said 100 percent. I want to give you a chance to back that up.

Mr. MAYNES. The United States has great leverage in these organizations and can work to shape them to meet its purposes, and it does. But if we are unwilling to meet the obligations—well, I think we ought to meet the obligations.

Senator HELMS. I am not picking at you, but the 100 percent is what bothers me. You know, you leave the Congress—

Mr. MAYNES. You are making the assumption, Senator, that we are unable to shape the policies of these organizations in any circumstances, and I would argue that this is not true. We have great influence. We attempt to use it. We don't always get what we want. But I would argue that, on balance, we come out far ahead in all of these organizations, and that should guide the congressional response, I would hope.

Senator HELMS. Mr. Secretary, you are a very fine and impressive man and I would like to argue that with you sometime when we are not taking up the time of everybody else.

Mr. MAYNES. I will be leaving this office shortly and will be happy to come around and discuss it with you.

Senator HELMS. I would enjoy that. Mr. Chairman, I apologize for having taken so long. Thank you very much.

The CHAIRMAN. That is certainly all right, Senator.

Everyone has now had a first round of questioning. I know some Senators would like a second round. I would like to commence the second round by pointing out that somewhere the message just is not coming through.

Last year, the Congress attempted to hold the line on foreign spending, including the State Department authorizations at the level of the administration's budget. It was a struggle just to keep it there. So, we established a ceiling in the law which conformed to the administration's budget request.

Last year, the administration's budget request was for 1980 and 1981, and the bill covered both years. For the three major categories of administration of foreign affairs, international organizations and conferences, and international commissions, the administration asked for \$1,369,401,000. That was the ceiling we established. We said that the administration would have to live within that ceiling. After all, it was what the administration had requested.

We established a similar ceiling, again in line with the administration's request. It didn't even involve a cut. It just held the line at the administration's requested level. For next year, that is fiscal year 1981, it was \$1,547,778,000—a substantial increase. Now you are asking us to repeal these ceilings so that all this supplementary money can be fed in.

Just what programs in the administration of foreign affairs or international organizations and conferences or international commissions would have to be eliminated if you lived within the ceiling which, after all, reflected the administration's own request for these 2 fiscal years? Which ones would you have to do without?

Mr. READ. I will respond to that, Mr. Chairman, but first, could I go back just one rung on the historical ladder, because I do think it is relevant to the history which you recited.

The CHAIRMAN. Yes.

Mr. READ. The two ceilings that we are requesting to be removed were, unless I very much miss my recollection, the result of your own dissatisfaction with the administration's failure to request authorization and appropriation for the \$25 million which is for Soviet and East European refugees resettling in Israel.

For a couple of years, Congress had enacted such a program, and we had not included anything in the budget for that purpose. The Congress lost its patience and said, "All right, we are going to put it back in for the third year and the fourth year in a row, and you will have to take it out of somewhere else in the budget."

The CHAIRMAN. Yes, your recollection is correct. If you remember, at the time Senator Javits said why not take it out of the personnel salaries for administration. Then we reconsidered and thought that might be a bit too harsh and thought that \$25 million could be

squeezed out of \$1,369,401,000. We felt that somewhere there was enough fat in this program that you could find room for the \$25 million.

Mr. READ. There was one other point. In conference, as you will recall, I think it was Congressman Fascell who said to divide it up so that \$9.7 million in 1980 and \$13.2 million in 1981 would be the total impact.

So, what you did was to give us the full authorized request of the administration in three regular categories of authorization and added \$25 million each in 1980 and 1981 for Soviet and Eastern European refugees resettling in Israel. But then you imposed these ceilings which were \$25 million less in 1980 and 1981 than the above authorized specific request and told us to take these reductions out of the three authorization accounts which you have cited.

If we do that, it would seriously disrupt departmental operations in 1980 and 1981. Perhaps Mr. Feldman could give you the exact incidence of where that reduction would come in 1980 and why it would cause problems in terms of the added authorization which we feel we must have to do what you had specifically authorized before. I must emphasize that we have convinced the administration to put forward in 1981 the \$25 million for aid to Soviet and Eastern European refugees resettling in Israel which triggered this particular amendment by you last year. Therefore, this program is now in the 1980 and 1981 budgets—in the appropriations as well as the authorization.

Mr. FELDMAN. Mr. Chairman, the principal item in 1980 that would be affected would be the appropriation contributions to international organizations for which we are seeking a supplemental appropriation of \$27,289,000 and are likewise seeking additional authorization here before this committee.

The CHAIRMAN. So, you are unable to find any way to absorb it?

Mr. FELDMAN. Yes, Mr. Chairman. This is a supplemental requirement for assessed U.S. contributions to international organizations. The effect if we fail to have the additional 1980 authorization approved by Congress would be that the Appropriations Committees would not be able to bring forward the companion 1980 supplemental appropriation. We, therefore, would have to fall into arrears in approximately 12 international organizations.

Mr. READ. Whatever the committee decides to do, Mr. Chairman, we do suggest that the original purpose of your amendment has been accomplished. The administration has done what you felt it should have done in the past, and we hope that you will permit us the full amount that had been authorized in each of these separate accounts.

The CHAIRMAN. I think what we should do with this is the following. All of these figures should be sent back to the drawing boards. You should then come back to us with one bill that reflects the revised budget of the President. I believe that unless we are to make an exception of the foreign aid program and the State Department and its activities, we cannot do that and still achieve a balanced budget. The figures you will bring back will be lower figures and we then can examine them very carefully, knowing that they conform with the revised budget of the President.

It can be wrapped into a single bill to save time and to expedite the committee's work. Would that be possible?

Mr. READ. Of course it would, Mr. Chairman. We would be prepared to do it just that way. We are not exempt from reductions. We know that. The final figures will show it. The priorities are such that the President has had a very tough time weighing and balancing. But he is about to make those decisions.

The CHAIRMAN. Then that will be our beginning point. I would hope that you would do that for the committee. Then we will know, at least, that we are dealing with the final figures in determining what part of them to approve or what part of them to disapprove.

Mr. READ. I am sorry that we are not in a position to do it today.

The CHAIRMAN. I understand your predicament. It is not your fault. I think we are on the second revision of the revised budget at the moment. [General laughter.]

Senator Pell, did you have further questions?

Senator PELL. Yes, Mr. Chairman. Thank you. I have a couple of further questions and I will be as concise as possible.

Mr. Read, approximately \$22 million of the fiscal year appropriations were transferred from the Foreign Commercial Service to the Office of the U.S. Trade Representative. How many positions abroad does this represent?

Mr. READ. There are 162 officer and 15 American secretary positions in the Foreign Service and 487 Foreign Service national positions. In addition, there are 15 positions in Washington and 3 positions in Europe at Geneva, which will be transferred to the Office of the U.S. Trade Representative.

Senator PELL. What control does an ambassador exercise over the members of the Foreign Commercial Service and the Office of the U.S. Trade Representative, except in Geneva, where, obviously, that is an independent operation.

Mr. READ. He exercises the statutory controls which Congress articulated last in 1974 of direction, supervision, and coordination of the U.S. mission. As you know, in the Foreign Service bill, which is pending, the Foreign Commercial Service will become one of the family of foreign affairs agencies which would permit closer coordination and cooperation between the two units.

Senator PELL. Somewhat along the same line, I understand the Department is considering setting up an urban attaché service, is that correct?

Mr. READ. No, sir, it is not. I think Ambassador Bev Carter had offered to see you and brief you on that.

Senator PELL. He did. I received a letter from him on that.

Mr. READ. What we are thinking of is the assignment of three or four persons to key European post on a strictly experimental basis to accomplish a number of the things for State and local government that seem neglected under current arrangements. We would be glad to give you a detailed description of that. It has not started yet.

Senator PELL. Will the individuals involved be Foreign Service officers?

Mr. READ. Yes, they will be. We hope to draw them from the Pearson Program, the officers who have been out in State and local government positions, to acquire familiarity with the problems on which they will be reporting.

Senator PELL. For the record, you might let me know where they are going to be sent. I understood there would be one in Ottawa and one in Brussels.

Mr. READ. There will be one in Brussels. It is not certain whether there will be one in Bonn. Possibly there will be a third in Ottawa, but that has not yet been determined.

Senator PELL. Thank you.

I understand that every time the Department raises its passport fee by \$1, it generates \$3 million in revenue.

Mr. READ. Yes.

Senator PELL. It is an inflationary step. But at the same time, perhaps when you need money, that could be done. Have you ever thought of doing that in order to keep your consular service intact?

Mr. READ. It could be done for any purpose the Congress designated. Otherwise, it would be just general revenues. The costs have not been increased for several years. We do have a study which justifies, in terms of standard user fee coverage of cost, a fee in the neighborhood of \$25 as opposed to \$10 at this point in time.

One of the requests before you is to authorize the Secretary to increase those fees and to extend the duration of the passport for up to 10 years, which I think would be a convenience of considerable importance to travelers.

Senator PELL. Ambassador Palmieri, has any pressure been brought to bear on Japan and Saudi Arabia to counteract the reduction in their payments to the ICRC?

Ambassador PALMIERI. Specifically, Senator Pell, I described earlier to Senator Percy the fact that I had discussions with the Japanese relating to their contributions in general to the Kampuchean relief, of which, as you know, ICRC is an important part.

The issue of other countries' contributions to the general fund perhaps could be handled more diplomatically through international organizations and Secretary Maynes.

Senator PELL. I am talking specifically about the ICRC and not the general program. As you know, we contribute about \$1 million a year.

Ambassador PALMIERI. \$1 million, that is correct.

Senator PELL. I wonder if we are doing anything to try to persuade other countries to raise their antes?

Ambassador PALMIERI. Let me say this, Senator Pell.

We have a problem with all the major donor nations in relation to the major appeals, not only for Kampuchea, but for Southeast Asia in general and for Africa in particular, for UNWRA, for trying to shore up the total system in the face of appeals that now are mounting prospectively for fiscal year 1980 to something in the order of three-quarters of a billion dollars, if you put them all together.

I will say to you that we consider each of these organizations indispensable. I might add that the leadership of the ICRC was here and we met with them last Friday and discussed many issues.

Senator PELL. Who was here?

Ambassador PALMIERI. Mr. Hocké, the operations director, and his staff were the people I particularly related to.

But I have not discussed ICRC as such with the Japanese. We have been discussing with them more the broader issue of the relationship of our financial support to these organizations and the relief programs

to their financial support in trying to urge their increased funding. I would hope that they would maintain support for the general program of ICRC.

Senator PELL [presiding]. Thank you very much.

Senator Glenn?

Senator GLENN. Thank you, Mr. Chairman.

Let me get back to Senator Helms' questioning with regard to the American Institute on Taiwan. That concerns me, too.

CUTS CONTEMPLATED FOR AMERICAN INSTITUTE ON TAIWAN

There is a big budget reevaluation underway now in the administration. Can you tell me if any cuts are contemplated in the AIT budget as a result of that?

Mr. READ. It has been one of the areas contemplated, Senator Glenn. But I just cannot say where it will come out at this time.

Senator GLENN. Can you give us any idea of the percentage that AIT is being asked to cut?

Mr. READ. We were asked initially to look at cuts in the neighborhood of 18 percent across the board. That is roughly the order of magnitude that has been considered.

Senator GLENN. That is the figure I had heard about. This is the reason I had some concern about this area. AIT was an agency that had been asked to cut up to as much as 18 percent. I recognize the period of austerity on which we are embarking. It is necessary and is going to be painful for everybody. But we have to get the economy back on the track and curb inflation. But I hope the cuts you have in mind will exclude AIT because I think it is in a rather unique position. While it is administered as a program, it is more than that. It is the mechanism that the administration and Congress established to carry on our relations with Taiwan after we normalized relations with the PRC. At that time, we had almost 100 personnel at our Taiwan Embassy. When AIT was formed, we cut back to about 50. So that one already has been cut in half. Those are approximate figures. If, on top of that, we ask AIT to cut back another 18 percent, the impact will be severe since the \$6.6 million requested goes mostly for salaries and expenses, unlike most other programs. This would be a cut right out of the personnel in the mission over there. There are not out-in-the-country type programs which can be cut. So it means the cut will come right out of the 50 people, which already is half of what the staff was last year, when it was an embassy.

I am told that the Kaohsiung office will have to be closed and 15 or 16 positions eliminated from the Taipei office if cuts of this magnitude were made. Possibly two positions would have to be eliminated from the headquarters staff here in Washington.

All of this will occur at a time of increasing trade, increasing travel, and the resumption of military sales to Taiwan which were held off during the first year of normalization with the People's Republic of China.

There are no other programs that can be cut, outside of personnel, which already is hard pressed, as Senator Helms indicated. We have lines of people waiting to get in just to take care of business.

For these reasons, while I am very much for our balancing the budget, I want to go on record as opposing any moves, such as this,

which I think are a false economy and do not really take into consideration the unique characteristics of AIT.

I don't know of any other area, program, or organization that we have that would be so directly and adversely affected by arbitrary, across-the-board cuts, than AIT. I hope you can rethink that one if you still are considering the 18-percent level. That is one area, involving trade and other things, where I think we well could make a case for expansion of personnel, headquarters staff, and so on, in spite of the budgetary limitations we all are working toward.

Mr. READ. These determinations are very close to the top at the moment, but we certainly will convey your views to the OMB as you have put them forward, Senator Glenn.

Senator GLENN. Would you comment on the Asia Foundation. The administration originally requested about \$4 million for the Asia Foundation, and OMB cut all these funds. What programs were they running? Why was it eliminated?

