

A Shadow US Foreign Policy

Exclusive: A shadow foreign policy apparatus built by Ronald Reagan for the Cold War survives to this day as a slush fund that keeps American neocons well fed and still destabilizes target nations, now including Ukraine, creating a crisis that undercuts President Obama, reports Robert Parry.

By Robert Parry

The National Endowment for Democracy, a central part of Ronald Reagan's propaganda war against the Soviet Union three decades ago, has evolved into a \$100 million U.S. government-financed slush fund that generally supports a neocon agenda often at cross-purposes with the Obama administration's foreign policy.

NED is one reason why there is so much confusion about the administration's policies toward attempted ousters of democratically elected leaders in Ukraine and Venezuela. Some of the non-government organizations (or NGOs) supporting these rebellions trace back to NED and its U.S. government money, even as Secretary of State John Kerry and other senior officials insist the U.S. is not behind these insurrections.

So, while President Barack Obama has sought to nurture a constructive relationship with Russia's President Vladimir Putin especially in hotspots like Iran and Syria, NED has invested in projects in Russia's close neighbor, Ukraine, that fueled violent protests ousting President Viktor Yanukovich, who won election in 2010 in balloting that was viewed by international observers as fair and reflecting the choice of most Ukrainian citizens.

Thus, a U.S.-sponsored organization that claims to promote "democracy" has sided with forces that violently overthrew a democratically elected leader rather than wait for the next scheduled election in 2015 to vote him out of office.

For NED and American neocons, Yanukovich's electoral legitimacy lasted only as long as he accepted European demands for new "trade agreements" and stern economic "reforms" required by the International Monetary Fund. When Yanukovich was negotiating those pacts, he won praise, but when he judged the price too high for Ukraine and opted for a more generous deal from Russia, he immediately became a target for "regime change."

Last September, NED's longtime president, Carl Gershman, took to the op-ed page of the neocon-flagship Washington Post to urge the U.S. government to push European "free trade" agreements on Ukraine and other former Soviet states and

thus counter Moscow's efforts to maintain close relations with those countries. The ultimate goal, according to Gershman, was isolating and possibly toppling Putin in Russia with Ukraine the key piece on this global chessboard.

"Ukraine is the biggest prize," Gershman wrote. "The opportunities are considerable, and there are important ways Washington could help. The United States needs to engage with the governments and with civil society in Ukraine, Georgia and Moldova to ensure that the reform process underway not only promotes greater trade and development but also produces governments that are less corrupt and more accountable to their societies. An association agreement with the European Union should be seen not as an end in itself but as a starting point that makes possible deeper reforms and more genuine democracy.

"Russian democracy also can benefit from this process. Ukraine's choice to join Europe will accelerate the demise of the ideology of Russian imperialism that Putin represents. Russians, too, face a choice, and Putin may find himself on the losing end not just in the near abroad but within Russia itself."

Shadow Structure

In furtherance of these goals, NED funded a staggering 65 projects in Ukraine, according to its latest report. The funding for these NGOs range from tens of thousands of dollars to hundreds of thousands of dollars and created for NED what amounted to a shadow political structure of media and activist groups that could be deployed to stir up unrest when the Ukrainian government didn't act as desired.

This NED shadow structure, when working in concert with domestic opposition forces, had the capability to challenge the decisions of Yanukovich's elected government, including the recent coup spearheaded by violent neo-Nazis that overthrew him. Presumably, NED wanted the "regime change" without the neo-Nazi element. But that armed force was necessary for the coup to oust Yanukovich and open the path for those IMF-demanded economic "reforms."

Beyond the scores of direct NED projects in Ukraine, other major NED recipients, such as Freedom House, have thrown their own considerable weight behind the Ukraine rebellion. A recent Freedom House fundraising appeal read: "More support, including yours, is urgently needed to ensure that Ukrainian citizens struggling for their freedom are protected and supported." Freedom House meant the "citizens struggling" against their elected government.

