

REPORT ON THE NATIONAL ENDOWMENT FOR DEMOCRACY

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Abstract

This report was prepared on the basis of public source material and presents a summary of the criticisms directed against the various forms of manipulation used by the U.S. organization **National Endowment for Democracy** through various other private, non-government or humanitarian organizations. Among them, emphasis is placed on four entities: **International Republican Institute** (IRI), **National Democratic Institute for International Affairs** (NDI), **American Center for International Labor** (connected with the International Labor Union AFL-CIO) and the **Center for International Private Enterprise** (CIPE).

NED was established after U.S. Senate hearings on illegal CIA activities in the 1970s. It was conceived as an organization which having declared itself a private foundation could thus openly finance those activities the CIA had previously used in its secret operations. This involved co-opting politicians, journalists, and other individuals from public life in order to create what were termed in earlier times „agents of influence“. Toppling or installing governments were typical NED activities. This goal was achieved through media campaigns, manipulation of elections, pressure applied on governments, and so forth. Based on examples in this text, Croatia was, from the time of its declaration of independence, a clear focus of such operations.

In the United States, there are many critics of these American policies. And the critics, regardless of political orientation, share the same complaints:

1. The policies are anti-democratic, imperialistic, and immoral, and conflict with basic democratic principles;
2. NED endangers the credibility of America's policies, as it uses its money to oppose various governments under the condition that they are not aligned with American interests. This can involve Communist as well as democratic governments, and even dictatorships.
3. The recipients of these funds are only „declared“ democrats, since they in essence serve as manipulators of public opinion or, in the case of Croatia, are those who enjoyed privileges or political power in Communist times and lost them when Croatia became independent.
4. Recipients of these funds are sometimes unaware of the source and have thus been attacked as traitors in their own countries.
5. The activities the NED employs in foreign countries would be illegal and prosecutable if they were performed by foreign organizations in the United States.
6. NED does overtly what the CIA formerly did covertly.

The formation and goals of the NED

According to its Statement of Principles and Objectives, the **National Endowment for Democracy** (NED) advocates the view that “democracy involves the right of the people freely to determine their own destiny. The exercise of this right, says the statement, requires a system that guarantees freedom of expression, belief and association, free and competitive elections, respect for the inalienable rights of individual and minorities, free communications media, and the rule of law. Emphasis is made that the NED is a “private, non-profit organization created to strengthen

democratic institutions around the world through nongovernmental efforts.”⁽¹⁾

The grant program of the NED funds four different programs in the area of labor, business and political party development:

1.The International Republican Institute (IRI)

2.The National Democratic Institute for International Affairs (NDI)

3.The American Center for International Labor (which is connected to the international labor union organization AFL-CIO)

4.The Center for International Private Enterprise (which operates in conjunction with the U.S. Chamber of Commerce)

Additionally, the NED conducts activities which “strengthen cooperation between democratic intellectuals and practitioners”, publishing the Journal of Democracy, as well as numerous books and reports, and hosting a visiting fellows program which organizes “seminars and conferences on issues affecting the future of democracy”.⁽²⁾

Funding is made on a quarterly basis, the NED being “interested in nonpartisan programs seeking to strengthen democratic values among all sectors of the democratic political spectrum”. It further states that “democracy cannot be achieved through a single election and need not be based upon the model of the United States or any other particular country.”⁽³⁾

NED core institutes prepare regular reports on current issues and debates, as well as extensive pre-election polls. A recent report on the Republic of Croatia by one of the NED core institutes, the **National Democratic Institute for International Affairs (NDI)**, provides an evaluation of the current political climate in Croatia, pointing out that there is “increasing opposition to the autocratic power of the HDZ” and that the NDI had “responded to signs that the political scene in Croatia was undergoing its first significant changes since declaring independence” by launching a program in 1994 to strengthen Croatian political parties. Along with funding from USAID, the NDI began “helping opposition leaders ... and rank and file members to institute changes”,

focusing on “platform development, voter targeting, strategic planning and membership development”.

In 1997 NDI began training seminars to develop “groups of organizers within major parties to train their peers in basics in party organization.” In 1998, the NDI shifted its focus from local party branches to “working with opposition parties at the national level.”

