

# Reagan Documents Shed Light on U.S. 'Meddling'

**Special Report:** "Secret" documents from the Reagan administration show how the U.S. embedded "political action," i.e., the manipulation of foreign governments, in ostensibly well-meaning organizations, reports Robert Parry.

By Robert Parry

"Secret" documents, recently declassified by the Reagan presidential library, reveal senior White House officials reengaging a former CIA "proprietary," The Asia Foundation, in "political action," an intelligence term of art for influencing the actions of foreign governments.

The documents from 1982 came at a turning-point moment when the Reagan administration was revamping how the U.S. government endeavored to manipulate the internal affairs of governments around the world in the wake of scandals in the 1960s and 1970s involving the Central Intelligence Agency's global covert operations.

Instead of continuing to rely heavily on the CIA, President Reagan and his national security team began offloading many of those "political action" responsibilities to "non-governmental organizations" (NGOs) that operated in a more overt fashion and received funding from other U.S. government agencies.

But secrecy was still required for the involvement of these NGOs in the U.S. government's strategies to bend the political will of targeted countries. If the "political action" of these NGOs were known, many countries would object to their presence; thus, the "secret" classification of the 1982 White House memos that I recently obtained via a "mandatory declassification review" from the archivists at the Reagan presidential library in Simi Valley, California.

In intelligence circles, "political action" refers to a wide range of activities to influence the policies and behaviors of foreign nations, from slanting their media coverage, to organizing and training opposition activists, even to setting the stage for "regime change."

The newly declassified memos from the latter half of 1982 marked an ad hoc period of transition between the CIA scandals, which peaked in the 1970s, and the creation of more permanent institutions to carry out these semi-secretive functions, particularly the National Endowment for Democracy (NED), which was created in 1983.

Much of this effort was overseen by a senior CIA official, Walter Raymond Jr., who was moved to Reagan's National Security Council's staff where he managed a number of interagency task forces focused on "public diplomacy," "psychological operations," and "political action."

Raymond, who had held top jobs in the CIA's covert operations shop specializing in propaganda and disinformation, worked from the shadows inside Reagan's White House, too. Raymond was rarely photographed although his portfolio of responsibilities was expansive. He brought into his orbit emerging "stars," including Lt. Col. Oliver North (a central figure in the Iran-Contra scandal), State Department propagandist (and now a leading neocon) Robert Kagan, and NED President Carl Gershman (who still heads NED with its \$100 million budget).

Despite his camera avoidance, Raymond appears to have grasped his true importance. In his NSC files, I found a doodle of an organizational chart that had Raymond at the top holding what looks like the crossed handles used by puppeteers to control the puppets below them. The drawing fit the reality of Raymond as the behind-the-curtains operative who controlled various high-powered inter-agency task forces.

Earlier declassified documents revealed that Raymond also was the conduit between CIA Director William J. Casey and these so-called "pro-democracy" programs that used sophisticated propaganda strategies to influence not only the thinking of foreign populations but the American people, too.

This history is relevant again now amid the hysteria over alleged Russian "meddling" in last year's U.S. presidential elections. If those allegations are true – and the U.S. government has still not presented any real proof – the Russian motive would have been, in part, payback for Washington's long history of playing games with the internal politics of Russia and other countries all across the planet.

### **A Fight for Money**

The newly released memos describe bureaucratic discussions about funding levels for The Asia Foundation (TAF), with the only sensitive topic, to justify the "secret" stamp, being the reference to the U.S. government's intent to exploit TAF's programs for "political action" operations inside Asian countries.

Indeed, the opportunity for "political action" under TAF's cover appeared to be the reason why Reagan's budget cutters relented and agreed to restore funding to the foundation.

William Schneider Jr. of the Office of Management and Budget wrote in a Sept. 2, 1982 memo that the Budget Review Board (BRB) had axed TAF funding earlier in the

year.

"When the BRB last considered this issue on March 29, 1982, it decided not to include funding in the budget for a U.S. Government grant to TAF. The Board's decision was based on the judgement that given the limited resources available for international affairs programs, funding for the Foundation could not be justified. During that March 29 meeting, the State Department was given the opportunity to fund TAF within its existing budget, but would not agree to do so."