Mr. READ. It was a program that we put forward to OMB in our initial fiscal year 1981 budget package when the foreign assistance subcommittees decided they did not want to carry it as an AID item any longer.

AIT has conducted a number of programs in 10 or 12 countries, largely in East Asia, and some in South Asia. They do a great variety of things. As you doubtless know, they work with the press, with labor unions, with other parts of the society. The organization has been going for 20 years, as you know.

Senator GLENN. Was this unhappiness with the way they were running their programs or strictly a budgetary matter?

Mr. READ. The latter first and foremost.

Senator GLENN. Let me get to another area.

Ambassador Palmieri, we met yesterday morning in hearings on the relief situation in Southeast Asia. I am chairman of the East Asian Subcommittee and we had a subcommittee hearing yesterday. We will have another one this afternoon during which we also will go into this with some of the other groups working in that particular area.

Along the lines Senator Helms was discussing, I know it is difficult to control our funding to international organizations. We cannot specify what use is to be made of our money. But I want to echo in spades what you were talking about a while ago, that we must figure out some way to monitor what is going on and to set up an accountability system. We have to give some consideration to limitations on what the United Nations does by some mechanism. I don't know what those mechanisms might be. But I know that we give our help to the United Nations and it then is floated out. According to some of the testimony we had yesterday in this room during our hearing and according to some of the testimony we will hear this afternoon, there basically is no monitoring, and a lot of the effort that we are putting into the United Nations is going to furnish food for the Vietnamese Army and its genocide of the Kampuchean people. We will have testimony to that effect this afternoon, as I understand it. There is no followup, really.

The world agencies and people working on this, quite apart from government circles, are not being permitted in. The government in Phnom Penh takes title to everything that comes in and we have very, very little followup beyond that.

Now I am not prepared to say that we should pull out of our U.N. commitment or anything like that. I know that we don't like some of the things going on at times with the World Bank and all sorts of other international and U.N. organizations. But we stay in them and, as was testified, we try to influence things. I am for that approach.

But this is so ridiculous now, to ask American taxpayers to contribute to the United Nations when we know that some of the food and the money we are sending out is going to support the Vietnamese military and its political takeover of the people of Kampuchea.

There is no easy answer to this, I know. But I am prepared to make a Senate resolution calling on the United Nations not to give support where we cannot monitor it all the way through, or something like that. We have to set up some mechanism because this has now gotten to the ridiculous stage. We are having testimony in our hearings that our aid, via the United Nations, is actually going to support the people that are involved in genocide of whole races of people. It is just preposterous.

Ambassador PALMIERI. Senator, please let me make a response. The concern you have, first of all, is an important one. Second, if it is not treated carefully, it can have the effect of collapsing support and having exactly the opposite results of what you and I and this Government are trying to achieve.

Senator GLENN. I don't want to do that. Let me clarify that.

Ambassador PALMIERI. I know you don't want to do that. I know very well you don't want to do that.

Senator GLENN. I want to see our dollars get spent to help the people. The American people, out of the goodness of their hearts, will help anybody in this world. But we want to see that this help is getting to the people who need it. How do we do that?

Ambassador PALMIERI. First of all, let me say that I have seen the testimony that will be coming in. I have differences to report to you on the source of that testimony.

I think you have to take into account that everybody who goes into Kampuchea has his own perspective. The international organizations which represent the bulk of the activity there are, on the one hand, anxious to protect their relationship with the Phnom Penh authorities because that relationship determines their effectiveness. They believe they have made steady progress under extraordinarily difficult conditions.

For instance, I met with the world food program people yesterday who, by all odds, are the most experienced people in monitoring food in relief programs throughout the world and have been over the past 30 years.

The world food program people state the following: They have complete access to the country from the Heng Samrin authorities in Phnom Penh, and they are able, with the eight people they will have there by the end of this month, to monitor to a reasonable extent in what is, after all, a small country, the distributions that now are taking place on a wide basis in the provinces. They will tell you, Senator, I am sure, as they have told me, that they have no evidence of diversion.

Now this is one group which I believe is entitled to high respect. They are hardheaded people and they are not accustomed to putting a gloss on the facts.

Senator GLENN. Let me interrupt you for just a moment. Evidence of diversion is one thing. Evidence that it is getting to the people who need it is quite something else. We are sending it in and we may not have evidence that it is being diverted; but we don't have any evidence that it is getting to the people who need it. That is the problem.

Ambassador PALMIERI. Let me try to deal with that, again, for the same reason, that it is so important that we treat this concern with the care to which it is entitled.

The answer is that first of all, the distributions of relief goods only have been going out into the countryside for perhaps the past 6 weeks—that is to say, out of the warehouses at Kompong Som and Phnom Penh.

Second, that total distribution to date represents about 30,000 to 35,000 tons of relief goods that actually have gone out.

You could not expect, based on that amount of tonnage within a population of 5 million people, to be seeing substantial distribution. Much of the tonnage that has gone out to date has been socialist imports—this is to say, primarily Russian grains and primarily corn and other feed grains.

From all the international organizations at this point we have assurances, as we discussed yesterday in the testimony, of monitoring procedures which are to go forward in connection with this new pledge program. We have made it plain that while we were willing to wait while they improved their relationships in the country and got the confidence of the local authorities, we no longer are willing to wait for eyewitness accounts and regular monitoring procedures.

It has been difficult for them to get adequate staffing into Kampuchea. They now are, however, succeeding in getting more people in each week. This is true of UNICEF, it is true of ICRC, and it is true of the world food program. In the meantime, the voluntary organizations are also getting more people into Kampuchea.

The Vietnamese have been very difficult in allowing the joint program to bring in people. The Heng Samrin, that is, the Kampuchean authorities, for reasons either of ineffectiveness or policy, have also made it difficult.

We are advised by the world food program that this situation is changing in light of the terrific and clear threat of renewed famine.

The testimony you are going to get this afternoon comes from an organization which has consistently viewed this situation in what I would call the most hostile framework. It is an evangelical organization and it has its own perspectives, just as the international organizations have their own perspectives. I would hope that you would evaluate that testimony and make your own judgments about what you are hearing. The testimony that you will receive could confuse the situation very, very substantially. It could defeat what is, after all, a very, very difficult program.

I don't want to confuse you or in any way avoid saying that this whole situation is an ugly affair. We have war and we have famine. This is no picnic. But we also have no alternative to feeding these people. We are feeding people. We are feeding in excess of one-half million on the border. We now are getting the food into the country.

I would hope that in the next few weeks we will be able to demonstrate to you that we are getting monitoring procedures.

Senator, your concerns are the right concerns. But this afternoon's testimony, if it is treated as "gospel", it seems to me, may have just the kinds of effects we don't need at the present time, when we are trying to get increased monitoring and increased feeding.

Senator GLENN. We will evaluate it, of course. This is not the time nor place to get into a lengthy discussion of this issue. We do have the hearing this afternoon scheduled for this.

But I very much support everything that is being done to help the Thai Government's efforts. Thailand has been great in letting refugees come across the border. I think the current estimate is something like 750,000 or 760,000 people who have crossed the border into Thailand.

Any relief efforts going into there, as I understand it, are completely monitored. We go right along with the food and any number of people we want to send, right to where it is delivered to the people themselves. That is fine. I support that fully.

But where we have other food that we are not able to monitor, as mentioned in yesterday's testimony, that is another matter. It goes in the country and becomes the property of the Government in Phnom Penh. They then take over. It is only the most sporadic monitoring of the most skimpy kind that goes on beyond that point. This raises a lot of questions. There is testimony that a lot of this goes for purposes other than that for which it was intended. We also discussed some news reports yesterday afternoon. Some early news reports indicated only 15 percent was getting to the people it was supposed to reach.

This is a pretty disturbing figure. I would like to see the figures be the opposite. I know we will not have a 100-percent perfect program where every grain of food that goes into the country gets to the right persons. There will probably be 10 or 15 percent going for some purpose that was not intended.

The reports have been rather devastating, and any pressure we can bring on the United Nations through our participation in these IO's to be sure that we either are able to monitor what is going on, all the way through, or to recommend the United Nations not participate where nations are not willing to allow that, I think would be a big step forward.

I don't want to continue this, Mr. Chairman. We can continue this discussion this afternoon in our hearing.

The CHAIRMAN [presiding]. Very well.

Gentlemen, I have no further questions. Thank you very much for your testimony.

Our next witness is John A. Gronouski, Chairman of the Board for International Broadcasting.

Mr. Gronouski is accompanied by Walter R. Roberts, executive director of the Board for International Broadcasting, and by Glenn W. Ferguson, president of Radio Free Europe/Radio Liberty, Inc.

We want to welcome you, Mr. Gronouski. Your testimony has been delayed for quite a while this morning, and we are sorry. I know you have come all the way from Texas to testify. We want to express the thanks of the committee for that, and we want to invite you to proceed now with your testimony after which there will be questions.

STATEMENT OF JOHN A. GRONOUSKI, CHAIRMAN, BOARD FOR INTERNATIONAL BROADCASTING; ACCOMPANIED BY WALTER R. ROBERTS, EXECUTIVE DIRECTOR, BOARD FOR INTERNATIONAL BROADCASTING; AND GLENN W. FERGUSON, PRESIDENT, RADIO FREE EUROPE/RADIO LIBERTY, INC.

Mr. GRONOUSKI. Thank you, Mr. Chairman.

As always, it is an honor to appear again before this committee in support of the appropriations request for the Board for International Broadcasting and grants to Radio Free Europe/Radio Liberty.

In the 6 years since the BIB was constituted, we believe that significant progress has been made to achieve the purposes of the Board for International Broadcasting Act. RFE/RL broadcasts in 21 languages of Eastern Europe and the Soviet Union, some 125 hours daily, are heard by more than 35 million listeners in a typical week, despite continued jamming in the U.S.S.R., Czechoslovakia, Bulgaria, and, to a lesser extent, Poland. Penetration of the jammed areas and overall audibility will be substantially improved by the installation of 11 new 250-kilowatt transmitters between this summer and the fall of 1981. Both audience research and our various BIB program evaluations confirm that the overall quality of the program is high, and have pointed the way to notable improvements.

Despite a difficult economic climate characterized by chronic inflation and sharp dollar devaluation, enormous strides have been taken to make the operations of RFE/RL more efficient and economical. Over these 6 years, which witnessed the consolidation of two formerly separate radio organizations, staff has been reduced from more 2,000 employees to 1,700 authorized positions without any loss in programing.

Actually, RFE/RL broadcast time has increased, and the proportions of first-run, original and live programing within the total broadcast schedule have also increased. Employee benefits, notably retirement provisions, have been steadily improved even while overall budgetary increases have been restrained by the efforts of both Republican and Democratic administrations to halt inflation. In fact, a very large proportion of the impact of inflation and devaluation has been absorbed by RFE/RL through efficiencies and economies which continue to be sought and implemented.

In contrast to the unsettled international environment for RFE and RL when our Board was created, we have excellent new, long-term license and lease agreements with the Federal Republic of Germany and with Portugal. Our friends in the North Atlantic Alliance consistently have supported us—at the various Conferences on Security and Cooperation in Europe and in other forums—in the international effort to end jamming.

From the standpoint of international broadcasters generally, and of RFE/RL in particular, last autumn's World Administrative Radio Conference in Geneva was successful in providing for an expansion of the shortwave bands allocated for broadcasting.

Administratively, I am pleased to report to the committee that, in implementing Public Law 93-129, formal regulations at last have been promulgated to govern the relationship between the BIB, as the

Federal grantor and oversight agency, and RFE/RL, Inc., which remains a nonprofit corporation with its own board of directors.

We do not pretend that these regulations will, in and of themselves, resolve all potential problems of what is a rather unique relationship. However, we are encouraged by the fact that these regulations are the outcome of a long period of discussion and negotiation between the BIB and the Radio Board and management, and represent the product of mutual agreement. We believe the regulations will offer a better framework for dealing with future problems.

With the committee's permission, Mr. Chairman, I would request that the text of the regulations be inserted in the record of this hearing. Senator GLENN [presiding]. It will be included in the record. Mr. GRONOUSKI. Thank you.

[The information referred to follows:]

[From the Federal Register, March 18, 1980]

BOARD FOR INTERNATIONAL BROADCASTING

22 CFR PARTS 1300, 1301, 1302 AND 1303

Rules of Procedure; Radio Free Europe and Radio Liberty

Agency: Board for International Broadcasting.

Action: Final rulemaking.

Summary: The Board for International Broadcasting (BIB) is adopting regulations to govern the manner in which its functions shall be carried out with particular respect to Radio Free Europe and Radio Liberty (RFE/RL, Inc.)

These regulations ensure the continuation of RFE/RL, Inc. as independent broadcast media with professional independence. They also prescribe the manner in which the Board for International Broadcasting will encourage efficient and economical utilization of resources by RFE/RL, Inc.; how it will assess the quality, effectiveness and professional integrity of RFE/RL broadcasting; how it will assure that grants provided to RFE/RL are applied in a manner not inconsistent with the broad foreign policy objectives of the United States; and how it will assure that grants to RFE/RL are applied for purposes intended by the grants.

Additionally, this document transfers into 22 CFR Chapter XIX BIB declassification, Privacy Act and Government in the Sunshine Act regulations appearing in 1 CFR Parts 415 and 416 and 32 CFR Part 2600.

Effective date: February 21, 1980.

For further information contact: Arthur D. Levin, Budget & Administrative Officer, Board for International Broadcasting, Suite 430, 1030 15th Street, N.W., Washington, D.C. 20005, telephone 202-254-8040.