In late August of 1998, the NDI held a series of consultations in Croatia on “how to effect changes to the existing parliamentary election law” and “provided expert commentary on the initial draft of the coalition’s proposed law.” (4)

Another of the NED’s core institutes, the International Republican Institute, has been involved in conducting detailed polls of the Croatian public, including prognoses of results for the upcoming parliamentary elections. (5)

Since its inception, the NED has had its share of influential supporters as well as vocal critics. In a memorandum of the conservative Washington think tank, **The Heritage Foundation**, senior analyst James Phillips calls the NED a “valuable weapon in the international war of ideas...it advances American national interests by promoting the development of stable democracies friendly to the U.S. in strategically important parts of the world.” (6)

Phillips writes that “the NED has played an important role in providing aid to democratic movements in the former Soviet bloc, China, Cuba, Iran, Iraq, Nicaragua, Vietnam, and elsewhere....”and has helped emerging democracies to build “a stable democratic system, representative political parties, a free-market economy, and a free press”...battling a “wide variety of anti-American dictatorships....embryonic democracies remain vulnerable not only to communists, but to military coups. fundamentalist politico-religious movements, and authoritarian parties.” (7)

Phillips argues that “the U.S. has a stake in the promotion of democracy and the rule of law. Western style democratic governments are least likely to threaten American interests....consolidating democracy in formerly hostile states...helps to enhance America’s long term security....and facilitate free market reforms that lead to international trade and investment opportunities.” Although the Cold War has ended, “the global war of ideas continues to

rage....American interests and ideals remain threatened by deeply entrenched Communist regimes, neocommunists, aggressive dictatorships, radical nationalists and Islamic fundamentalists...the U.S. cannot afford to surrender the ideological battlefield.” (8)

In one of the most recent opinion pieces on the NED, the editors call for continued support for the NED, citing its assistance throughout the years to opponents of dictatorships in, for example, China, Sudan, Serbia, Cuba, Myanmar, and hile.” (9)

Before enumerating the arguments of those who have criticized or called for a halt to funding for the NED, it is instructive to examine the origins of the NED and what provided the impetus for its inception.

Senate investigations into the CIA

In 1967, a series of catastrophic scandals erupted after a portion of the CIA’s covert funding network operations was exposed in a **Ramparts** magazine article.(Note: The Agency had apparently controlled and financed scores of foreign trade unions, student and youth organizations, and political institutes, passing the money to a real or bogus foundation, then to a U.S. private organization and from there to the foreign recipient.) These revelations of widespread illegalities resulted in an outcry from Congress and a call for extensive Senate investigations. The hearings began in the late 1970s, and were known as the *Church committee investigations*, after Senator Frank Church.) (10)

In January of 1976, the Pike committee released a report on its conclusions based upon the hearings, but by a vote of 246-124, Congress prevented it from being made available to the public. However, a bootlegged copy of the report was carried in the alternative newspaper, **the Village Voice**, in February of 1976, “The CIA Report the President Doesn’t Want You to Read”. In April of 1976, the Church committee released its six volume report. Both reports were highly critical of the CIA and led to reevaluations of its performance and mission and proposals for a new paradigm. Changes in the law governing CIA operations were also implemented, making Presidents accountable for CIA’s secret undertakings and requiring the CIA to report to Congress on its activities. (11)

Among the disclosures during the hearing was extensive evidence of massive co-opting and manipulation of journalists and propaganda operations, illegal drug testing, manipulation of foreign elections, even assassinations of foreign leaders and officials, coup attempts, etc. against Salvador Allende, Castro, Mossadegh and numerous others. In regard to media manipulation, domestic and foreign, the hearings showed that 29% of 40 covert CIA actions had gone for media and propaganda projects, which would have been equal in 1978 to approximately 265 million dollars and 2,000 personnel. The propaganda budget of the CIA was thus "as large as the combined budgets of Reuters, United Press International and the Associated Press." It was also revealed in the hearings that over 400 highly reputable journalists had operated as "CIA journalists"(12) Carl Bernstein, Washington Post reporter and Pulitzer Prize winning journalist - awarded for his expose of the Watergate cover-up - did a subsequent follow up on this topic in "Rolling Stone", showing that the CIA had very close ties with major media figures (i.e. Sulzberger of the NYT, Henry Luce of Time, William Paley of CBS) and organizations, such as the Washington Post, New York Times, Reuters, AP, Newsweek, and UPI . Bernstein claimed that, according to CIA documents, the most "valuable" of these associations had been with the NYT, Time and CBS during that period.(13) In order to salvage its reputation, the New York Times did its own study of the issue, reporting that over the 25 years prior to the hearings, the CIA "had owned or subsidized more than fifty newspapers, news services, radio stations, periodicals and other communications facilities, most of them overseas....another dozen foreign news organizations were infiltrated by paid CIA agents...and that nearly a dozen American publishing houses printed some of the more than 1,000 books that had been produced or subsidized by the CIA. In a 1976 interview, CIA chief Colby was directly asked if the CIA ever told its media agents what to write. He said "oh, sure, all the time." (14)