So, over this past week, a policy dispute about whether Ukraine should accept the European Union's trade demands or go with a more generous \$15 billion loan from Moscow escalated into violent street clashes and finally a putsch

spearheaded by neo-Nazi storm troopers who took control of government buildings in Kiev.

With Yanukovych and his top aides forced to flee for their lives, the opposition-controlled parliament then passed a series of draconian laws often unanimously, while U.S. neocons cheered and virtually no one in the U.S. press corps noted the undemocratic nature of what had just happened. [See Consortiumnews.com's "[Cheering a 'Democratic' Coup in Ukraine.](#)"]

An Incipient Civil War

On Wednesday, Yanukovych insisted that he was still the rightful president and his supporters seized government buildings in the eastern, ethnically Russian part of the country, setting the stage for what has the look of an incipient civil war.

Meanwhile, the U.S. government appears nearly as divided as the Ukrainian people. While neocon holdovers in the State Department, particularly Assistant Secretary of State for European Affairs Victoria Nuland, helped instigate the crisis, President Obama has seen his collaboration with Putin to tamp down crises in Syria and Iran put at risk. That cooperation was already under attack from influential neocons at the Washington Post and other media outlets.

Then, last December, Nuland, the wife of prominent neocon Robert Kagan, reminded Ukrainian business leaders that, to help Ukraine achieve "its European aspirations, we have invested more than \$5 billion." She said the U.S. goal was to take "Ukraine into the future that it deserves," meaning out of the Russian orbit and into a Western one.

On Jan. 28, Nuland spoke by phone to U.S. Ambassador to Ukraine Geoffrey Pyatt about how to manipulate Ukraine's tensions and who to elevate into the country's leadership. According to the conversation, which was intercepted and made public, Nuland ruled out one opposition figure, Vitali Klitschko, a popular former boxer, because he lacked experience.

Nuland also favored the UN as mediator instead of the European Union, at which point in the conversation she exclaimed, "Fuck the E.U." to which Pyatt responded, "Oh, exactly " [See Consortiumnews.com's "[Neocons and the Ukraine Coup.](#)"]

Yet, the larger question for Americans may be whether NED and its slush fund have helped create not only shadow political structures in countries around the world but whether one now exists in the United States. Though NED has always justified its budget by focusing on what it will do in other countries, it spends much of its money in Washington D.C., funding NGOs that pay salaries of

political operatives who, in turn, write American op-eds often from a neocon, interventionist perspective.

Indeed, it would be hard to comprehend why the American neocon power structure didn't capsize after the disastrous Iraq War without factoring in the financial ballast provided by NED and other neocon funding sources. That steady flow of NED funding, topping \$100 million, gave the neocon movement the staying power that other foreign policy viewpoints lacked.

Cold War Relic

NED was founded in 1983 at the initiative of Cold War hardliners in the Reagan administration, including then-CIA Director William J. Casey. Essentially, NED took over what had been the domain of the CIA, i.e. funneling money to support foreign political movements that would take the U.S. side against the Soviet Union.

Though the Reagan administration's defenders insist that this "democracy" project didn't "report" to Casey, documents that have been declassified from the Reagan years show Casey as a principal instigator of this operation, which also sought to harness funding from right-wing billionaires and foundations to augment these activities.

In one note to then-White House counselor Edwin Meese, Casey endorsed plans "for the appointment of a small Working Group to refine the proposal and make recommendations to the President on the merit of creating an Institute, Council or National Endowment in support of free institutions throughout the world."

Casey's note, written on CIA stationery, added, "Obviously we here should not get out front in the development of such an organization, nor do we wish to appear to be a sponsor or advocate. We would be pleased to make suggestions on the composition of the Working Group and Commission."

To organize this effort, Casey dispatched one of the CIA's top propaganda specialists, Walter Raymond Jr., to the National Security Council. Putting Raymond at the NSC insulated the CIA from accusations that it institutionally was using the new structure to subvert foreign governments while also helping fund American opinion leaders who would influence U.S. policy debates, a violation of the CIA's charter. Instead, that responsibility was shifted to NED, which began doing precisely what Casey had envisioned.