Supplementary information: These regulations are published as final rulemaking without previous publication in proposed form since officers of RFE/RL, Inc., the organization to which the regulations will apply, have been consulted in connection with their preparation and have participated in their final development and because there is involved a foreign affairs function of the United States Government. Therefore, the requirement of publication for proposed rulemaking purposes under 5 U.S.C. 553(b) is not applicable to these regulations.

1. Therefore, there is established in Title 22 of the Code of Federal Regulations a new Chapter XIII, Board for International Broadcasting, consisting of the following Part 1300, Rules of Procedure.

PART 1300—RULES OF PROCEDURE

Sec.

- 1300.1 Purpose.
- 1300.2 Organization of the Board for International Broadcasting.
- 1300.3 Staff of the Board.
- 1300.4 Annual report.
- 1300.5 Independence of RFE/RL, Inc.
- 1300.6 Mission statement and policy guidelines.
- 1300.7 Program evaluation.

Sec.	
1300.8	Languages of broadcast.
1300.9	Personnel.
1300.10	Budget development and execution.
1300.11	Access to information and premises.
1300.12	Financial oversight.
1300.13	Reorganization of RFE/RL operations and changes in charter of by-laws.
1300.14	Government relations.
1300.15	Relations with foreign governments and international organizations.
1300.16	Research, studies and progress reports.
1300.17	Procurement and ownership of equipment.

Appendix A—Additional Reports To Be Submitted

Authority: Public Law 93-129; 22 U.S.C. 2873(a)(10).

§ 1300.1 Purpose.

(a) These regulations are adopted by the Board for International Broadcasting (BIB) pursuant to authority granted to it by Public Law 93-129 (22 U.S.C. 2871 et seq.).

(b) These regulations carry out the statutory mandate of the Board for International Broadcasting to insure the continuation of Radio Free Europe and Radio Liberty (RFE/RL, Inc.) as independent broadcast media with professional independence. They also provide the regulatory framework to enable the BIB to encourage the most and economical utilization of resources by RFE/RL, to assure that grants provided by BIB to RFE/RL are applied in accordance with the purposes for which such grants are made, to assess the quality, effectiveness and professional integrity of RFE/RL Broadcasting, and to assure that Federal grants are applied in a manner not inconsistent with the broad foreign policy objectives of the United States Government.

§ 1300.2 Organization of the Board for International Broadcasting.

(a) The Board for International Broadcasting is composed of seven members, two of whom are *ex officio* members. The five voting members are appointed by the President subject to confirmation by the Senate. Voting members are appointed for a term of three years. Not more than three voting members can be of the same political party. The chief operating executive and the Chairman of the Board of RFE/RL, Inc. are the *ex officio* members and participate in the deliberations of the Board for International Broadcasting, but do not vote in the determinations made by the Board. The terms of the *ex officio* members are concurrent with their tenure as officials of RFE/RL, Inc.

(b) A member of the Board for International Broadcasting is designated by the President to serve as Chairman. In the case of a vacancy in the office of the Chairman of the Board, or in the prolonged absence of the Chairman, the Board may designate one of its members to serve as Acting Chairman for such time as may be necessary. The Chairman of the Board for International Broadcasting shall have the following duties and responsibilities:

(1) To call and preside at all meeting of the Board, or in his or her own temporary absence, to designate a Board member to so preside.

(2) To appoint standing or ad hoc committees comprised of one or more Board members.

(3) To represent the Board and RFE/RL in all matters relating to legislation and legislative reports.

(4) To represent the Board and RFE/RL in all matters requiring conferences or communications with officers, departments or agencies of the United States Government as well as foreign governments.

(5) To represent the voting members of the Board in matters requiring conferences or communications with RFE/RL.

(c) The Board shall hold formal meetings no less than four times in a calendar year and such meetings shall be held at the Board's offices in Washington, D.C. unless the Board determines otherwise. Meetings will be called by the Chairman or will be held at the request of any three voting members of the Board upon timely notice to other Board members.

(d) Three voting members constitute a quorum for the conduct of business. Actions of the Board shall be taken by a vote of at least three of the voting members. Members absent from a meeting may register their agreement or disagreement with Board decisions in writing or by telephone, to be included in the minutes of the meeting.

(e) Agendas for the Board meetings are prepared by the Executive Director with the concurrence of the Chairman or Board members convening the meeting and shall be received by members at least three working days before the meeting. Minutes of all meetings shall be prepared and distributed to Board members.

(f) In periods between meetings, the Chairman, any Board member or the Executive Director may poll the Board on matters requiring action before the next Board meeting, either in writing or by telephone, and Board action may be taken upon the concurrence of three voting members.

§ 1300.3 Staff of the Board.

(a) The Board may appoint such staff personnel as may be necessary subject to the provisions of Title 5, United States Code, governing appointments in the competitive service.

(b) There shall be an Executive Director appointed by the Board and responsible thereto and who is under the direct supervision of the Chairman. The Executive Director shall direct the activities of subordinate staff and shall monitor compliance by RFE/RL with the provisions of law and these regulations.

(c) The Board may delegate authority to its staff, through the Executive Director, to act on such matters which do not require the action of the Board or which may require immediate action. Any actions taken under delegated authority are subject to review by the Board. The Executive Director may refer any matter at any stage to the Chairman or to the full Board upon concluding that it involves matters warranting the Board's consideration, and the Board may instruct him to do so in specific instances.

(d) The functions of each staff member shall be described in a position description which shall be maintained on file in the Board's offices.

§ 1300.4 Annual report.

(a) The BIB shall publish an annual report subject to the concurrence of a majority of its voting members. Members of the Board who dissent from the majority shall have their views published as part of the BIB Annual Report if they so request.

§ 1300.5 Independence of RFE/RL, Inc.

(a) RFE/RL, Inc. shall be operated by its management in a manner not inconsistent with the broad foreign policy objectives of the United States. The BIB shall not impose any prior constraint on programming, on the preparation of broadcast materials or on the manner in which those materials are broadcast by RFE/RL.

(b) Where information and advice is relayed to the BIB by the Secretary of State in accordance with Section 6 of Public Law 93-129, which advice could likely render actions by RFE/RL to be inconsistent with the foreign policy objectives of the United States, the BIB shall convey this advice to RFE/RL, the management of which will take appropriate action based on such advice.

(c) RFE/RL is responsible for requesting the advice of the BIB on operating matters which in its judgment raise questions concerning the broad foreign policy objectives of the United States and the BIB will consult with the Secretary of State on such matters and advise RFE/RL.

§ 1300.6 Mission statement and policy guidelines.

(a) After consultation with RFE/RL and the Department of State, the BIB shall prepare a statement defining the mission of the radios and appropriate language priorities. Any change in the statement must be approved by a majority of the Board.

(b) After consultation with and subject to the concurrence of the BIB, the management of RFE/RL shall prepare such program policy guidelines as may be necessary to sound and effective conduct of the broadcasting operations.

(c) RFE/RL management is responsible for assuring compliance of its operations with the policy guidelines and shall promptly inform the BIB of any violations of the policy guidelines, and of the remedial actions it has taken as a result.

(d) Where BIB has found a violation of the mission statement or policy guidelines by RFE/RL, and no corrective action has been taken, the Executive Director shall inform the chief operating executive of RFE/RL of the violation, and, if he concurs in the finding, the chief operating executive shall take appropriate remedial action to preclude such violation in the future. He shall inform the Executive Director of the action taken.

(e) In the event the chief operating executive of RFE/RL does not concur in the BIB's finding of a violation or does not take the aforesaid remedial action,

the matter will be presented at the next regularly scheduled meeting of the BIB for determination. Staff members of RFE/RL as well as staff members of the BIB involved in the subject matter of the violation shall be invited to participate in the discussion.

(f) The decision of the voting members of the BIB as to any such violation will be final and the Board shall direct remedial action which shall be carried out forthwith by the chief operating executive of RFE/RL.

(g) Where in the judgment of the Board it is desirable to do so, the Chairman may provide a report to the President and to the Congress as to a violation of mission statement or policy guidelines and of the steps taken to remedy the violation. The Chairman may suggest modifications in the authority of the BIB to assure that violations of a similar nature will not occur in the future.

§ 1300.7 Program evaluation.

(a) The BIB shall evaluate the operations of RFE/RL to assess the quality, effectiveness and professional integrity of its broadcasts. Such evaluation will be made within the context of the statement of mission and the program policy guidelines.

(b) The BIB shall organize, at appropriate intervals, meetings and conferences to review RFE/RL programming. At least two voting Board members shall be present at such conferences. Timely notification shall be given to RFE/RL management and the RFE/RL board of directors of such conferences so as to permit the participation of program personnel. The BIB may at its discretion invite others, inside or outside the U.S. Government, to participate in such conferences or attend them as observers.

(c) The BIB will issue a written report on such conferences, including a summary of any specific requests or recommendations to RFE/RL, and within ninety days of receipt of such a report RFE/RL will inform the BIB in writing of actions taken or proposed to be taken pursuant to the BIB's recommendations.

(d) So that program evaluation by the BIB can be undertaken, the reports specified in Appendix A to this part shall be submitted to the BIB by RFE/RL as of the times and at intervals as specified in Appendix A to this part.

§ 1300.8 Languages of broadcast.

(a) The BIB shall review and approve changes in the roster of broadcast languages, or significant changes in the duration of broadcasting in any language, after holding consultations with appropriate persons in the Executive and/or Legislative Branches. The BIB shall also review and approve significant changes in the number of transmitters and total power allocated to each language, and in the scheduling of such allocations. In its review, the Board will be guided by the mission statement and the Board's evaluation of conditions in the audience area.

§ 1300.9 Personnel.

(a) RFE/RL shall be responsible for the appointment, assignment, promotion and separation of its employees and such personnel actions, with the exceptions noted below in paragraph (e) of this section, shall not require concurrence of the BIB.

(b) The Chairman of the BIB shall be an *ex officio* member of the Board of Directors of RFE/RL and its Executive Committee. He shall be a voting member of its Nominating Committee for the nomination of officers and, for the purpose of confirming or rejecting appointments to the positions enumerated in paragraph (e)(1) of this section, of the RFE/RL Executive Committee. Only those nominations made with the unanimous consent of members of the Nominating Committee may be presented to the Board of Directors of RFE/RL for action. The Bylaws of RFE/RL, Inc. will be amended to conform to this paragraph.

(c) Appointments to the Board of Directors of RFE/RL, to the positions of Chairman and Vice Chairman of the Board, to membership on the Executive Committee of the RFE/RL Board, to any officership of the RFE/RL corporation and to the positions of Director of the RFE Divisions and Director of the RL Division shall be made only upon the recommendation of the Nominating Committee.

(d) The officers of RFE/RL, Inc. specified in paragraph (c) of this section, including the Directors of the RFE and RL Divisions, shall be chosen annually by the RFE/RL Board of Directors upon recommendation of the Nominating Committee.

(e) Selections to the positions specified herein may be made by the management of RFE/RL only if, at least 15 days prior to final selection, the management of

RFE/RL shall inform the Executions Committee of the Board of Directors of RFE/RL, Inc., including the chairman of the BIB, of the name of the nominee and relevant work related information concerning such nominee. A member of the Executive Committee may, within five business days of such notification, raise an objection to the proposed selection and request a meeting of the Executive Committee to discuss his or her objections. The Executive Committee shall confirm or reject the proposed appointment by majority vote with five business days after the objection has been raised.

(1) The positions covered by this provision are those named herein or any other position which is substantially identical functionally to the positions named herein regardless of title. The positions are: Directors of the five East European Broadcast Services; Director of the Russian Service; Director of the Nationalities Service; Directors of the RFE and RL Area Research and Audience Research Departments; Director of the Broadcast Analysis Department; Director of the Central News Division and Director of Administration.

(2) Any change in the function of these positions, or the establishment of any new positions at comparable levels of responsibility, shall be reported by RFE/RL to the BIB. Such new positions may be designated by the BIB as requiring action by the RFE/RL Executive Committee before appointment is made thereto.

(f) All appointments of members and officers of the RFE/RL Board, and appointments to such other positions as the BIB shall designate among those enumerated above in this Section, and such other positions as may be designated by the RFE/RL management, shall be subject to security clearance through the BIB.

(g) Within 120 days after the beginning of each fiscal year, RFE/RL shall provide the BIB with a complete roster of all personnel by position and title employed by RFE/RL stating citizenship, date of birth, date of hire, pay plan under which the employee is compensated, grade level and such information on personal compensation, including all allowances and special benefits, as the BIB shall specify. For foreign locations, the report shall provide current information at appropriate local currencies, with dollar equivalents calculated at exchange rates specified by the BIB.

(h) RFE/RL shall provide the BIB copies of all substantive communications made to management, or general announcements to employees, by labor unions, works councils and other employee organizations as well as copies of all substantive correspondence addressed by management to such organizations.

(i) Personnel actions shall be free from any discrimination on the basis of race, color, sex, age, religion or national origin.

§ 1300.10 Budget development and execution.

(a) During June of the year preceding the beginning of the fiscal year to which the budget applies, RFE/RL shall make a detailed oral presentation of projected budget requirements for each element of the RFE/RL operations to the Chairman and staff of the BIB. Written materials on which the oral presentation is based shall be submitted to the BIB at least ten working days beforehand.

(b) The budget presentation specified in paragraph (a) of this section shall be consistent with guidelines presented to RFE/RL by the BIB, as soon as practicable, based on the ceiling established by the Office of Management and Budget (OMB).