However, as Schneider noted in the memo to Deputy National Security Advisor Robert McFarlane, "I now understand that a proposal to continue U.S. funding for the Asia Foundation is included in the 'political action' initiatives being developed by the State Department and several other agencies.

"We will, of course, work with you to reconsider the relative priority of support for the Foundation as part of these initiatives keeping in mind, however, the need for identifying budget offsets."

A prime mover behind this change of heart appeared to be Walter Raymond, who surely knew TAF's earlier status as a CIA "proprietary." In 1966, Ramparts magazine exposed that relationship and led the Johnson administration to terminate the CIA's money.

According to an April 12, 1967 memo from the State Department's historical archives, CIA Director Richard Helms, responding to a White House recommendation, "ordered that covert funding of The Asia Foundation (TAF) shall be terminated at the earliest practicable opportunity."

In coordination with the CIA's "disassociation," TAF's board released what the memo described as "a carefully limited statement of admission of past CIA support. In so doing the Trustees sought to delimit the effects of an anticipated exposure of Agency support by the American press and, if their statement or some future expose does not seriously impair TAF's acceptability in Asia, to continue operating in Asia with overt private and official support."

The CIA memo envisioned future funding from "overt U.S. Government grants" and requested guidance from the White House's covert action oversight panel, the 303 Committee, for designation of someone "to whom TAF management should look for future guidance and direction with respect to United States Government interests."

In 1982, with TAF's funding again in jeopardy, the CIA's Walter Raymond rallied to its defense from his NSC post. In an undated memo to McFarlane, Raymond recalled that "the Department of State underscored that TAF had made significant

contributions to U.S. foreign policies through fostering democratic institutions and, as a private organization, had accomplished things which a government organization cannot do.” [Emphasis in original]

Raymond’s bureaucratic intervention worked. By late 1982, the Reagan administration had arranged for TAF’s fiscal 1984 funding to go through the U.S. Information Agency (USIA) budget, which was being used to finance a range of President Reagan’s “democracy initiatives.” Raymond spelled out the arrangements in a Dec. 15, 1982 memo to National Security Advisor William Clark.

“The issue has been somewhat beclouded in the working levels at State since we have opted to fund all FY 84 democracy initiatives via the USIA budgetary submission,” Raymond wrote. “At the same time, it is essential State maintain its operational and management role with TAF.”

Over the ensuing three and half decades, TAF has continued to be subsidized by U.S. and allied governments. According to its annual report for the year ending Sept. 30, 2016, TAF said it “is funded by an annual appropriation from the U.S. Congress, competitively bid awards from governmental and multilateral development agencies, including the U.S. Agency for International Development, Australian Department of Foreign Affairs and Trade, United Kingdom’s Department for International Development and by private foundations and corporations,” a sum totaling \$94.5 million.

TAF, which operates in 18 Asian countries, describes its purpose as “improving lives across a dynamic and developing Asia.” TAF’s press office had no immediate comment regarding the newly released Reagan-era documents.

### **Far From Alone**

But TAF was far from alone as a private organization that functioned with U.S. government money and collaborated with U.S. officials in achieving Washington’s foreign policy goals.

For instance, other documents from the Reagan library revealed that Freedom House, a prominent human rights organization, sought advice and direction from Casey and Raymond while advertising the group’s need for financial help.

In an Aug. 9, 1982 letter to Raymond, Freedom House executive director Leonard R. Sussman wrote that “Leo Cherne [another senior Freedom House official] has asked me to send these copies of Freedom Appeals. He has probably told you we have had to cut back this project to meet financial realities. We would, of course, want to expand the project once again when, as and if the funds become available.”

According to the documents, Freedom House remained near the top of Casey's and Raymond's thinking when it came to the most effective ways to deliver the CIA's hardline foreign policy message to the American people and to the international community.

On Nov. 4, 1982, Raymond wrote to NSC Advisor Clark about the "Democracy Initiative and Information Programs," stating that "Bill Casey asked me to pass on the following thought concerning your meeting with [right-wing billionaire] Dick Scaife, Dave Abshire [then a member of the President's Foreign Intelligence Advisory Board], and Co.