Many of the documents on this "public diplomacy" operation, which also encompassed "psychological operations," remain classified for national security reasons to this day, more than three decades later. But the scattered documents that have been released by archivists at the Reagan Presidential Library in Simi

Valley, California, reveal a whirlwind of activity, with Raymond in the middle of a global network.

Who Is Walt Raymond?

Reagan's White House was so nervous that the press corps might zero in on Raymond's CIA propaganda background that it prepared guidance in case anyone should ask, according to a document recently released by the Reagan library. If a reporter questioned White House claims that "there is no CIA involvement in the Public Diplomacy Program" by asking, "isn't Walt Raymond, a CIA employee, involved heavily?" the scripted answer was to acknowledge that Raymond had worked for the CIA but no longer.

"It is true that in the formative stages of the effort, Walt Raymond contributed many useful ideas. It is ironic that he was one of those who was most insistent that there be no CIA involvement in this program in any way."

As for the role of CIA officials, the guidance asserted, "they do not want to be involved in managing these programs and will not be. We have nothing to hide here." But if a reporter then "pressed about where [Raymond] last worked," the answer was "he retired from CIA. If pressed about what his duties were: His duties there were classified." Indeed, sources say Raymond was the CIA's top expert on propaganda and psychological operations.

As NED took shape, Gershman was in frequent contact with Raymond, who oversaw a network of inter-agency task forces that implemented a global propaganda and psy-op strategy. Documents also make clear that Raymond kept CIA Director Casey periodically informed about the project's developments.

In effect, NED took over many CIA responsibilities but did them more openly. The U.S. government also took steps to insulate NED from the resistance of targeted countries. Governments that objected to NED's presence were deemed anti-democratic and thus subjected to other pressures.

But governments that permitted NED to function often found themselves facing internal political pressures from NED-funded NGOs to shift those countries' policies to the right by eliminating social programs deemed "socialistic" and heeding to "reform" demands from international bankers, which usually meant ceding some sovereignty to the IMF or other global institutions. [For more details on Raymond's operation, see Robert Parry's [*Lost History*](#).]

A Hand Out

Documents released by the Reagan library also reveal that one of the first organizations to put a hand out for U.S. government largesse was Freedom House,

which describes itself as a human rights organization.

For instance, on Aug. 9, 1982, Freedom House executive director Leonard R. Sussman complained to Raymond that money problems had caused Freedom House to consolidate two of its publications, stating: "We would, of course, want to expand the project once again when and if the funds become available. Offshoots of that project appear in newspapers, magazines, books and on broadcast services here and abroad. It's a significant, unique channel of communication."

Once NED was up and running in 1983 and beyond, Freedom House became a major recipient of grants as it frequently echoed U.S. propaganda themes, though the public had little knowledge about the behind-the-scenes relationships.

But the network that Casey and Raymond built has outlived both of them and has outlived the Cold War, too. Nevertheless, NED and its funding recipients have pressed on, trying to implement the strategies of hardliners such as former Vice President Dick Cheney, who wanted not just the dismantling of the Soviet Union but the elimination of Russia as any kind of counterweight to U.S. hegemony.

Indeed, the momentum that this three-decade-old "public diplomacy" campaign has achieved both from NED and various neocons holding down key positions in Official Washington now pits this shadow foreign policy establishment against the President of the United States. Barack Obama may see cooperation with Vladimir Putin as crucial to resolving crises in Iran and Syria, but elements of Obama's own administration and U.S.-financed outfits like NED are doing all they can to create crises for Putin on his own border.

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his new book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)). For a limited time, you also can order Robert Parry's trilogy on the Bush Family and its connections to various right-wing operatives for only \$34. The trilogy includes *America's Stolen Narrative*. For details on this offer, [click here](#).
