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## CIA's Hidden Hand in 'Democracy' Groups

**Special Report: Documents from the Reagan presidential library reveal that two major institutions promoting “democracy” and “freedom” — Freedom House and National Endowment for Democracy — worked hand-in-glove, behind-the-scenes, with a CIA propaganda expert in the 1980s, reports Robert Parry.**

By Robert Parry

January 8, 2015

Freedom House and the National Endowment for Democracy stress their commitment to freedom of thought and democracy, but both cooperated with a CIA-organized propaganda operation in the 1980s, according to documents released by Ronald Reagan’s presidential library.

One document showed senior Freedom House official Leo Cherne clearing a draft manuscript on political conditions in El Salvador with CIA Director William Casey and promising that Freedom House would make requested editorial “corrections and changes” – and even send over the editor for consultation with whomever Casey assigned to review the paper.



CIA Director William Casey

In a “Dear Bill” letter dated June 24, 1981, Cherne wrote: “I am enclosing a copy of the draft manuscript by Bruce McColm, Freedom House’s resident specialist on Central America and the Caribbean. This manuscript on El Salvador was the one I had urged be prepared and in the haste to do so as rapidly as possible, it is quite rough. You had mentioned that the facts could be checked for meticulous accuracy within the government and this would be very helpful. ...

“If there are any questions about the McColm manuscript, I suggest that whomever is working on it contact Richard Salzmann at the Research Institute [an organization where Cherne was executive director]. He is Editor-in-Chief at the Institute and the Chairman of the Freedom House’s Salvador Committee. He will make sure that the corrections and changes get to Rita Freedman who will also be working with him. If there is any benefit to be gained from Salzmann’s coming down at any point to talk to that person, he is available to do so.”

Cherne, who was chairman of Freedom House’s executive committee, also joined in angling for financial support from a propaganda program that Casey initiated in 1982 under one of the CIA’s top covert action specialists, Walter Raymond Jr., who was moved to President Ronald Reagan’s National Security Council staff.

In an Aug. 9, 1982 letter to Raymond, Freedom House executive director Leonard R. Sussman wrote that “Leo Cherne 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. Offshoots of that project appear in newspapers, magazines, books and on broadcast services here and abroad. It’s a significant, unique channel of communication” – precisely the focus of Raymond’s work.

According to the documents, Freedom House remained near the top of Casey’s thinking when it came to the most effective way to deliver his hardline policy message to the American people in ways they would be inclined to accept, i.e., coming from ostensibly independent sources with no apparent ties to the government.

On Nov. 4, 1982, Raymond wrote to NSC Advisor William 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.”

The importance of the CIA and White House secretly arranging private funds was that these supposedly independent voices would then reinforce and validate the administration’s foreign policy arguments with a public that would assume the endorsements were based on the merits of the White House positions, not influenced by money changing hands.

In effect, like snake-oil salesmen who plant a few cohorts in the audience to whip up excitement for the cure-all elixir, Reagan administration propagandists salted some well-paid “private” individuals around Washington to echo White House propaganda “themes.”

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 U.S. Information Agency 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 organization.

When I wrote about that memo in my 1992 book, *Fooling America*, Freedom House denied receiving any White House money or collaborating with any CIA/NSC propaganda campaign. In a letter, Freedom House’s Sussman called Raymond “a second-hand source” and insisted that “this organization did not need any special funding to take positions ... on any foreign-policy issues.”

But it made little sense that Raymond would have lied to a superior in an internal memo. And clearly, Freedom House remained central to the Reagan administration’s schemes for aiding groups supportive of its Central American policies, particularly the CIA-organized Contra war against the leftist Sandinista regime in Nicaragua.

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] Murdoch [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 details, see Consortiumnews.com’s “Murdoch, Scaife and CIA Propaganda.”]

## **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.

But Raymond, who had been one of the CIA’s top propaganda and disinformation specialists, continued to act toward the U.S. public much like a CIA officer would in directing a propaganda operation in a hostile foreign country.

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.”