(c) Based on the BIB guidelines, the OMB ceiling, and the budget decisions resulting from the presentation specified in paragraph (a) of this section, RFE/RL shall submit to the BIB a formal budget request in August of each year, and the BIB shall arrange for RFE/RL to present and defend its budget before the voting members of the BIB. All written materials for such a budget hearing shall be submitted to the BIB at least seven working days beforehand. RFE/RL shall restructure the budget request in accordance with directions received at such hearings.

(d) The BIB will present the budget to OMB for approval and subsequently present it to the authorization and appropriations committees of the Congress. In making such presentations, representatives of the BIB will be accompanied by the chief operating executive of RFE/RL, or his or her designee, a representative of the RFE/RL Board and a representative of its financial management staff.

(e) Expenditures during a fiscal year by RFE/RL shall correspond to planned spending as reflected in the final budget as approved by the Congress, and on or before October 1 of each year, RFE/RL shall submit to BIB a fiscal year financial plan which provides, on a quarterly basis, projected expenditures by object class for each of its programs and activities.

(1) For each object class line item budgeted for the fiscal year of more than \$25,000, any reprogramming of funds in any fiscal quarter in excess of \$50,000 or 10% of the budgeted amount for that quarter, whichever is less, shall require prior approval of the BIB.

(2) Quarterly financial reports to the BIB will show all cases where object class line item expenditures during the quarter deviated from the budgeted amount by more than \$50,000 or 10% of the budgeted amount, whichever is less, and will include an explanation for the deviations and, when the line item amount for the fiscal year exceeds \$25,000, either a request for reprogramming authority or a plan for offsetting the deviation in the succeeding fiscal quarter or quarters shall be submitted.

§ 1300.11 Access to information and premises.

(a) RFE/RL shall keep such records as prescribed by law and by the regulations and shall provide the BIB any and all such records and documents concerning its operations, including but not limited to information on corporate, financial, personnel, engineering, research and technical matters necessary to carry out the purposes of the regulations as may be requested from time to time by the BIB. Members, staff and consultants of the BIB shall have access to any information in the records of RFE/RL and access to RFE/RL premises or sites at reasonable times it may deem necessary. The Board will make every effort to assure that its requests for information and for access to premises and sites shall provide sufficient time for RFE/RL to respond thereto in an orderly fashion without disruption of the business of RFE/RL.

(b) Appendix A to these regulations sets out certain reports which are to be provided by RFE/RL to the BIB and the time reporting period. Appendix A is a part of these regulations and shall have the same force and effect as if set out fully herein. Certain additional financial reporting requirements may be added from time to time to Appendix A and will be made an integral part of these regulations.

§ 1300.12 Financial oversight.

(a) Funds will be granted to RFE/RL by the BIB to support international radio broadcasting activities and all expenditures by RFE/RL under such grants shall be made in accordance with requirements of Office of Management and Budget Circular No. A-110.

(b) The grant agreement between the BIB and RFE/RL will incorporate financial requirements to be placed on the grantee and RFE/RL shall be bound by such grant agreement.

(c) RFE/RL shall keep such financial records as would be maintained by a prudent business organization and which will fully disclose the amount and disposition of funds granted to it by the BIB, including records showing the total costs of its program for which grants are provided, and that portion of its expenditures, if any, supported by other sources of funds. In addition, RFE/RL will keep all financial records as required by the BIB.

(d) RFE/RL shall maintain separate accountability for funds granted to it by the BIB and shall not directly or indirectly commingle funds or accounts or combine the financing of its international radio broadcasting with those of any other of its operations, if any.

(e) For any construction program, RFE/RL shall submit to the BIB the Outlay Report and Request for Reimbursement for Construction Programs in Office of Management and Budget Circular No. A-110.

(f) To assure that the legislative intent of economy, efficiency and effectiveness in operations is met, RFE/RL shall submit to the BIB its proposals for capital expenditures, consultant or professional services, or lease arrangements under the following conditions:

(1) Copies of all draft contracts or proposals for a capital expenditure exceeding \$25,000 in any single fiscal year; of any proposed lease agreements for business premises, in the United States or overseas, for a period of more than two years or at an annual rental exceeding \$25,000.

(2) Copies of any solicitations by RFE/RL of consultant or professional services, and draft contracts for such services, including legal, actuarial and other non-editorial services with any person or organization which exceed \$25,000 in any single fiscal year.

(3) No contract described in paragraph (f) (1) and (2) of this section shall be entered into by RFE/RL without the prior written approval of the BIB.

(4) The dollar limitations in paragraph (f) (1) and (2) of this section may be reviewed periodically at the request of either BIB or RFE/RL.

(g) Reports on the management of foreign currency shall be governed by special agreement between the Board and the Office of Management and Budget and RFE/RL shall comply fully and promptly with all requirements of such agreement.

(h) Copies of all annual, quarterly, monthly or other periodic financial report, projection, statement or audit prepared by or on behalf of RFE/RL shall be submitted to BIB promptly upon issuance.

(i) Copies of all public solicitations made by or on behalf of RFE/RL Fund, Inc. shall be submitted to the BIB upon issuance and on a quarterly basis, reports shall be submitted by RFE/RL on the receipts and expenditures of the Fund.

(j) RFE/RL shall make available for public inspection during normal business hours at its principal offices in the United States, a complete list of every person and government making a contribution to RFE/RL or to the RFE/RL Fund, Inc. during the fiscal year preceding the making of any grant to it by the BIB and the fiscal year in which the grant is to be made, the address of the person or government making the contribution, and the date the contribution was made.

(k) The Comptroller General of the United States or his representative shall have access for the purpose of audit and examination to any book, document, paper and record of RFE/RL.

§ 1300.13 Reorganization of RFE/RL operations and changes in charter or by-laws.

(a) Any proposed major change in the organizational alignment of RFE/RL offices, programs or activities shall be presented as part of the RFE/RL budget presentation specified in § 1300.10 of these regulations so that they may be presented, if concurred in by the BIB, to the OMB and the relevant Congressional Committees in connection with the BIB appropriation request.

(b) Major organizational changes in RFE/RL shall include the addition or elimination of languages, significantly altering broadcast transmitter time or power allocation among the languages, major structural reorganizations including the addition or elimination of departments, divisions or functions and any substantial relocation of offices, broadcast services or other significant activities. Proposals for such major changes must be presented to and concurred in by BIB.

(c) The Charter and By-laws of RFE/RL, Inc. are incorporated by reference in these regulations as if fully set out herein, and the BIB shall be informed of and it provide its concurrence in any proposed change in the Charter or By-laws before such changes may be made effective by RFE/RL.

(d) The BIB Statement of Mission and the RFE/RL Program Policy Guidelines are incorporated by reference in these regulations as if fully set out herein.

§ 1300.14 Government relations.

(a) Relations within the Executive Branch, the Congress and with foreign governments on matters arising under the Board for International Broadcasting Act are the primary responsibility of the BIB and shall be carried out by the BIB.

(b) The BIB encourages contacts by RFE/RL Board members and staff with members and staff of Congress and officials of Federal government agencies, including U.S. diplomatic personnel overseas, in order to increase knowledge and understanding of the operations of RFE/RL. Where matters involving budget, proposals for legislative change or other matters of substance are raised, prompt reports of such discussions shall be made by RFE/RL representatives through RFE/RL management to the Executive Director or Chairman of the BIB.

(c) Discussion of budget proposals, legislative changes or other pending legislation is the primary responsibility of the BIB. RFE/RL officials and staff shall not initiate discussion on these matters with members of Congress, their staff, or Executive Branch officials including U.S. diplomatic personnel overseas, until they have discussed the purpose and substance of the proposed initiative with the BIB Chairman or Executive Director.

(d) To provide for a full exchange of information, it is the policy of the BIB that RFE/RL and BIB officials shall exchange memoranda setting forth relevant details of any substantive conversations which they have with members of Congress, their staff and officials of the Executive Branch on matters related to BIB and/or RFE/RL affairs.

(e) Nothing herein shall be construed to limit normal exercise of professional duties by RFE/RL news, research and program personnel. The BIB supports, and when requested shall attempt to facilitate, full and unimpeded access by such personnel to officials of the Executive Branch and the Congress for interviews, news conferences, background briefings and all other legitimate journalistic purposes.

§1300.15 Relations with foreign governments and international organizations.

(a) Relationships with foreign governments on other than day-to-day operating matters is reserved to the BIB, in conjunction with the Department of State. The BIB will issue on request a blanket authorization for RFE/RL contacts with foreign government personnel which are of a routine nature. Any substantive contacts in person or writing on other than day-to-day matters with officials of foreign governments by officers, Board members or employees of RFE/RL, including contacts regarding licenses and agreements, shall have prior approval of the BIB. In each instance where approval is granted, the BIB shall be immediately appraised of the nature and substance of conversations and correspondence with representatives of foreign governments in sufficient detail to enable the BIB to take appropriate action. Any substantive communication from an official of a foreign government to RFE/RL shall be immediately transmitted to the BIB.

(b) The BIB, in conjunction with the Department of State, will exercise sole responsibility for formal relations with international organization which are within the scope of the Bureau of International Organization Affairs.

§ 1300.16 Research, studies and progress reports.

(a) The BIB may direct and the RFE/RL shall undertake such studies as in the judgment of the BIB may identify areas where operations may be made more efficient and economical.

(b) RFE/RL management shall promptly transmit to the BIB progress reports made to management on ongoing audience research or other studies, whether requested by BIB or undertaken by RFE/RL. In connection with studies involving collection of survey data for the purpose of audience estimates, RFE/RL shall notify BIB of the scope and timing of the project, including details of the methodology, and shall notify BIB when interviewing and analysis of data are completed, and when an initial submission is made to RFE/RL management of an audience estimate report.

(c) Additional research reports and documents to be supplied by RFE/RL to the BIB are included in Appendix A.

§ 1300.17 Procurement and ownership of equipment.

(a) The BIB is authorized under 22 U.S.C. 2872(c) to procure supplies, services and other personal property, including specialized electronic equipment and, in consultation with and at the request of RFE/RL will use its authority to purchase for use by RFE/RL electronic equipment, title to which shall remain with the United States Government.

Appendix A—Additional Reports To Be Submitted

A. The following reports and documents shall be submitted by RFE/RL to BIB on the schedule shown below:

(1) *Corporate Information.* (a) Proposed agendas of meetings of the Board of Directors of RFE/RL or of any of its committees and any documents, reports, draft resolutions or exhibits prepared for such meetings shall be submitted at least three working days prior to such meetings, and minutes of such meetings shall be submitted as prepared.

(b) To the extent and the manner required by the provisions of § 1300.9, all relevant biographical information available concerning individuals being considered for appointment to such positions.

(2) *Technical and Program Information To Be Supplied as Prepared.* (a) Copies of proposed transmitter schedules, propagation charts, monitoring data, equipment specifications and records, studio schedules and other information relating to the technical operation of RFE/RL, Inc.

(b) Copies of daily broadcast analyses of all languages of broadcast; and of monthly, quarterly and annual statistical and/or content analyses of RFE/RL programs. Management shall also promptly inform the BIB when, in its judgment, any broadcast may have been wholly or in part in violation of the program policy guidelines and/or inconsistent with broad U.S. foreign policy objectives. In connection with such violations, RFE/RL shall promptly supply the Board with tapes, scripts, copies of any evaluations of such broadcasts by policy, research or program officers, and a report on the actions taken by management to prevent a recurrence of such violations.

(c) Copies of all program schedules, and of any proposals for significantly revising such schedules which might have substantial budgetary impact.

(d) Copies of any translations made into English of any broadcast.

(e) Copies of all reports made on programming on behalf of management by RFE/RL, Inc. employees, consultants or panels.

(f) Copies of significant articles, or texts of radio or television broadcasts, dealing with RFE and RL program content, whether in the United States, in the broadcast area, or elsewhere overseas; English translations of such articles or texts shall be supplied whenever available.

(g) Upon request, after-broadcast copies of tapes and scripts, copies of news items, features, correspondent reports, policy guidances and other material distributed by the news division, policy officers, or research units to programmers; relevant content-monitoring tapes, texts and (as available) translations of same.

(3) *Research Materials.* (a) Copies of all area-research and audience-research reports, including reports submitted to management, immediately upon completion, and, if requested, copies of raw data and computer printouts.

(b) To the extent provided for in § 1300.16(b), copies of plans or proposals for new area-research or audience-research projects, specifically including audience-research questionnaires and details of survey methods.

(c) Copies of any proposal, draft agreement or draft contract providing for collaboration of the various research departments or any of its principal specialists with outside institutes, academic institutions, governmental agencies, survey organizations or commercial publishers.

(d) Copies of any proposal, plan or directive committing any of the various research units, or any of its principal specialists, to sustained work supported by RFE/RL funds which is not primarily designed to serve the daily broadcast needs of RFE and RL.

(4) *Assistance to Congressional Inquiries.* (a) Upon request, RFE/RL management shall promptly provide the BIB with any or all information available to it which may be necessary for the BIB to respond satisfactorily to inquiries raised by committees of Congress, individual Members or their staffs in the course of hearings, in committee reports, or in other written communications.

1 CFR PARTS 415 AND 416 (CH. IV) [REDESIGNATED 22 CFR PARTS 1301 AND 1302 (CH. XIII)]

2. Regulations codified as Part 415, Board for International Broadcasting (Privacy Act of 1974), and Part 416, Rules for implementing open meetings within the Board for International Broadcasting, of Title 1 CFR Chapter IV are redesignated as Parts 1301 and 1302 respectively of Title 22 CFR Chapter XIII.