Several years after the hearings, President Reagan was persuaded by his then CIA chief, Casey, to allow him to revitalize operational and analytical sides of the CIA in the wake of the scandals. He also promised Reagan that the CIA would "avoid journalists", but, as many pointed out, the new policy had a provision that allowed the CIA to make exceptions when necessary.(15) Shortly thereafter, President Ronald Reagan called for greater efforts to promote world democracy, and the creation of the NED was

proposed. Its role was ostensibly to assist democratic movements in ways that were “beyond the reach of federal programs.” The founders of NED feared that traditional agencies such as USAID and USIA “faced legal and political restrictions that limited their activities”. A private aid agency, they felt, “would be able to operate more freely and escape the stigma attached to US foreign aid in many parts of the world”. Many analysts interpreted the move as an attempt to transfer the covert activities of the CIA to a new, overt agency, the NED. Indeed, according to Allen Weinstein, one of the drafters of the NED legislation, “a lot of what we do today was done covertly 25 years ago by the CIA.” (16)

Critics of NED

Critics of the NED and its activities agree. According to Philip Agee, the first CIA officer to expose its extensive illegal and covert operations, the CIA has regularly been used “to intervene in the domestic affairs of other countries and to support political forces considered friendly to U.S. interests, or to weaken and destroy those considered unfriendly or threatening”. Governments, he says, who were attacked by the U.S. were “left, nationalist, reform-minded, populist or simply uncooperative” where U.S. economic interests and access to foreign markets were concerned. Based upon his experiences with the Agency (1957-69), the common denominator was always an unwillingness to comply with U.S. dictates. (17)

Agee provides a chronology of events following the Church hearings, and prior to the establishment of the NED. Members of Congress had “proposed legislation to create an ‘open’, government-financed foundation to carry on financing the activities which had recently been revealed as CIA-connected. The idea was to make money available to foreign political parties, trade unions, student groups and other private organizations - not to eliminate secret CIA money but to provide an alternative, given the constant problem of ‘covering CIA money.’” In 1979, the idea resurfaced, and an institute was founded to study the “feasibility of government financing of the foreign activities of private U.S. organizations. Participants in the study included “right wing think tanks such as the **American Enterprise Institute** and the **Center for Strategic and international Studies.**” The study became known as the Democracy Program, based on a German model. By secret executive order, Reagan formed such a program within the USIA, in

which CIA director Casey participated, but the press leaked his involvement and the CIA role was “supposedly canceled.” (18)

The conclusion finally was reached that the NED would serve to replace the previous agencies whose credibility had been destroyed, and its creation was finally approved by Congress in 1983. At its head was John Richardson, Jr., former chief of Radio Free Europe, another agency purported to have been under the control of the CIA, according to intelligence experts. In regard to the NED program, CIA director Colby commented that “it is not necessary to turn to the covert approach....many of the programs conducted as covert operations can now be conducted quite openly, and....without controversy.” Colby’s wife became shortly thereafter a member of the NED board of directors. (19)

The NED began with an initial appropriation of 18.8 million dollars from the United States Congress. It was stipulated that the NED was simply a funding channel and could have no projects of its own. The U.S. government would have full access to all its files, papers and financial records. In practice, according to Agee, the U.S. State Department and other government agencies such as the CIA would “formulate and approve NED projects”, which would be channelled for the most part through the four core groups, NDI, IRI, CIPE and ACIL. The NED then, says Agee, was “simply a continuation of public funding for intervention in foreign countries, using new conduits, with the ‘private’ organizations serving as instruments of U.S. foreign policy.”