"Casey had lunch with them today and discussed the need to get moving in the general area of supporting our friends around the world. By this definition he is including both 'building democracy' and helping invigorate international media programs. The DCI [Casey] is also concerned about strengthening public information organizations in the United States such as Freedom House.

"A critical piece of the puzzle is a serious effort to raise private funds to generate momentum. Casey's talk with Scaife and Co. suggests they would be very willing to cooperate. Suggest that you note White House interest in private support for the Democracy initiative."

In a Jan. 25, 1983 memo, Raymond wrote, "We will move out immediately in our parallel effort to generate private support" for "public diplomacy" operations. Then, on May 20, 1983, Raymond recounted in another memo that \$400,000 had been raised from private donors brought to the White House Situation Room by USIA Director Charles Wick. According to that memo, the money was divided among several organizations, including Freedom House and Accuracy in Media, a right-wing media attack group.

In an Aug. 9, 1983 memo, Raymond outlined plans to arrange private backing for that effort. He said USIA Director Wick "via [Australian publishing magnate Rupert] Murdock [sic], may be able to draw down added funds" to support pro-Reagan initiatives. Raymond recommended "funding via Freedom House or some other structure that has credibility in the political center."

[For more on the Murdoch connection, see Consortiumnews.com's "Rupert Murdoch: Propaganda Recruit."]

### **Questions of Legality**

Raymond remained a CIA officer until April 1983 when he resigned so in his words "there would be no question whatsoever of any contamination of this" propaganda operation to woo the American people into supporting Reagan's policies.

Raymond fretted, too, about the legality of Casey's role in the effort to influence U.S. public opinion because of the legal prohibition against the CIA influencing U.S. policies and politics. Raymond confided in one memo that it was important "to get [Casey] out of the loop," but Casey never backed off and Raymond continued to send progress reports to his old boss well into 1986.

It was "the kind of thing which [Casey] had a broad catholic interest in," Raymond said during his Iran-Contra deposition in 1987. He then offered the excuse that Casey undertook this apparently illegal interference in domestic affairs "not so much in his CIA hat, but in his adviser to the president hat."

In 1983, Casey and Raymond focused on creating a permanent funding mechanism to support private organizations that would engage in propaganda and political action that the CIA had historically organized and paid for covertly. The idea emerged for a congressionally funded entity that would be a conduit for this money.

But Casey recognized the need to hide the strings being pulled by the CIA. In one undated letter to then-White House counselor Edwin Meese III, Casey urged creation of a "National Endowment," but added: "Obviously we here [at CIA] should not get out front in the development of such an organization, nor should we appear to be a sponsor or advocate."

A document in Raymond's files offered examples of what would be funded, including "Grenada – 50 K – To the only organized opposition to the Marxist government of Maurice Bishop (The Seaman and Waterfront Workers Union). A supplemental 50 K to support free TV activity outside Grenada" and "Nicaragua – \$750 K to support an array of independent trade union activity, agricultural cooperatives."

The National Endowment for Democracy took shape in late 1983 as Congress decided to also set aside pots of money – within NED – for the Republican and Democratic parties and for organized labor, creating enough bipartisan largesse that passage was assured.

But some in Congress thought it was important to wall the NED off from any association with the CIA, so a provision was included to bar the participation of any current or former CIA official, according to one congressional aide who helped write the legislation.

This aide told me that one night late in the 1983 session, as the bill was about to go to the House floor, the CIA's congressional liaison came pounding at the door to the office of Rep. Dante Fascell, a senior Democrat on the House Foreign Affairs Committee and a chief sponsor of the bill.

The frantic CIA official conveyed a single message from CIA Director Casey: the language barring the participation of CIA personnel must be struck from the bill, the aide recalled, noting that Fascell consented to the demand, not fully recognizing its significance.

The aide said Fascell also consented to the Reagan administration's choice of Carl Gershman to head the National Endowment for Democracy, again not recognizing how this decision would affect the future of the new entity and American foreign policy.

Gershman, who had followed the classic neoconservative path from youthful socialism to fierce anticommunism, became NED's first (and, to this day, only) president. Though NED is technically independent of U.S. foreign policy, Gershman in the early years coordinated decisions on grants with Raymond at the NSC.