32 CFR PART 2600 (CH. XXVI) [REDESIGNATED 22 CFR PART 1303 (CH. XIII)]
32 CFR CH. XXVI [VACATED]

JOHN A. GRONOUSKI, *Chairman.*

3. The regulations codified in Part 2600, Declassification, of Title 32 CFR Chapter XXVI is redesignated as Part 1303 of Title 22 CFR Chapter XIII, and Chapter XXVI is vacated.

February 21, 1980.

[FR Doc. 80-8243 Filed 3-17-80; 8:45 am]

Mr. GRONOUSKI. Most of our authorization request for fiscal year 1981 is, I believe, fairly self-explanatory. For the operations of the BIB, we are asking \$813,000, which is 3 percent over the current year's appropriation. For grants to RFE/RL, the administration request is for \$93,522,000, which also represents a rather austere approach. That includes \$1,295,000 to operate 10 of the 11 new 250-kilowatt transmitters in Germany and Portugal which were funded in fiscal years 1978 and 1979. The first of these new transmitters should be operational this summer; the 11th of the series is scheduled for operation in November 1981.

Apart from the new transmitter operating costs, the fiscal year 1981 request for RFE/RL represents an increase of only 5.58 percent—in constant foreign currency exchange rates—over this year's level. RFE/RL management, the BIB, and the President's Office of Management and Budget have all struggled to shoehorn this request within

administration anti-inflation guidelines. The request provides, for example, for only a 5-percent cost-of-living raise in Munich, when, as I pointed out at our OMB hearing, the German unions next October probably will be asking 7 percent. We know already that power costs in Spain and Portugal are increasing faster than our original budget projections.

To make this fiscal year 1981 budget workable, we have had to start economizing well in advance. The current year's budget, which already was rather tight, called for RFE/RL to reduce personnel to a level of 1,700 employees by September 30, 1980. Management is already below that level.

This fiscal year 1981 request incorporates further economies. Moreover, in response to developments last fall in Iran and Afghanistan, working closely with the National Security Council and the Department of State, we formulated plans for improving both the quality and audibility of Radio Liberty broadcasts to Soviet Moslem populations, most of whom are located in central Asia, beyond the effective range of our present transmitters.

Until the President announced his new anti-inflation effort, we hoped to be able to request new funding for these program improvements. However, at this moment we have no definite assurance that additional funding will be requested, and without such additional funding, either we will not be able to make those improvements or we will have to cut back other programs—in Russian, Polish, Romanian, and other priority languages.

Management makes a very persuasive case that the fiscal year 1981 budget is already too tight to absorb major improvements.

The members of this committee surely will understand why any discussion in recent years of making RFE/RL more effective, without the dollar costs rising even more steeply than they already have—and those dollar costs have doubled since 1974—sooner or later turns to the possibility of transferring some, most, or even all of the Munich program staff to the United States. We understand quite well that the purpose of the legislative initiative last year by Senator Glenn and Senator Percy, mandating a new study of the matter—the fifth such study, by the way, since 1975—was not to weaken RFE/RL, or to move it toward some sort of merger with the Voice of America. Rather, the question we tried to consider was whether some measure of relocation might transform the situation which prevailed throughout the 1970's, when, year after year, with more and more dollars, RFE/RL could do less and less, or at best hold the line, into a new situation in which RFE/RL would be able to do more for its listeners at absolutely and relatively lower cost.

We were aware, on completing our report, that our rather modest recommendations would probably fail to satisfy both sides: that is, those looking for speedy and very large savings—in the tens of millions of dollars—and those who believe that the very essence of RFE/RL's effectiveness depends on maintaining the present concentration of 95 percent of program staff in Munich, whatever the absolute and relative costs.

Nevertheless, we did recommend, in the interest of enriching the authenticity and variety of RFE/RL broadcasts as well as of some

cost savings, the transfer of at least 45, and perhaps as many as 60, Munich positions to Washington and New York, and another 15 to 20 Munich positions to London, Rome, and other lower cost European news centers.

This means that not 50, 25, or 10 percent of RFE/RL employees—the committee's terms of reference—would be located in the United States, but somewhere around 8 percent, instead of the present 5 percent. It is hardly a radical proposal.

Indeed, to those who remember how RFE and RL were staffed in the 1950's, the 1960's, and indeed as late as 1972—and we studied those staffing patterns very closely—the pattern we recommended is quite familiar and would seem eminently workable if only because it worked in the past.

We did not provide a detailed position-by-position plan for such relocation; we stated clearly in our report that we expect management to do so. Therefore, our estimates of potential costs and savings were deliberately stated in a rather broad range. In incorporating our recommendations into the President's budget, the administration has also taken a rather broad approach, providing \$4.5 million in fiscal year 1981 to cover potential one-time costs, and expecting thereby to produce a \$3 million saving in fiscal year 1982 and proportionally greater savings in subsequent years.

Once we have a detailed plan, with up-to-date cost figures, we may well discover that the administration estimates are somewhat on the high side. I would hope—and I think that is also the feeling in OMB—that we would be able to refine these figures by the time of the appropriations conference.

However, the really difficult question is not how our recommendations should be implemented, in nuts and bolts terms, but whether, in fact, there is to be any significant reallocation at all, modest along the lines of our recommendations or more substantial. That is the question that the Congress will decide. The committee certainly is aware that various civic groups have been addressing some strong correspondence to the Hill opposing our recommendations.

To those letters and criticisms, I would say this: If the administration and the Congress are willing to fund RFE/RL's continuing requirements and new opportunities in the same expansive spirit which so often governs military appropriations—and a good case can be made that international radio broadcasting to the Soviet Union and Eastern Europe is the cheapest insurance policy available against a military outbreak—then our recommendations and others, motivated primarily by considerations of cost effectiveness, can indeed be ignored.

But if, for whatever reasons, this very unique operation, in its present high-cost environment, continues to be subjected year after year to the same restrictive budgetary guidelines applied to other civilian agencies, then we on the BIB believe, as we stated in our sixth annual report, that:

* * * selective transfers of a few dozen Munich positions to Washington, New York, and lower cost European program centers are preferable to such alternatives as reducing RFE/RL broadcast hours while constantly seeking new staff reductions in Munich at ever higher termination costs.

In short, while we might not like to economize and while we may sincerely doubt that such economies are in the long-run national interest, if we must make savings, then this is surely the most sensible way to do it.

If you can get two employees in Washington or New York for what it now costs to maintain one in Munich—and that is the way matters stand today—I'd rather save \$1 million by transferring 25 to 35 positions back here and get some lively new programs out of it, than by terminating another 20 programmers altogether in Munich, or by cutting 50 hours off the broadcast schedule, or by eliminating four or five nationality languages in which we broadcast to the U.S.S.R. Those, I think, are the real choices.

I believe I have presented this issue for the committee's ultimate decision as objectively as I know how.

Now I am prepared to respond to your questions.

The CHAIRMAN [presiding]. Well, I suppose all of us on this committee have been made aware of the extraordinarily high cost of maintaining the operations in Munich, and you, yourself, have testified as to the savings that we could realize by transferring personnel back to this country.

ANNUAL COST FOR POST ALLOWANCES AND CONVERSION ADJUSTMENTS

What is the current annual cost for post allowances and conversion adjustments for Radio Free Europe and Radio Liberty in Germany? Do you have that figure?

How many of your employees receive combined post allowance and conversion adjustment in excess of \$15,000 a year?

Mr. GRONOUSKI. I don't have that offhand. The total cost is about \$3.5 million for post allowances. But I can certainly supply you the figures of those over \$15,000.

Mr. ROBERTS. Senator Church, currently 374 employees occupy company housing. The total cost to RFE/RL in fiscal year 1979 was \$3,044,000.

The CHAIRMAN. That is company housing. But I am speaking of post allowance and conversion adjustment. These are extra benefits.

Mr. GRONOUSKI. Fortunately, Senator, the staff has prepared an actual listing of those over \$15,000, and I will submit this for the record with your permission.

[The information referred to follows:]

EMPLOYEES OCCUPYING COMPANY HOUSING

[SUBMITTED BY BIB]

Currently 374 employees occupy company housing. The total cost to RFE/RL in fiscal year 1979 was \$3,044,700. The attached listing of company provided housing indicates the occupant and shows rental and utility costs in Deutsche Marks during fiscal year 1979.

The following twenty-nine employees occupied housing which cost RFE/RL, Inc. more than \$10,000 in fiscal year 1979.

Name:	Amount
James F. Brown.....	\$10,605
Glenn W. Ferguson.....	14,417
Robert Tuck.....	12,528
Marcel Schmidt.....	10,440
Varick Steele.....	11,772
Theodore Bergstrom.....	11,267
Keith Bush.....	13,506
Robert Breen.....	16,786
Aleksander Terras.....	11,096
William Robinson.....	12,130
Ralph E. Walter.....	12,853
Jewell Tanksley.....	12,599
Harold Batdorf.....	11,460
Jan Mekota.....	10,005
Victor Gregory.....	10,036
Davis Boster.....	15,575
James Devlin.....	10,759
Samuel Lyon.....	17,920
A Russell Poole.....	11,338
Earnal S. Campbell.....	13,410
Jan De Wedenthal.....	10,392
Ioana Bernard.....	13,207
Edmund Harrington.....	10,296
Vojtich Vogel.....	10,226
Alexander Perouansky.....	11,178
Methodi Zaharieff.....	11,152
Karol Belek-Berger.....	13,469
Edmund Gaspar.....	10,333
Jean Riollot.....	11,557

At present 283 employees receive a housing allowance at an annual cost of \$1,721,800. Five employees receive housing allowances in excess of \$10,000:

Name:	Amount
Albert Griffiths.....	\$10,814
Zygmunt Michalowski.....	11,241
Kyrill Panoff.....	11,324
Robert Redlich.....	11,241
Michael Wall.....	10,345

POST ALLOWANCE AND CONVERSION ADJUSTMENT

[SUBMITTED BY BIB]

The current annual cost for post allowance and conversion adjustment amounts to \$3,319,900. The following employees receive combined post allowance and conversion adjustment in excess of \$15,000 per annum:

Name:	Amount
Glenn W. Ferguson.....	\$29,725
Robert D. Montondo.....	25,655
Ralph E. Walter.....	31,034
Robert B. Redlich.....	28,069
William G. Mahoney.....	22,483
A. Russell Poole.....	28,938
Hans Schoenberg.....	23,600
Robert Breen.....	28,766
Frank Pawlowski.....	22,683
Robert Galinak.....	21,993
Harold Batdorf.....	26,131
George A. Le Vaye.....	18,986
Hyman Busch.....	26,476
James F. Brown.....	31,759
Robert Hutchings.....	23,628
Methodi Zaharieff.....	25,848
Kyrill Panoff.....	23,862
Samuel Bellus.....	23,924
Josef Schneider.....	23,407
Karol Belak Berger.....	21,276
Zdenke Elias.....	19,621
Joseph T. Szabados.....	26,124
Zygmunt A. Michalowski.....	25,848
Tadeusz Chciuk-Celt.....	20,048
Noel Bernard.....	26,828
Herbert Reed.....	25,303
Charles Andras.....	23,717
William F. Robinson.....	22,034
James Kevin Devlin.....	22,165
Patrick G. Moore.....	15,317
J. B. De Weydenthal.....	16,986
Davis Boster.....	33,221
Natalie Zuber.....	17,606
Richard H. Cook.....	25,469
Nougzar Sharia.....	16,497
Mykola Herus.....	25,986
Jaan Pennar.....	22,503
William W. Reese.....	21,806
John Soper.....	16,676
Masej Sednew.....	23,683
Garip Sultan.....	25,441
Anna Shepko.....	15,731
George Tymczenko.....	17,524
Hussan Ikram.....	17,655
Gerd R. von Doemming.....	21,690
Robert L. Tuck.....	28,228
Galina Rudnik.....	24,586
V. Monditsch-Drawing.....	19,303
Peter Dornan.....	21,690
Keith E. Bush.....	26,966
Elizabeth C. von Doemming.....	18,876
Roman Solchanyk.....	16,062
Earnal S. Campbell.....	31,034
Varick Steele.....	25,717
Richard W. Demarest.....	17,834
Jewel R. Tanksley.....	26,745
Edmund C. Harrington.....	23,407

Name—Continued	Amount
Theodore A. Bergstrom	\$22, 897
Willi Kluehe	24, 255
Samuel P. Lyon	27, 166
Jon S. Lodeesen	26, 986
Martin K. Bachstein	20, 145
Imre Kardashinetz	18, 414
Dzintra Bungs	16, 179
Henry O. Hart	27, 634
Emery Keeri-Santo	21, 552
George E. Perry	23, 676
James Edwards	28, 034
Albert B. Griffiths	24, 255
Larry McCoy	23, 855
Michael B. Wall	22, 834
Morton Von Duyke	16, 538

The CHAIRMAN. Can you tell me how many received these allowances in excess of \$15,000 a year?

Mr. GRONOUSKI. If you give me just a moment, I will count them.

[Pause.]

Mr. GRONOUSKI. I would estimate that this list has about 65 or 70 people on it.

The CHAIRMAN. This is all above \$15,000, and the figures run up to nearly \$30,000.

Mr. GRONOUSKI. \$29,725.

The CHAIRMAN. That is on top of the salaries, isn't it?

Mr. GRONOUSKI. Yes. That is to account for currency differential.

The CHAIRMAN. A lot of people would just like to live on the additional allowances that come on top of the regular salary.

Just look at this. Here is something that is \$33,221 over and above salary for allowances and conversion adjustment due to the extraordinarily high cost of doing business in Munich.

Mr. GRONOUSKI. That must be something in addition to post allowance. The highest we have is \$29,000-something.

[Pause.]