Beneficiaries included the whole spectrum: political parties, cooperatives, professional associations, information media, publications, programs, universities, trade unions, churches, women’s groups, youth groups, and students: “in short, all traditional CIA covert action targets.” (20)

Another highly decorated former CIA agent, Ralph McGehee, who served for 25 years in the agency and has testified in Congress and in court on CIA issues, has also written extensively about the typical pattern of U.S.: “democracy promoting activities”: the U.S. administration either influences or creates new human rights organizations which declare a non compliant country in violation of human rights. Propaganda discredits the transgressors. As soon as a government has been appropriately demonized, “diplomatic, political, propaganda, media operations and

economic measures are applied to force the target country to toe the line.” (21)

When the target nation lessens political restrictions, the NED, USIA, government backed non-governmental organizations, USAID, the World Bank, etc., begin overt or covert operations to modify or replace governing authority.” False evidence operations are also conducted, forging documents and placing them where they will be discovered and distributed, “glorifying demons and demonizing targets, even the most honorable”. McGehee reinforces Agee’s assertions about the NED as an alternative agency to the CIA, since the NED “subsidizes and influences elections, political parties, think tanks, academia, business groups, book publishers, media, labor, religious, women’s and youth groups...NED assumed this role from the CIA beginning in 1983 and uses many of the same institutions but operates more openly...it is in part a smoke screen for operations by other organizations.” Other non government organizations (NGOs) are also involved in CIA covert actions. McGehee refers to the book “Holy War, Holy Victory” by Kurt Lohbeck on CIA actions in Pakistan and Afghanistan. Lohbeck provides evidence that many NGOs that sprung up around CIA operations were so intertwined with CIA that it was impossible to separate them, and even provides names of some such organizations, especially the various European NGOs. McGehee also makes mention of the NED journal, Journal of Democracy, which subsidizes writers, some of which, “we may assume are on the U.S. NED payroll, or, to put it another way, agents of the U.S.” (22)

A recently released CIA memorandum on use of the media in the 60s and 70s under the Freedom of Information Act strengthens earlier assertions made by McGehee, Carl Bernstein and Philip Agee, in that the memorandum clearly states that the CIA had “relationships with reporters from every major wire service, newspaper, weekly and television network...in many instances, we have persuaded reporters to postpone, change, hold or even scrap stories.” The Agency also touted its “wide range of contacts with academics through recruiting, professional societies, contractual arrangements...the Public Affairs Office of the CIA was also “building a data base of information about Agency contacts with academia - conferences, seminars, scholars, recruiting officers...” (23)

A Russian counterintelligence report from early 1995, as though to confirm the CIA memorandum, found that American research centers, institutes and aid organizations were spying on Russia and working to undermine it....influencing the development of political and economic processes in Russia.” The report named the Soros Foundation and scores of other U.S. organizations which were engaging in subversive activity, including groups from Harvard, Columbia and Duke Universities and their involvement in the 1993 parliamentary elections. (24)

Former disillusioned CIA agents are by far not the only harsh critics of the activities and mission of the NED. The conservative, non-government funded think tank, the CATO Institute, enumerated its many objections to the organization back in 1993 in a long and detailed analysis, calling it a “foreign policy loose cannon”, which “harasses the duly elected government of friendly countries, interferes in foreign elections and fosters corruption of democratic movements”, all financed by American taxpayers.

CATO points out that the NED is not independent, as claimed in its policy statement, but is funded by the U.S. government, and that it was created, as Agee and others have written, to assist movements abroad which were “beyond the reach of established federal programs” such as USIA and USAID, who were “legally and politically restricted” from certain activities. The structure of the NED, according to CATO, is “based on the premise that government money, if filtered through enough layers of bureaucracy, becomes ‘private’ funding, a dangerous and illogical assumption.” CATO also criticizes the NED for “taking advantage of its alleged private status to influence foreign elections, an activity that is beyond the scope of AID and USIA and would otherwise only be possible through a CIA covert operation.” CATO makes the interesting point that such activities “would be illegal for foreign groups operating in the United States”. Another problem is that there is ambiguity about the grants that go through NED, as “even the recipients do not always know the precise source of their funding”, and could therefore be unwitting agents or conspirators. (25)