As the Casey-Raymond propaganda operation expanded during the last half of Reagan’s first term, Freedom House continued to keep Raymond abreast of its work on Central America, with its attitudes dovetailing with Reagan administration’s policies particularly in condemning Nicaragua’s Sandinista government.

Freedom House also kept its hand out for funding. On Sept. 15, 1984, Bruce McColm – writing from Freedom House’s Center for Caribbean and Central American Studies – sent Raymond “a short proposal for the Center’s Nicaragua project 1984-85. The project combines elements of the oral history proposal with the publication of *The Nicaraguan Papers*,” a book that would disparage Sandinista ideology and practices.

“Maintaining the oral history part of the project adds to the overall costs; but preliminary discussions with film makers have given me the idea that an Improper Conduct-type of documentary could be made based on these materials,” McColm wrote, referring to a 1984 film that offered a scathing critique of Fidel Castro’s Cuba.

“Such a film would have to be the work of a respected Latin American filmmaker or a European. American-made films on Central America are simply too abrasive ideologically and artistically poor.”

McColm’s three-page letter reads much like a book or movie pitch, trying to interest Raymond in financing the project: “*The Nicaraguan Papers* will also be readily accessible to the general reader, the journalist, opinion-maker, the academic and the like. The book would be distributed fairly broadly to these sectors and I am sure will be extremely useful.

“They already constitute a form of Freedom House samizdat, since I’ve been distributing them to journalists for the past two years as I’ve received them from disaffected Nicaraguans.”

McColm proposed a face-to-face meeting with Raymond in Washington and attached a six-page grant proposal seeking \$134,100.

According to the grant proposal, the project would include “free distribution to members of Congress and key public officials; distribution of galley proofs in advance of publication for maximum publicity and timely reviews in newspapers and current affairs magazines; press conferences at Freedom House in New York and at the National Press Club in Washington, D.C.; op-ed circulation to more than 100 newspapers ...; distribution of a Spanish-language edition through Hispanic organizations in the United States and in Latin America; arrangement of European distribution through Freedom House contacts.”

The documents that I found at the Reagan library do not indicate what subsequently happened to this proposal. McColm did not respond to an email request for comment about the Nicaraguan Papers plan or Cherne’s earlier letter to Casey about editing McComb’s manuscript. Raymond died in 2003; Cherne died in 1999; and Casey died in 1987.

But it is clear that Freedom House became a major recipient of funds from the National Endowment for Democracy, which Casey and Raymond helped create in 1983.

### **Financing Propaganda**

In 1983, Casey and Raymond focused on creating a funding mechanism to support Freedom House and other outside groups 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 serve as a conduit for this money.

But Casey recognized the need to hide the strings being pulled by the CIA. “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,” Casey said in one undated letter to then-White House counselor Edwin Meese III – as Casey urged creation of a “National Endowment.”

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.

What the documents at the Reagan library now make clear is that lifting the ban enabled Raymond and Casey to stay active shaping the decisions of the new funding mechanism.

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.

"Senator [Orrin] Hatch, as you know, is a member of the board. Secondly, NED has already given a major grant for a related Chinese program."

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.

## **A Tag Team**

From the start, NED 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 that was entitled "Freedom House: Portrait of a Pass-Through."

Over the ensuing three 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 (in 2014) and Russia.

Indeed, NED and Freedom House often work as a kind of tag-team with NED financing “non-governmental organizations” inside targeted countries and Freedom House berating those governments if they crack down on U.S.-funded NGOs.

For instance, on Nov. 16, 2012, NED and Freedom House joined together to denounce legislation passed by the Russian parliament that required 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.”

With NED’s budget now exceeding \$100 million a year — and with many NGOs headquartered in Washington — Gershman has attained the status of a major paymaster for the neocon movement with his words carrying extra clout because he can fund or de-fund many a project.

Thus, three decades after CIA Director William Casey and his propaganda specialist Walter Raymond Jr. struggled to arrange funding for Freedom House and other organizations that would promote an interventionist agenda, their brainchild – the National Endowment for Democracy – was still around picking up those tabs.