Mr. GRONOUSKI. Oh, I'm sorry. You are right. I thought these were listed in order of magnitude, but they are not. There is one for \$33,000.

The CHAIRMAN. That is \$33,221 in additional compensation, and that is not all. We have company housing, too. The total cost there is over \$3 million. The attached list of company-provided housing indicates the occupant and shows rental and utility costs in deutsch marks during 1979. Twenty-nine employees occupied housing which cost more than \$10,000 annually. That would be over and above the adjustments and compensations over and above the salaries.

Mr. GRONOUSKI. That's right.

Mr. CHAIRMAN. Well, what are you recommending that we do about it?

Mr. GRONOUSKI. May I suggest, Senator, that perhaps President Ferguson would want to comment on your observations.

Senator PELL. If the Senator would yield, I would like to have something else inserted into the record. I notice one Foreign Service officer, Davis Boster. We could insert what the allowance would be if he had been in the Foreign Service at the same post.

The CHAIRMAN. Yes. Do you happen to know about what it would be?

Senator PELL. I think it would be about \$5,000, but I am not sure.

The CHAIRMAN. As against \$33,000, then.

Senator PELL. Yes—but I am not sure about my figure.

[The information referred to follows:]

ADDITIONAL COMPENSATION FOR A FOREIGN SERVICE OFFICER

Per the Allowances Staff, Department of State, a foreign service officer with a salary of \$50,112 per year would receive the following additional compensation if assigned to Munich, Germany:

"Hypothetical" Foreign Service Compensation

Basic salary	\$50, 112
Post (cost of living) allowance (family of four)	1, 830
Quarters allowance (\$8,700 plus 30 percent)	11, 310
Total compensation	63, 252

In addition:

For every child up to 18 years of age, an officer would receive an educational allowance of \$3,160 per child per year.

For every child attending full-time college, working toward a BS or BA degree, each would receive a secondary educational allowance or travel allowance equal to one free round-trip to the United States per year.

The CHAIRMAN. It's a wonder we can keep them in the Foreign Service.

Senator PELL. Is Mr. Boster still in the Foreign Service or has he resigned?

Mr. FERGUSON. He has retired from the Foreign Service.

Senator PELL. Thank you.

The CHAIRMAN. Well, Mr. Gronouski, what are we going to do about that?

Mr. GRONOUSKI. Would you comment, Glenn?

Mr. FERGUSON. Mr. Chairman, may I comment briefly on the compensation question because, as you know, it is complex.

In anticipation of your questions and the questions of the members of the committee, we have made as definitive a study as possible in the last 30 days concerning comparative compensation in Germany. We have compared the total compensation of RFE/RL employees with the total compensation of Americans employed privately in Germany, of Americans employed with public institutions in Germany, and with comparable German institutions employing Germans in a comparable field of work.

The CHAIRMAN. I want your figures, but the question is not whether your pay plus the additional allotments of housing and other compensations is out of line with what others must pay in Germany. The question really is what savings could we make by moving out of Germany. This is the question.

I have before me a paper entitled "Employee Compensation Levels" as of January 31, 1980, including social security contributions. It shows comparable positions in Munich and the United States. The differences are very staggering.

For example, a director of financial management in Munich would be receiving \$97,466. A treasurer and comptroller in the United States in a similar position would be receiving \$51,700. A studio manager in Munich would be receiving \$78,820. A production manager in New York would receive \$39,722.

The differences are staggering.

Mr. GRONOUSKI. It is about 2 to 1, by and large.

The CHAIRMAN. Yes.

Well, I don't understand it. We operate the Voice of America worldwide out of this country. I don't understand why we can't make adjustments to take into account these staggering costs and bring them down by moving personnel out of Germany and back to this country.

Mr. GRONOUSKI. Let me make just two or three comments. As long as we operate in Germany at current exchange rates, the personnel costs are going to be about double. We did a very detailed, careful study of relocation, as requested by this committee last year, and we submitted our report to the committee. Not only did we do it ourselves, but we had both a public accounting firm and two consultants work on it.

We also asked the State Department on two different occasions to query ambassadors in all of the countries involved in Radio Free Europe/Radio Liberty operations. We came out with the very distinct conclusion that, despite the cost differential, the loss in program quality and overall politically of moving a substantial part of the operation—that is, 50 percent, 25 percent, or even 10 percent—to the United States would not be a wise move for the U.S. Government.

On the other hand, as I said in my opening statement, we do feel that there is a potential for moving 45 to 60 people. But with respect to a major movement of, say, the Eastern European language services to New York or some other place, we felt that the importance of proximity and European identity, closeness to the target area, the capacity actually to listen to local radio and TV broadcasts from Eastern European countries, the capacity to conduct telephone conversations with people in those countries—all these factors help make for the distinctive character and quality of these radios.

While we feel that there could be some movement to the United States without loss and perhaps with some gain in quality, any substantial movement would be destructive to the quality of the Radios.

The State Department reported this to us about 1 year ago and then, at the request of this committee, we asked them to reevaluate their position that politically it would be damaging to move the Radios in a substantial way to the United States.

The CHAIRMAN. I can only say that you have examined the figures and have come up with a very minor shift in personnel. It is so easy with government because the money just keeps flowing. It doesn't matter how much it costs, really, if you can convince the committee of the necessity.

Mr. GRONOUSKI. I wish I could believe that, Senator.

The CHAIRMAN. I think if you had to make this pay, if it were a private organization of some kind and you had to make it pay—

Mr. GRONOUSKI. I thought of selling commercials.

The CHAIRMAN [continuing]. I know what would happen. You would be moving out of Munich so fast because the reduction in cost would be very substantial.

You are getting close to \$100 million in cost. For these two radio stations. You cannot convince me that this is necessary.

Mr. GRONOUSKI. Well, Senator, it is, of course, a question of how much you value these Radios.

The CHAIRMAN. It is a question of efficient management.

Mr. GRONOUSKI. No, it isn't a question of efficient management if I may disagree. It is a question of whether you can effectively move these Radios to the United States and have the kind of quality that you have now, and have the kind of impact that you have now.

The CHAIRMAN. Do you figure that only 8 percent of the personnel can be moved?

Mr. GRONOUSKI. Well, it could be 7 percent or 9 percent, but I am talking about that order of magnitude which could be moved effectively in the next couple of years without damaging, and perhaps in fact improving, program quality. That is my judgment.

Senator GLENN. Would you yield for a related question?

Mr. GRONOUSKI. That is not an off-the-top-of-the-head judgment. We spent a good part of the last 1½ years looking at this very hard. It is not something that we started with a preconceived notion. It would be a lot easier to come in and ask you for \$75 million than \$93 million for operations. But I personally am convinced—

The CHAIRMAN. You have it up to \$98.8 million.

Mr. GRONOUSKI. But the cost of operations is \$93 million. There are two other items in the budget. One is a currency equalization fund, which may or may not be used. Hopefully, if the dollar keeps going up it won't have to be used. Second, there is a \$4.5 million contingency in the budget to cover relocation costs that do occur. I doubt very much that we are going to need that total figure, but it is a contingency item that only would be used to cover the costs of relocation.

The CHAIRMAN. Senator Glenn, you asked for the study last year, I believe.

Senator GLENN. I was just going to ask an additional question here.

If effectiveness is the main thing, then do you recommend that the Voice of America move outside this country?

Mr. GRONOUSKI. The Voice of America is quite a different radio operation. The Voice of America is primarily interested in conveying the American position around the world. With respect to Radio Free Europe and Radio Liberty, they primarily are interested in dealing with news, information, and analysis of direct concern to the people in those countries to which we broadcast.

It is a very different operation. I think we ought to keep those distinctions in mind when we talk about the two. Both, I think, are very valuable.

My answer to your question is no, Senator Glenn.

The CHAIRMAN. Senator Pell, do you have any questions?

Senator PELL. Yes, I do. Thank you very much, Mr. Chairman.

I will not reiterate my concern about the double boards, one for BIB and another for RFE/RL. I made that record in previous years' hearings. Nothing has been done about it. I still consider it redundant to have the two boards and just wanted my continuing concern in this regard to be a matter of record.

Last week, Mr. Ferguson, I wrote to you expressing my concern in connection with Mr. Noel Bernard's bad judgment concerning the RFE interview with Orthodox Bishop Valerian Trifa. For those who are not familiar with this man, he was a Nazi collaborator during World War II and personally was responsible for the death of 4,000 Jews during a 1941 program.

The INS recently initiated action to revoke Bishop Trifa's naturalization as a U.S. citizen.

What I am concerned about is that two employees, Edgar Rafael and Jacob Popper, have been fired partly on the ground that they circulated material attacking Mr. Bernard, yet Mr. Bernard, who gave the air time to this Nazi collaborator, apparently gets off scot-free and continues in his job.

Could you please try to balance that out for me?

Mr. FERGUSON. Senator, I received your letter yesterday here in Washington and I appreciate the opportunity to respond to your concern.

As you probably know, Dr. Gronouski, on behalf of the Board for International Broadcasting, requested a full-scale, independent, government-sponsored investigation by Roy Minton from Texas, a distinguished lawyer in the criminal field, and Mr. Ed Alexander, who is on loan from ICA to the BIB. Based on approximately 2 weeks in Munich, they interviewed scores of individuals and wrote an independent report which states, in summary fashion, that the termination of the two employees did not bear any direct relationship to the episode of the Trifa broadcasts.

The demeanor of the head of a broadcast service, in this case, Mr. Noel Bernard, who runs our Rumanian service, was not exemplary in the sense that he made an error of judgment. But all of us connected with the Radio made an error of judgment in not recognizing that the broadcast might have been misinterpreted. The motivation was sound in terms of interviewing the patriarch of the Rumanian Church who was in the United States at the time and showing the contrast between the Communist-backed patriarch's church and the American Rumanian sect, which was led by Bishop Trifa.

Unfortunately, the three interviews did not materialize. Only one was completed. That interview was put on the air.

We have a full report, Senator, which we have submitted to the Board for International Broadcasting concerning the circumstances surrounding that broadcast. A month after the broadcast, in a letter to the American Jewish Committee, I stated that in my opinion it was an error of judgment and I assumed full responsibility as the president of RFE/RL for that error of judgment.

But, Senator, in the same year there were more than 350 errors which our internal audit procedure was able to catch. Most of them were relatively minor, such as identifying Hodding Carter as President of the United States. But some of them were potentially damaging.

In each case they are innocent mistakes, as was this one, where there was no malicious intent or intent in any way to give air time to someone who was under indictment by the U.S. Government and potentially in a position of losing naturalized citizenship.

On the contrary, it is one of those things that happens when you are broadcasting 1,000 hours a week, and that is the largest international broadcaster in the West.

Senator, I would like to reassure you that Mr. Bernard's performance is being evaluated. But I do not believe, as the current manager of the private corporation, that his error of judgment warrants a summary dismissal. We are monitoring his performance very closely.

Senator PELL. What was the reason for the dismissal of Popper and Rafael?

Mr. FERGUSON. Messrs. Popper and Rafael are 2 of 38 employees of the Romanian service who come from Romania. Over a period of time, their behavior with regard to their supervisor and to RFE/RL has been insubordinate. They have been disloyal. They have engaged in acts which make it impossible for us to maintain the discipline required to broadcast 13 hours a day through the Romanian service.

Those terminations, with the prior consultation with my independent board, the Board for Radio Free Europe and Radio Liberty, and consultation with Dr. Gronouski and the Board for International Broadcasting, led, after a period of delay because of the potential implications of terminations in the light of the Bishop Trifa broadcast, to a decision to terminate them with notice effective December 31, 1979. They are still on the payroll, Senator. They will be until June 30, 1980. They have no duties in the interim.

Senator PELL. Thank you.

The CHAIRMAN. Gentlemen, I have to leave. Senator Pell will complete the hearing.

Senator Percy may wish to ask some questions. He is on his way back.

Mr. Gronouski, I would ask you to do the same thing as I asked the State Department to do. I would ask you to withdraw this request and then to submit a subsequent request that conforms to the revised budget of the President so that we then will be dealing with figures that have been approved and are part of what the President promises to be a balanced budget. We then will take up the matter when those figures are submitted.

Mr. GRONOUSKI. Thank you.

Mr. ROBERTS. Mr. Chairman, may I just interject that we were not on the list of those agencies that had to take any cuts.

The CHAIRMAN. Well, this is a moving scene, and it may be that you will be marked by the time the revisions are completed.

So, again, I would repeat my request.

In any case, the committee will not be prepared to take up the supplementary request until the new budget has been submitted.

Senator PELL [presiding]. Returning to the Bernard matter, I realize, as the report indicated, that the management of the Radios, specifically Dr. Ferguson and others, are fully aware of Bernard's serious shortcomings as administrator. The decision as to what should be done to rectify this serious problem in the Romanian service clearly is one for management. I, for one, would be very interested to know what you will do after you have had your evaluation of Mr. Bernard.

When one goes through the report that you mentioned, one finds, as you said, that it was incredibly bad judgment but it was not done for malicious reasons. I would agree with that, but Bernard does not come out very high when it comes to his ability to deal with his staff. In fact, the report says that his ability in this regard is "indescribably poor." I will not go on with the paragraph that enlarges upon that description.

So I would hope that when you do return to Munich, some assessment of his performance would be made and he either would be censured, fired, or whatever you feel should be done at that time.

Mr. FERGUSON. Senator Pell, we certainly will do that.

May I presume on the time of the committee just to mention that more than 600 of the employees in Munich, of the thousand there,

come from Eastern Europe and the U.S.S.R. Most of them have come from a very difficult environment. Most of them have not been trained in administration or in broadcasting, but they have a unique commitment to the free flow of information and the diffusing of the potential for conflict in a complex East-West confrontation.