NED manipulation of foreign elections

The issue of election interference on the part of the NED has provoked the most criticism from its detractors. Central America was a major focus in the 1980s, shortly after the

creation of the NED. Panama was one of the first examples of political intervention by the NED. The U.S. supported candidate Barletta of the military-controlled Democratic Revolutionary Party, who was also a vice president of the World Bank and one-time student of former U.S. Secretary of State George Shultz. Barletta was opposed by Arnulfo Arias, a nationalist and populist. The U.S. feared his anti-military platform would bring instability to Panama, and that Arias would undermine U.S. efforts to overthrow the Sandinistas in Nicaragua and to defeat the rebels in El Salvador. During the election campaign, NED money was channeled through the AFL-CIO's Free Trade Union Institute to finance Panamanian unions supporting Barletta. Fraud in vote counting gave Barletta the election, even though a count by the U.S. embassy in Panama showed Arias had won by 4-8,000 votes. (26)

In Nicaragua, the NED, along with the CIA and other U.S. agencies, poured millions of dollars into defeating the Sandinista government in 1990, and financing the anti-Sandinista coalition. However, preparations began years prior to 1990 to ensure the desired U.S. outcome. As a result of the controversy that arose in 1984 when NED funds were used to ensure Barletta's victory in Panama, (see above), a law was passed in the U.S. Congress prohibiting the use of NED funds to "finance the campaigns of candidates for public office." However, it was not difficult to circumvent the law, and NED simply gave millions instead to the Nicaragua Opposition Union (UNO), which then dispersed funds to scores of other "democracy building" groups supporting this coalition. Although there were eight other opposition groups, NED money was given only to UNO. The newspaper La Prensa, which supported Violeta Chamorro, the opposition candidate, received NED financial aid as though it were non-partisan, and the NED spent over one million dollars on other anti-Sandinista media and political groups, many tied to the CIA. NED was closely supervised by Walter Raymond, Jr., a CIA propaganda specialist sent from **the National Security Agency** in 1982 by CIA chief Casey. The U.S. plan was to put into place a massive intervention through the CIA, NED, and AID with psychological, economic and political programs. The plan called for mobilizing three bodies: a political coalition to oppose the Sandinistas, a trade union coalition, and a mass civic organization. Sub-groups would focus on youth and students, women, religious organizations, etc. Media operations were central to the operation. (27)

The NED provided over 12.5 million dollars to finance the operation. Other NED money went to a variety of other organizations for programs in propaganda, training, etc. The NED sum would represent the equivalent of a 2 billion dollar foreign intervention in a U.S. election. In addition, the CIA is estimated to have spent 11 million dollars in the election. (28)

A 1990 article in the left-wing magazine, **The Nation**, pointed out, as had the CATO Institute, that “if the Nicaraguan government were to fund similar campaign activities in the United States, the recipients and conduits of that money would be subject to stiff civil and criminal penalties.” After the scourge of Watergate, Democratic Senator Lloyd Bentsen, in fact, introduced such an amendment to the Federal Election Campaign Act “eliminating political contributions from all foreign nationals”, saying that he did not think foreign nationals had “any business in our political campaigns.” Bentsen’s amendment passed in the Senate by 89 to 0 and passed into law in 1974. (29)

As for Nicaragua, the World Court ultimately ruled that the U.S. had waged an illegal war against Nicaragua and ordered 17 billion dollars in reparations to be paid, an order subsequently ignored by the U.S. (30)

NED also made efforts to ensure the defeat of Augusto Pinochet in Chile in the late 1980s, covered in a NYT story in June of 1988: “The administration enthusiastically backed a Congressional earmark of 1 million to the NED for projects relating to democracy building in Chile”; however, “the financial aid to opposition groups by the NED revived the frequent charges by Pinochet and his supporters that the opposition is dependent on financial assistance from foreign governments, political parties and foundations.” Other funds went “to two trade union groups” who opposed Pinochet, to an opposition newspaper, La Epoca, and to a “political and economic research institute to undertake a political poll.” An NED official said his organization “was not taking a position in the plebiscite”. Pinochet was subsequently arrested in London during a medical checkup and charged with crimes against humanity. (31)

There were also protests against “unfair interference favoring the political parties closest to Vaclav Havel” by the NED. At issue was \$400,000 given by the NED to two organizations which later “coalesced...to lead the revolution

against Communist rule.” Although NED president Carl Gershman said that the NED “did not side with one party or another”, the chairman of the Christian Democratic Movement disagreed, asking why the NED only “gave money to just one or two among 23” opposition parties. The Green Party chairman concurred, saying the American grant was “an injustice”. The NYT pointed out that although Gershman had stated that the NED goal was not to support campaigning, a U.S. government document said the purpose was “to prepare those two parties for the June 8 elections and consolidate their position as Czechoslovakia’s premier democratic movement.” (32)