For instance, on Jan. 2, 1985, Raymond wrote to two NSC Asian experts that "Carl Gershman has called concerning a possible grant to the Chinese Alliance for Democracy (CAD). I am concerned about the political dimension to this request. We should not find ourselves in a position where we have to respond to pressure, but this request poses a real problem to Carl."

Besides clearing aside political obstacles for Gershman, Raymond also urged NED to give money to Freedom House in a June 21, 1985 letter obtained by Professor John Nichols of Pennsylvania State University.

What the documents at the Reagan library make clear is that Raymond and Casey stayed active shaping the decisions of the new funding mechanism throughout its early years. (Casey died in 1987; Raymond died in 2003.)

### **Lots of Money**

Since its founding, NED has ladled out hundreds of millions of dollars to NGOs all over the world, focusing on training activists, building media outlets, and supporting civic organizations. In some geopolitical hotspots, NED may have scores of projects running at once, such as in Ukraine before the 2014 coup that overthrew elected President Viktor Yanukovich and touched off the New Cold War with Russia. Via such methods, NED helped achieve the "political action" envisioned by Casey and Raymond.

From the start, NED also became a major benefactor for Freedom House, beginning with a \$200,000 grant in 1984 to build "a network of democratic opinion-makers." In NED's first four years, from 1984 and 1988, it lavished \$2.6 million on Freedom House, accounting for more than one-third of its total income, according to a study by the liberal Council on Hemispheric Affairs, which was entitled

“Freedom House: Portrait of a Pass-Through.”

Over the ensuing decades, Freedom House has become almost an NED subsidiary, often joining NED in holding policy conferences and issuing position papers, both organizations pushing primarily a neoconservative agenda, challenging countries deemed insufficiently “free,” including Syria, Ukraine (before the 2014 coup) and Russia.

NED and Freedom House often work as a kind of tag-team with NED financing NGOs inside targeted countries and Freedom House berating those governments if they try to crack down on U.S.-funded NGOs.

For instance, on Nov. 16, 2012, NED and Freedom House joined together to denounce a law passed by the Russian parliament requiring Russian recipients of foreign political money to register with the government. Or, as NED and Freedom House framed the issue: the Russian Duma sought to “restrict human rights and the activities of civil society organizations and their ability to receive support from abroad. Changes to Russia’s NGO legislation will soon require civil society organizations receiving foreign funds to choose between registering as ‘foreign agents’ or facing significant financial penalties and potential criminal charges.”

Of course, the United States has a nearly identical Foreign Agent Registration Act that likewise requires entities that receive foreign funding and seek to influence U.S. government policy to register with the Justice Department or face possible fines or imprisonment.

But the Russian law would impede NED’s efforts to destabilize the Russian government through funding of political activists, journalists and civic organizations, so it was denounced as an infringement of human rights and helped justify Freedom House’s rating of Russia as “not free.”

The Russian government’s concerns were not entirely paranoid. On Sept. 26, 2013, Gershman, in effect, charted the course for the crisis in Ukraine and the greater neocon goal of regime change in Russia. In a Washington Post op-ed, Gershman called Ukraine “the biggest prize” and explained how pulling it into the Western camp could contribute to the ultimate defeat of Russian President Vladimir Putin.

“Ukraine’s choice to join Europe will accelerate the demise of the ideology of Russian imperialism that Putin represents,” Gershman wrote. “Russians, too, face a choice, and Putin may find himself on the losing end not just in the near abroad but within Russia itself.”

The long history of the U.S. government interfering covertly or semi-covertly in



the politics of countries all over the world is the ironic backdrop to the current frenzy over Russia-gate and Russia's alleged dissemination of emails that undermined Democratic presidential nominee Hillary Clinton's campaign.

The allegations are denied by both Putin and WikiLeaks editor Julian Assange who published the Democratic emails – and the U.S. government has presented no solid evidence to support the accusations of “Russian meddling” – but if the charges are true, they could be seen as a case of turnabout as fair play.

Except in this case, U.S. officials, who have meddled ceaselessly with their “political action” operations in countries all over the world, don't like even the chance that they could get a taste of their own medicine.

**Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his latest book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)).**

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