These individuals have been trained on the job to become administrators. Noel Bernard is one of the best professional broadcasters that we have. He worked for the VOA and he has worked for RFE/RL. For 15 years, he has been the director of our service.

When he took the directorship of the Romanian service, our audience in Romania was one-third of the adult population. Today it is more than 50 percent of the adult population of Romania.

We all agree—the Board for International Broadcasting, RFE/RL, my independent board—that the Romanian service has improved and is doing an outstanding job.

On the other hand, Noel Bernard is not an excellent person with regard to interpersonal relations. In response to your request, sir, we shall watch it carefully and will keep you informed of our management decisions.

Senator PELL. I think, as a matter of record and since this is not a classified document, I will read the analysis of Messrs. Minton and Alexander.

Bernard's ability to deal with the staff is indescribably poor. He is impatient, sarcastic, demeaning, aloof, arrogant and indifferent to the effect that this has on the feelings of his colleagues. He discourages and resists criticism. He is a busy man with heavy responsibilities, but his conduct toward his subordinates is totally inexcusable and has resulted in an atmosphere that is anything but happy. Members of his staff think in terms of two vacations for themselves—their own vacation when they are away and another vacation when he is away.

As you can see, he is open to a good deal of criticism.

I recognize what you are saying about central Europeans being emotional and hard to organize, having lived in central Europe for some time myself.

Let me go to another subject.

EFFECT OF AFGHAN CRISIS ON RFE/RL

Last February, I made an address here in the Senate in connection with the Soviet invasion of Afghanistan. I mentioned on that occasion that we overlooked a very important nonmilitary retaliatory act; namely, to increase funding for the broadcasts of RFE/RL.

Do you believe the administration has provided you with adequate funds for your transmitter program, and are you stepping them up as a result of the Afghanistan crisis?

Mr. GRONOUSKI. May I respond to that, Senator?

Senator PELL. Please.

Mr. GRONOUSKI. First, by November 1981, we will have doubled our transmitter strength. So, from the point of view of our highest priority targets historically, we are in pretty good shape. However, in central Asia, where the Muslims are primarily located, our signal is weak. As a result of a study we did and supported by the National Security Council, the State Department and the President, we submitted to the OMB a supplemental budget proposal for fiscal year 1980, as well as a proposed amendment to the fiscal year 1981 request to improve both our transmitter facilities and our central Asian language programs.

That is sitting over in the OMB at this point. God knows what is going to happen to it, given the current situation.

I can say, as seriously as I know how, that unless there is funding for it, or unless we decide on a different priority structure than we now have, and are willing to cut back drastically on some of the broadcast audiences that we have, the radios cannot make that kind of improvement without funding.

Senator PELL. Do we have a program going into Afghanistan now?

Mr. GRONOUSKI. Not to Afghanistan, but there are more than 40 million Muslims in the Soviet Union, mostly in central Asia. The issue was that, given that fact and given the Afghanistan and Iranian crises, it was important to get the message out in a better form than we have been able to get it, in terms of both staff and transmitters.

Senator PELL. Can the Afghanis themselves hear your programs?

Mr. GRONOUSKI. I doubt very much that they hear much of our program.

[The following answer was subsequently supplied:]

Mr. GRONOUSKI. To the extent that our signal can be heard in Soviet Central Asia, it must also be audible in a large part of Afghanistan. In fact, most of Afghanistan is closer to our transmitters than, say, Tashkent, which is the principal city of Soviet Central Asia. Then you have the fact that in Afghanistan there are millions of Uzbeks and Tajiks who speak the same languages as their countrymen in the Soviet Union, as well as a goodly number of Turkmens and Kirghiz, in all of whose languages we broadcast. Many of these people are descended from the so-called "Basmachi" rebels who throughout the 1920's fought against establishment of Soviet rule until they were either killed or driven over the border.

Senator PELL. Is there any contemplation to organizing a program for Afghanistan?

Mr. GRONOUSKI. No. That is the Voice of America's bailiwick. All we have are the five Eastern European countries and the Soviet Union.

Senator PELL. Mr. Ferguson, what would be your views on the same question?

Mr. FERGUSON. Well, I would corroborate totally what Dr. Gronouski had said and would merely mention as an additional fact that of the 14 nationality languages in which we broadcast to the U.S.S.R., excluding Russian per se, seven are Muslim languages which are in reasonable proximity to the northern Iranian and Afghan borders. The reception is quite good in the Azeri area, which would be in the western part of that general front, but in the eastern areas—for Kazak and other languages—the reception is very limited. Unless we have additional transmitter facilities or sites, it is highly unlikely that increased power in our present Iberian location would fill the need in terms of increasing the signal strength in those very eastern Muslim language areas.

Mr. GRONOUSKI. We have very carefully developed plans, but all of them cost money—and you know what is happening to money these days—to substantially increase both the transmitter strength and also the staffing. This is a very difficult staff to find. There just are not many around. We wanted to start recruiting right now, so that we could strengthen the research staff as well as the broadcast staff; but until such time as we get approvals through the OMB and the President and subsequently the Congress, we appear to have our hands tied.

Senator PELL. In the Eastern European languages, there are five nations to which you broadcast. You do not broadcast to Albania, do you?

Mr. FERGUSON. We do not.

Senator PELL. In Czechoslovakia, what is your percentage of time divided between Czech and Slovak?

Mr. FERGUSON. I think it is about 2 to 1.

Mr. ROBERTS. If I may, it is 60 to 40.

Senator PELL. Sixty for Czech and 40 for Slovak?

Mr. ROBERTS. Yes, sir.

Senator PELL. In the broadcasts to Romania, do you broadcast to the Hungarians there, too, or do you just beam Romanian broadcasts?

Mr. FERGUSON. The broadcasts to Romania for 13 hours a day are in Romanian exclusively.

Senator PELL. How do you reach the Hungarians who are there?

Mr. FERGUSON. We have a separate Hungarian service which broadcasts to Hungary. Our audience reports do not show any significant listenership in Hungarian by people who are in Romania; but it might be possible. It would be of very marginal impact, Senator.

Senator PELL. Do you have a Bulgarian broadcast?

Mr. FERGUSON. Yes, sir.

Senator PELL. Let me return for a moment to the question of what I call the duplicate boards.

Dr. Gronouski, how often does your board meet each year, and do you have a quorum at the meetings?

Mr. GRONOUSKI. We almost always have all seven—the five regular members and the two ex officio members—at every meeting, four times a year. The board of the Radios meets twice a year and the executive committee of the board meets four times a year.

Senator PELL. Which executive committee?

Mr. GRONOUSKI. Of the Radios, the private board.

Senator PELL. What about the corporate board?

Mr. GRONOUSKI. Typically, we will meet one day, they will meet the other. I am an ex officio member on their executive committee as well as on their board.

Senator PELL. Who is the chairman of their board?

Mr. GRONOUSKI. The chairman of their board is Ambassador John Hayes.

Senator PELL. Did you say the full board meets four times a year?

Mr. GRONOUSKI. No, it is twice a year for the full board—

Senator PELL. Four times a year for the executive committee.

Mr. GRONOUSKI [continuing]. October and April.

Senator PELL. Do they have a quorum when they meet?

Mr. GRONOUSKI. Yes. They have good attendance.

Senator PELL. Thank you.

Senator Percy?

Senator PERCY. Thank you, Mr. Chairman.

Ambassador Gronouski, Mr. Ferguson, Mr. Roberts, it is always a pleasure to have you back here. If ever anyone doubted the need for the international broadcast service that you offer, this country certainly has been in need of it during these past several months, as has the whole free world. You effectively get across the story of what is

happening that is of vital interest to the people and the areas that you serve, and I think that is absolutely crucial. The very fact that two Presidential candidates in recent days have talked about strengthening Radio Liberty and Radio Free Europe and increasing their transmission power, and questioning whether or not we are adequately getting the story out because this is essential to our own national security and the awareness of the free world as to what is going on, certainly reinforces the fact that the work we have done together through the years is vitally important.

So you come here at a very critical time.

We want the broadcasts to be hard-hitting, we want them to be honest, and we want them to be adequate and the signals adequate for the task.

These are the essential lines of questioning I would like to pose to you just to give you an opportunity to cover some of the areas which you have not covered as fully as the committee should have in its record.

IMPROVEMENTS IN RFE/RL TRANSMITTER FACILITIES

Can you tell us the status of the improvements in Radio Free Europe and Radio Liberty transmitter facilities? Will you now have what you need to get a clear signal into all the countries to which you broadcast? Do you foresee the need for additional transmitters? Do you intend to ask for funding for them next year?

Mr. GRONOUSKI. Well, by the end of 1981, we will have doubled our power. This June, I believe, the first of our 11 new transmitters will come online. This is adequate except for a very important area of the Soviet Union, and that is the central Asian area where, incidentally—or not so incidentally—some 40 million Moslems, as well as others, reside.

As of last August, I believe, we prepared a comprehensive review of our transmitter needs, particularly as they relate to central Asia. As a result of a National Security Council meeting, the State Department interest, and our interest last December, we specifically made a proposal which was approved by the National Security Council and the President to strengthen the central Asian staffing and to strengthen the transmitter power to central Asia.

We have made a proposal, which is in the hands of the OMB right now, for a supplemental appropriation to begin actually in 1980, this fiscal year. Partly because it is so difficult to find people who speak those languages, we wanted to get going on it right now.

Second, we have a proposal for an amendment to the 1981 budget to facilitate that program.

I don't know what is going to happen to that, as I said in my opening remarks, simply because we are in a very difficult budgetary period right now.

I also made the observation, and I want to repeat it now, that I am totally convinced that the opportunity to do that does not exist with the Radios unless we make some very dramatic cuts in other programming, or unless we have additional funding for it. This is a very tight budget.

Senator PERCY. The reason I had to leave to go to the floor of the Senate was to speak on the budget. We have a resolution to limit

budget spending this year to 21 percent of GNP, which means a \$25 billion cut. But we still get down to priorities.

We are excluding the defense budget from major cuts. In fact, that is being increased. I would put your budget into the same category. We have to win this battle by getting our message out, and part of that is convincing the whole world of the rightness of our policy and the wrongness of the policy being followed by the Soviet Union, which endangers the peace of the world. We can do that in many ways. I consider this almost a matter of combat. So it is a battle.

I then ask this question. Do the increases in transmission power make a difference in your ability to get through where your broadcasts are jammed? I understand that Radio Liberty does not get through very effectively in large areas of the Soviet Union and that this is reflected in your own audience research.

Mr. GRONOUSKI. Yes. We have lost a lot of audience potential because of very heavy jamming on the part of the Soviet Union. But I don't want to leave the impression, because it would be an incorrect one, that we do not get through to a critically important audience in the Soviet Union.

In this jamming business, there are a lot of leakages. I have heard report after report of people who are fully jammed in their living rooms, but in their bathrooms they get the broadcast.

Senator PERCY. Could you tell us how deeply into the Soviet Union your broadcasts can be heard?

Mr. GRONOUSKI. Walter, why don't you address that?

Mr. ROBERTS. Senator Percy, if we leave out jamming, we have a good signal up to the Ural Mountains. That is the area that we can cover. But, as Dr. Gronouski said, beyond the Ural Mountains we have what is called the "two hop" situation, and we lose about 90 percent of our effectiveness as the second hop goes in.

What we are trying to do at this moment is to find facilities closer to the target area, and that is precisely what Dr. Gronouski referred to.

Mr. GRONOUSKI. Senator, I might say that, given the wherewithal to buy the equipment and to staff it, I think we are in a pretty good position to do so. It is just a question of where we fit into the budget picture. I could not agree with you more, but I have always felt that perhaps my observation on this score would have a tint of bias to it. But I could not agree with you more that I regard the whole question—and I have said this before this committee for the last 10 years—of the radios as revolving around peace in the world. I am just as absolutely committed to that now as I was when I served on the Eisenhower Commission. If we ever are going to get movement in the Soviet Union and in the Eastern European countries, it is because the people of those countries have access to information, not only world news, but access to information about what is going on in their own countries. This is the unique service provided by the Radios.

Just look at what is happening in some of the European countries, in Hungary and in Poland. There is movement.

I don't say that we are responsible for all of that. God knows, the people there are primarily responsible. But, nonetheless, we give them the tools, and, to the extent that we provide the opportunity for people to have the information which permits them to bring pressure on their governments, it seems to me we are making a contribution equal to that of the Military Establishment.

Senator PERCY. Thank you.

I have five or six additional questions, but regrettably I must leave promptly at 1 o'clock for another meeting.

I would ask unanimous consent, Mr. Chairman, that the record be left open in the event any of our witnesses would like to expand on the answers given to these questions. If the answers could be just as concise as possible, I would very much appreciate it.

On the question of relocation, I understand that the budget contains \$4.5 million, which would cover the costs of transferring 45 to 60 positions, about 3 percent of the total positions. Is this accurate?

Mr. GRONOUSKI. Yes; 45 to 60—and also 15 to 20 to lower cost areas in Europe.

Senator PERCY. Can you explain the advantages of transferring these positions? I am aware of the substantial savings which would amortize the initial relocation costs in less than 2 years. I would like to know whether the broadcasts themselves would be enhanced, Dr. Gronouski.

Mr. GRONOUSKI. I think so. My judgment is that there would be a great opportunity to utilize research data and other information sources in the United States that we do not now have the staff for, and also to utilize new people. We have a great many new immigrants from the Soviet Union here and I think there is a great opportunity to improve the quality of the programing.