Former Soviet dissident Vladimir Bukovsky concurs that NED funding can, indeed, be partisan. In a 1991 **National Review** editorial, he wrote that when the “NED...singles out this or that magazine or Moscow newspaper to underwrite, it corrupts both the market and the independence of the press.” He also addressed the political corruption which results when certain politicians are subsidized by the NED and other non-governmental organizations, and emphasizes, as **The Nation** and others have, that “the congressional code of ethics would forbid members of the U.S. Congress from accepting foreign subsidies for political activities...apparently, what is unacceptable for an American is commendable for a Russian.” Russian money, he wrote, had gone to many elected officials to “encourage democratic activities.” (33)

In the 1980s and early 1990s, the NED was active in Haiti as well, trying to prevent the election of Aristide. Haitian newspapers were critical of the NED, which “like its covert cousin, the CIA, the very visible NED sees its mission as ‘planning, coordinating and implementing international political activities in support of U.S. policies and interests relative to national security’”, according to the 1985 NED annual report. To carry out this mandate, the “NED, or more specifically, its Republican tentacle, the International Republican Institute (IRI), has worked diligently to assemble...a hodgepodge of 26 ‘opposition’ groups”.(34) Jerry Brown, former California governor and U.S. Democratic Presidential candidate in 1980, also attacked NED activities in Haiti, where approximately 13 million dollars were spent on “so-called democracy building activities...in fact, the money was going to the very groups in Haiti that were known for manipulating elections and politics.” (35)

Aristide was nonetheless elected, after which the U.S. sharply increased funding for political activities, mainly through USAID. Huge notebooks containing allegations of human rights abuses under Aristide were prepared, “something it had not done under the previous rulers, Duvalierists and military men”, who, although dictatorial, had been cooperative with the United States. Noam Chomsky wrote that after Aristide had clearly told the U.S. that “it is monstrous to come down here and impose your will on another people” whom you do not understand and for whom you care nothing, adding that he could not “accept that Haiti should be whatever the U.S. wants it to be”, it was clear that Aristide had to go. (36)

In Bulgaria, the Socialist Party won the 1990 elections freely and fairly and assumed power. Shortly thereafter, the NED and other U.S. foreign policy structures began financing and advising opposition forces in the art of “creating chaos”, using strikes and protest actions which ultimately led to the resignation of the president, who was replaced by a member of the opposition. (37)

One of the most dubious interventions by the NED occurred in 1989 in Costa Rica, the only stable democracy in Central America. Because Nobel prize winner and President Oscar Arias opposed Reagan’s policy in Central America, he “incurred the wrath of NED activists...from 1986 to 1988, NED gave money to Arias’s political opposition, which was strongly supported by Panamanian dictator Noriega.” (38) In subsequent years, Noriega was no longer needed by the United States, and he was charged with drug smuggling and is now serving a life sentence in the United States.

Congressman Paul Kanjorski reacted in a Christian Science Monitor article from 1991, to the highly questionable activities of the NED around the world, saying that “American tax dollars are being used to aid in the overthrow of foreign governments....does that sound shocking? It should.”

Although the NED, in its policy statement, professes its goal to be to “encourage free and democratic institutions throughout the world”, Kanjorski alleges that “NED has provided money to the political party working to defeat Nobel Peace Prize winner Oscar Arias, president of Costa Rica” and has also funded groups in France, one of Europe’s oldest democracies, “who were opposed to the policies of Mitterrand and working for his defeat.” NED funnels its

money, he writes, to other groups and organizations, so that “it is very difficult to determine precisely where these funds are going and what activities they are promoting.” Kanjorski introduced legislation to eliminate funding for the NED and to repeal its legislation, but his efforts failed. (39)

According to the CATO report, the NED, a “Cold War relic”, was first funded in 1984 with 18 million at the height of the Cold War. By 1986, Gorbachev’s first year in power, funding was cut to 17.2 million, and the year after, to 15 million. However, the appropriations increased dramatically once the Soviet Union disintegrated: “in 1991, NED’s budget grew to 25 million, in 1992, to 27.5 million and in 1993, to 35 million.” (40) A recent editorial in the New York Times (July 21, 1999) spoke out against efforts to stop the funding of NED, as recommended by NED critic, Congressman Judd Gregg. “The Senate should defy him and vote to preserve an organization whose mission is more vital than ever.” (41)

Double standard on election intervention

Many of the opponents of NED have pointed out that, if similar operations were conducted by foreign groups in the United States, they would be illegal. The recent scandal concerning Chinese government contributions to the Democratic election campaigns can serve as an example.

In 1991, FBI officials and counterintelligence agents discovered Chinese efforts to interfere in American campaigns. Large sums of money had been illegally distributed in order to mask the source of contributions, the purpose being to “influence the U.S. position on a host of issues...” An uproar resulted, with calls to expel the Chinese diplomats to show clearly that “foreign political interference will not be tolerated.”(42)

At that time, a senior New York Times commentator, John Broder, observed dryly that the horror expressed was, at best, uninformed, as “the U.S. has long meddled in other nations’ internal affairs”, especially through the NED, which was “created fifteen years ago to do in the open what the CIA has done surreptitiously for decades, spends 30 million a year to support things like political parties, labor unions, dissident movements and the news media in dozens of countries, including China.” Unions were financed in France, Paraguay, the Philippines and Panama, political parties in Portugal, Costa Rica, Bolivia and Northern Ireland

were financed, and money was given to U.S. candidates in elections in Czechoslovakia and Nicaragua. And what's more, these are "the more benign efforts to intervene around the world. Since the end World War 2, the U.S. usually covertly through the CIA, has installed or toppled leaders on every continent....fomented coups, spread false rumors, bribed political figures and spent countless billions of dollars to sway public opinion." Peter Kornbluh of the National Security Archive believes that "if the Chinese tried to influence the election, the U.S. is only getting a taste of its own medicine....China has done little more than emulate a long pattern of U.S. manipulation, bribery and cover operations to influence the political trajectory of countless countries around the world." (43)

In an article by the press watchdog organization, Fairness and Accuracy in Reporting, Norman Solomon asks why the U.S. efforts to sway the Russian presidential race in 1996 were good, but the Chinese efforts to influence U.S. congressional races were bad. Through the NED, for example, favored political forces overseas are assisted, including many members of the current Russian parliament (see Bukovsky above). Solomon says some relevant history is needed in light of the furor over Chinese donations., i.e.:

U.S. intelligence operations financed activities in support of U.S. friendly candidates in Italy, Chile, Australia, El Salvador and Nicaragua, among others. In El Salvador, "the State Department and the CIA bought the election for Jose Duarte", according to Senator Jesse Helms.(44)

Croatia and the NED

Although the numerous analysts and experts who have investigated the NED appear unanimous in their view that it is impossible to trace the many activities of the NED in a given host country, there is a certain amount of public domain information available regarding funding and support to groups and or institutions, either by the NED or by other NGOs and organizations who work closely with the NED, such as the **Center for Foreign Journalists, Committee to Protect Journalists, Free Trade Union Institute, International Republican Institute, National Democratic Institute for International Affairs**, and the **Westminster Foundation for Democracy**.(45)

Already in 1992, the European office of the **Agency for International Development** (AID) distributed a “Recommendation of IRI on the strengthening of pro-democratic forces in the republics of the former Yugoslavia”. It is claimed in the recommendation that the elections in the Republic of Croatia in 1992 were “problematic” and that the “nationalistic leader Franjo Tudjman and his party, the HDZ, won the majority of parliamentary seats.” IRI recommended that an aid program for the opposition in Croatia be immediately established in order to hasten the formation of a coalition and to provide training and information in regard to election issues. Emphasis is placed in the program on the necessity for strengthening pro-democratic political parties and their mutual cooperation.