Senator PERCY. Is it true that the relocation recommendation was reviewed personally by the President, Secretary Vance, and Dr. Brzezinski? Did any of the three have any objections to the relocation?

Mr. GRONOUSKI. All I can say, sir, is that I sent the BIB report to all three and none of them commented. Consequently, I assume they approved.

Mr. ROBERTS. May I add to that, Senator?

Senator PERCY. Certainly.

Mr. ROBERTS. What I think should perhaps be said is that when the OMB submitted its budget proposals to the President, this recommendation was in the OMB proposal. The President and the Secretary of State and the Assistant to the President for National Security Affairs were present when this was presented by the Director of OMB.

Senator PERCY. Do you have available, or has BIB asked Radio Free Europe and Radio Liberty management to prepare, a specific plan to carry out the relocation recommendation of the President's bill with up-to-date cost figures that we can study at this time?

Mr. GRONOUSKI. We have asked them to do it. They are in the process of making that study. I am not sure when it is going to be completed.

Senator PERCY. Mr. Ferguson, could you give us an idea as to when we can have this? We have talked about this for a long time.

Mr. FERGUSON. Yes, sir. But may I reiterate that the document which you have before you, Senator, is a joint recommendation of the BIB and RFE/RL in response to your request for a definitive study beginning last July on 10 percent, 25 percent, and 50 percent transfers. The judgment, which is a consensus judgment, was that those percentages would be inappropriate.

We have not yet studied the BIB addendum, which calls for an 8-percent relocation of 45 to 60 people. My chairman, Ambassador Hayes, has asked me, as representative of management, to complete that study by June 1980 and to discuss this with Dr. Gronouski when he comes to Munich for our meeting.

Senator PERCY. Am I correct that the \$4.5 million, which covers about 3 percent of the total positions available, is an agreed-upon program?

Mr. GRONOUSKI. No; I don't think I could say that.

Senator PERCY. It's not?

Mr. GRONOUSKI. Well, let me say two things.

One, it was the BIB which recommended the 45 to 60 position transfers. I don't know what the radios' position ultimately is going to be, because they have not given us their response at this point.

As far as the \$4.5 million for relocation and the \$3 million ultimate future saving that is contemplated in the budget which the administration submitted, those are round figures and presumably are high enough to cover any contingencies. It is likely not to be that high as far as relocation costs are concerned. But, given the fluctuation of the dollar versus the mark and other factors, the OMB put a reasonably high figure in to make sure they would cover it, to the extent the relocation occurred.

Senator PERCY. Mr. Ferguson, I want to be sure I understand what your own position is.

The administration has proposed a modest relocation. We have been talking about it in this committee for some time. I felt that the proposal that is being made for relocation is a reasonable one. It involves a very small percentage of personnel. We all know that generally no one wants to move. I faced that fact all my life in industry. We had to transfer people all over the world and you always meet with some sort of resistance. But you have to decide what is best.

In this case, I think the evidence would seem to be that it would strengthen the program, that it is a modest move, and that it ought to be implemented.

What is your position and what are you doing to carry out this proposal? Do you support the administration's proposal?

Mr. FERGUSON. Senator, I realize you must leave in a moment, so I will be very brief.

Obviously this is a critical question for us.

The management and board of the Radio are not opposed to relocation, and we have worked diligently to respond to your request and that of Senator Glenn to do a definitive study on the potential of moving 50 percent, 25 percent, and 10 percent, respectively.

The BIB report, which recommended against such fundamental relocation, including 10 percent, was reviewed by the Department of State and all of the Embassies in Eastern Europe. Their political judgment was that percentage cuts of that magnitude would be counterproductive.

Now 8 percent is less, but the meaning of 8 percent has not been looked at carefully by us. What will it do to our programs? A total of 10 percent of our programming is now being completed out of the New York office, with less than 5 percent of our personnel.

Now we want to look very carefully at the question of the impact. Munich has become the western Slavic capital of the world in many respects, and the Department of State is saying, unequivocally, to move fundamentally would be in error. Is 8 percent as opposed to 10 percent a fundamental move? To what extent could we transfer very quickly people from Munich without detriment to the 1,000-hour-a-week commitment we now have in broadcasting?

We have not looked at these questions and we will very quickly, sir. Senator PERCY. Do you have any idea of a timeframe for that, when you can have a study on this relatively modest proposal?

Mr. FERGUSON. Sir, or chairman Ambassador Hayes, says that we should be prepared for the discussions with the BIB and Chairman Gronouski in Munich in June 1980.

Mr. GRONOUSKI. Mr. Chairman, may I just make this observation. The 8 percent that we are recommending really is a 3-percent transfer; 5 percent already are here. So it is not an 8-percent transfer about which we are talking. It is a rather modest proposal really. I think it is a reasonable proposal.

Second, may I say that while the charge of this committee did not speak to this proposal, I do want to make the point that we have looked at this many times over the past 3 or 4 years. I am hopeful and I intend to convey this to Mr. Hayes, that it will not take until June to come up with an answer.

Senator PERCY. Well, I would hope that it could be done just as expeditiously as possible.

I understand the sentiments expressed here, but I think, really, when the administration and certainly this committee stands behind this, we ought to move with the greatest possible dispatch. I think it is easier for everyone to move quickly if this is what we are going to do. I think the proposal is a modest one.

Mr. GRONOUSKI. I should make the point that I did not feel, nor did my board member feel, that it was the role of the BIB to specify which specific positions should be moved because we think that is management's prerogative. That is why we gave the 45 to 60 figure but asked management to come up with the specifics.

Senator PERCY. I want to thank you very much, indeed. We appreciate your appearance here today.

Thank you, Mr. Chairman.

Senator PELL. I, too, want to thank you for being here with us today. I would say that I think the American people and our country are very fortunate in having leadership of the quality of men such as Dr. Gronouski and Mr. Ferguson. We are very lucky to have you in the jobs you hold.

I see my other old colleagues whose management ability I respect, like Walter Roberts, Bill Buell, and Arthur Levin. I want to give you all my personal regards. I hope that these points of difference will resolve themselves. Maybe the administration itself will invoke mandatory budgetary cuts that will force some of these decisions regarding the duplicate boards to be made.

I wish you all well.

The record will stay open for any further questions any of my colleagues may care to ask.

This concludes the hearing.

Mr. GRONOUSKI. Thank you, sir.

[Whereupon, at 1:06 p.m., the committee adjourned, subject to call of the Chair.]

APPENDIX

UNDER SECRETARY OF STATE FOR MANAGEMENT,
Washington, D.C., May 30, 1980.

HON. FRANK CHURCH,
*Chairman, Committee on Foreign Relations,
United States Senate.*

DEAR MR. CHAIRMAN: I am enclosing further information concerning the closing of seven U.S. Consulates as requested by the Committee during the markup of the State Department Authorization Bill.

Please do not hesitate to contact me should the Committee have further questions.

Sincerely,

BEN READ.

Enclosure.
As stated.

CLOSURE OF U.S. CONSULATES

In the summer of 1978, as part of the fiscal year 1979 budget planning process, the Department reviewed all 113 consulates and consulates general, considering each post's relative importance, using workload data, findings by inspection teams, host-country political considerations, proximity to other foreign service posts and future needs. It became evident during the review process that closing some of the less essential consulates and consulates general would be necessary to achieve required budgetary reductions. Of the 461 position reductions assessed of the Department by OMB, closing of the seven consulates will save 43 positions.

While we closed these consulates with great reluctance, it should be noted that over the past 10 years with the improvement of communications and transportation links, we have reduced the number of our constituent posts from 147 to 101. Some of the consulates closed in the past were in cities of considerable size such as Liverpool and Valencia.

With the possible exception of Mandalay, the consulates and consulates general now closed are located in highly developed Western countries characterized by excellent air and land transportation and good communications networks. None of the seven consulates issued immigrant visas; the consular workload in these posts had low to moderate, and rarely presented serious problems.

Essential services to Americans and host country nationals will be provided by our embassies and other consulates in the affected countries. In some cases, we will appoint consular agents to perform services to Americans such as taking passport applications, notarial services, visiting incarcerated Americans and other assistance to American citizens living and travelling abroad.

The following is a brief description of the rationale for closing each of the consulates as well as information on the consular workload and staffing levels, and the resources involved in their operation.

SALZBURG, AUSTRIA

Previously closed, the Consulate in Salzburg was reopened at the request of Chancellor Kreisky. Only one American citizen was arrested in the Salzburg consular district during fiscal year 1979. It had a very limited workload; essential reporting and services can be handled by Vienna, 182 miles away.

BREMEN, GERMANY

One of eight posts in Germany. Although the Consulate General issued nearly 20,000 nonimmigrant visas during fiscal year 1979, 93 percent of all visitors visas in Germany are issued without a personal interview and/or by mail. Mail and telephone service is excellent. The moderate consular workload was relatively

trouble-free and will be handled by the consulate in Hamburg, some 75 miles away. Many consular services have been provided to U.S. military personnel assigned to Garlstedt which is located approximately half way between Hamburg and Bremen. The Bremen office building is USG owned. The Department intends to sell the property, utilizing the revenue from the sale to finance essential building projects elsewhere. Economic and commercial functions will be provided by the Embassy in Bonn and the Consulate General in Hamburg, which will provide general reporting as well.

NICE, FRANCE

Moderate consular workload; fewer than 10,000 nonimmigrant visas, most of which can be handled by mail. Consular matters and some reporting will be performed by our consulate in Marseille, 120 miles distant. It was one of six posts providing consular services in France. The USG owns the office building which we plan to sell.

TURIN, ITALY

The consular workload for Turin was relatively low. Consular services and reporting responsibilities will be assumed by the consulates in Genoa and Milan, each of which is about 100 miles away. It was one of eight posts in Italy providing consular services. It was recommended for closure in the past.

GOTEBORG, SWEDEN

The consulate was previously closed; reopened in 1976 after a sense of the Senate resolution. The low consular workload and reporting will be handled by the Embassy in Stockholm, some 300 miles away. Excellent communication and transportation services are available in Sweden.

BRISBANE, AUSTRALIA

The consulate in Brisbane was one of five posts in Australia. It had a moderately low consular workload which will be handled by our consulate in Sydney, some 400 miles away. Reporting will be performed by other posts in Australia.

MANDALAY, BURMA

The Consulate performed minimal consular services which will be assumed by the Embassy in Rangoon, 400 miles away. Most of its efforts were in supervision of narcotics activities and which will continue under the Embassy. There is no resident American community and few tourists visit the area.

Attachments

1. Consular functions.
2. Post closings—Positions and funding.

CONSULAR FUNCTIONS

Post	Date of transfer	Transfer to—	1979 workloads					Arrests
			NIV caseload ¹	IV caseload	PPT/CIT cases	CS caseload		
Bremen.....	May 15, 1980.....	Hamburg.....	19, 878(93)	NA	2, 146	3, 799	6	
Brisbane.....	do.....	Sydney.....	7, 607(85)	NA	1, 215	2, 000	12	
Goteborg.....	do.....	Stockholm.....	13, 581(90)	NA	888	692	2	
Nice.....	do.....	Marseilles.....	9, 076(85)	NA	1, 780	4, 182	1	
Mandalay.....	do.....	Rangoon.....	(²)	NA	(²)	(²)	0	
Salzburg.....	May 19, 1980.....	Vienna.....	NA	NA	1, 136	749	1	
Turin.....	May 1, 1980.....	Genoa and Milan.....	7, 701(75)	NA	819	5, 529	3	
Total.....			57, 843	NA	7, 984	16, 951	25	

¹ The figure in parenthesis indicates the percentage of nonimmigrant visas issued without interview or by mail.

² The consulate in Mandalay provided minimal consular services, such as emergency care for American citizens and dissemination of preliminary visa information. In fiscal year 1979 only 60 hr were spent at such duties at Mandalay, and as a consequence the total caseload count was insignificant.

³ The data for Turin are based on estimated workloads.

POST CLOSINGS

	Positions ¹			Funds (thousands)			
	American	FSN	Total	American salary	Operating expenses	PAT	Total
I. Fiscal year 1980: Although the consulates will be closed before the end of the fiscal year, there will be no fiscal year 1980 savings. This is due to termination pay for FSN's, restoration of real property costs and other termination related expenses.							
II. Fiscal year 1981:							
A. Budgeted reductions in fiscal year 1981:							
European Affairs:							
Salzburg, Austria...	1	3	4	\$46	\$115	\$10	\$171
Bremen, Germany...	2	6	8	72	357	21	450
Nice, France.....	1	5	6	47	175	10	232
Turin, Italy.....	2	8	10	72	180	21	273
Goteborg, Sweden...	1	4	5	47	170	11	228
Subtotal.....	7	26	33	284	997	73	1,354
East Asian and Pacific affairs:							
Brisbane, Australia...	2	4	6	79	150	21	250
Mandalay, Burma...	1	3	4	30	30	10	70
Subtotal.....	3	7	10	109	180	31	320
Total reductions...	10	33	43	393	1,177	104	1,674
B. Additional savings in 1981: increased costs for salaries and prices.....							
				28	177	7	212
C. Total full-year savings.....							
	10	33	43	421	1,354	111	1,886

¹ Includes only State direct positions.

POST CLOSINGS

[Positions transferred to Embassy or other consulates]

Post	American	FSN	Total
Brisbane.....	1	2	3
Mandalay.....			
Salzburg.....	1	4	5
Bremen.....	1	3	4
Nice.....	1	3	4
Turin.....		2	2
Goteborg.....			
Total.....	4	14	18