According to the most recently updated public information, some of the NED grantees in recent years in Croatia were:

- The Croatian Helsinki Committee for Human Rights (HHO), director Vjekoslav Vidovic
- The Erasmus Guild, director Vesna Pusic
- The National Democratic Institute for International Affairs
- The Center for International Private Enterprise
- Anti-War Campaign for Croatia
- International Republican Institute
- STINA News Agency

Grants were given by the Westminster Foundation to:

- Croatian Labor Party
- Article 19
- Arkzin
- Charities Aid Foundation

On the NED board of directors are, among others, Morton Abramowitz, former U.S. intelligence official, former director of the Carnegie Endowment - which publishes the elite political affairs journal, **Foreign Policy** - and present board member of the European NGO, the International Crisis Group (ICG). Note: many of the ICG recommendations and

reports have subsequently been adopted by the international community (i.e. resolution of Brcko). Also on the board is Paula Dobriansky, member of the Council on Foreign Relations and former member of the law firm, Hunton and Williams, which is providing the defense of Blaskic, Kordic, etc. (46)

On the board of the IRI are, among others, U.S. Senator John McCain, current Presidential candidate, Lawrence Eagleburger (former U.S. Ambassador to Yugoslavia), Jeane Kirkpatrick, and Brent Scowcroft.

Janusz Bugajski, who is a regular contributor to "Nacional", was a senior research analyst for **Radio Free Europe**, has also worked for USAID, the NED (through the International Republican Institute), and the Free Trade Union Institute (AFL-CIO). Bugajski is a contributor, as is Vesna Pusic, to the NED journal, the **Journal of Democracy**, and he is also active in the Washington think tank, the "right wing **Center for Security and International Studies**", to which Agee referred in his article cited earlier in this report. (47)

The Committee to Protect Journalists, one of the groups closely linked to the NED, according to former US State Department official, William Blum, has regularly defended Croatian journalists such as Ivo Pukanic and Viktor Ivancic and organized actions to apply pressure on the Croatian government to discontinue lawsuits against them, and USIA, another organization close to the NED, has provided money to pay for legal costs of some journalists who have been sued in court. "**Nacional**" has also recently been assisted by USIA in creating and improving its web page on the Internet.

Election prognoses and polls predicting defeat for the ruling party - prepared by the NED core institute, the IRI - appear as major news items in the press, especially in opposition publications such as **Nacional, Globus, Jutarnji List, Feral Tribune** and **Novi List**. (see attachments)

Interestingly, some of the outspoken NED critics cited in this report have been used recently as expert commentators on various other subjects by the opposition press, i.e. Noam Chomsky and members of the CATO Institute.

According to the IRI program proposal for Croatia, the activities of IRI were to occur prior to the Croatian parliamentary elections as well and four months during the

post-election period, until June 2000 at the latest. USAID experts and the U.S. Embassy in Croatia have approved continuation of work in the following areas:

- a. Research and analysis of public opinion based on polling and work with “focus groups”;
- b. Offering assistance, consultations, and information-sharing during the election campaign, as well as in the post-election period, message shaping, and election campaign strategies;
- c. building coalitions and maintaining them by working together and using the knowledge gained from public opinion polls;
- d. Organizing the youth of political parties with the goal of greater participation of young people in elections.

In conclusion, one finds some common denominators in the various analyses and observations presented in this report:

1. Critics of the NED cover the entire political spectrum. Marxists, liberals, centrists, conservatives and right-wing institutes and organizations have objected on the same grounds to its activities, labeling them anti-democratic, imperialist and antithetical to basic democratic principles.
2. The NED has no particular political ideology other than using its resources against any government which opposes U.S. strategic interests, be it nationalist, Communist or other.
3. Recipients in Croatia of NED money usually represent themselves as liberals and democrats, but are in essence serving as conduits for partisan foreign government organizations manipulating democracy, which is in direct contradiction to liberal policies and activities.
4. Sometimes, recipients of NED money are unaware that the money has come from NED.
5. Activities undertaken in foreign countries by the NED would be illegal if undertaken, i.e. by foreigners in the United States.

6. A wide range of respected individuals in the U.S. media and government agree that the NED is a surrogate of the CIA and is carrying on overtly what were earlier covert CIA operations, i.e. manipulation of the media, elections, dirty tricks, etc.

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 4. National Democratic Institute for International Affairs report on Activities in Central and Eastern Europe, December 1998.
 5. See attachments
 6. Phillips, James. The National Endowment for Democracy: a Prudent Investment in the Future. The Heritage Foundation, Executive memorandum No. 461, September 13, 1996.
 7. Ibid, page 1.
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 13. Bernstein, Carl. "CIA and the Media". Rolling Stone, October 20, 1977.
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 46. Documents available on NED website
 47. Documents available on CSIS website.