

When asked recently to assess the state of democracy in the world, I responded by referencing the famous opening line of Charles Dickens' novel *A Tale of Two Cities*: "It was the best of times, it was the worst of times." The line captures the inherent tension that exists today between democracy's continued progress and the forces that have gathered on many fronts to resist and reverse it. NED is naturally affected by this tension in its day-to-day work. We are intimately connected to organizations and movements around the world that are pressing forward for democratic progress; and like them, we are also feeling the pressures of anti-democratic resistance and backsliding. In fact, our success now and in the foreseeable future will be measured by our ability to implement effective strategies for aiding and defending democrats in this new environment and countering efforts by opponents of democracy to block such assistance.

The forward movement of democracy over the past year has been dramatic and, in some instances, even historic. In December 2004 in Ukraine, a popular movement that first took to the streets to protest alleged official involvement in the murder of journal-



ist Georgi Gongadze swept the Kuchma regime from power in the Orange Revolution, the most important breakthrough to occur among the post-Soviet states. At the same moment in elections in neighboring Romania, pro-European democrats ousted former communists from power, opening the way to democratic consolidation. In Indonesia, the world's largest Muslim country, the tragic tsunami that also occurred in December not only failed to derail the democratic gains produced by the country's first direct presidential election, but it opened the way to a peace agreement ending the civil war in Aceh. And in Africa, successful elections were conducted in Burundi, the Central African Republic, and Liberia, making possible freer and more peaceful conditions in each country.

Perhaps most significantly, historic advances also occurred in the broader Middle East, a region that had been bypassed by the third wave of democratization. In Afghanistan, citizens turned out in massive numbers to vote in presidential and parliamentary elections, defying terrorists and affirming their faith in Afghanistan's future after decades of suffering. In Iraq, the people not only voted massively in the face of violent threats, but they made the initial political compromises that brought the Sunnis into the democratic process and laid the foundation for building a unified federal system. Political gains elsewhere in the region—the presidential elections in Palestine following the death of Yasser Arafat, the Syrian withdrawal from Lebanon after tens of thousands took to the streets to protest the assassination of Rafiq Hariri, the presidential and parliamentary elections in Egypt that represented a deeply flawed yet still significant step away from autocracy—coupled with the growing activism of civil society were signs that a new democratic trend is starting to build in the Middle East.

But there is a different trend that is also building: a concerted effort to counter these gains and to mount a new international campaign against democracy and against organizations like NED and its institutes that work to support it. This effort needs to be distinguished from the conventional resistance to democracy that dictatorships like Cuba, Burma, North Korea, and Syria practice as a matter of course. It has a number of innovative features that flow from the fact that many of the countries in question—Russia and Belarus, for example, as well as Venezuela and Zimbabwe—are so-called hybrid systems that combine predominant elements of autocracy and, above all, an unchecked central executive authority and fraudulent or deeply compromised elections with a very limited allow-

ance for independent political activity. These features include measures that close off political space to civil society NGOs, independent media, and opposition political parties; block international funding for such groups and any technical help they might receive from international democracy assistance organizations; and create proxy NGOs and parties beholden to the regime that fill the space once occupied by independent groups and give the appearance of democratic legitimacy to an otherwise autocratic system. An additional feature of this new phenomenon, which is still evolving, is the attempt by a number of relatively influential countries (some of them flush with oil money) to constitute themselves as regional centers of resistance to democracy and support for its opponents. The most important countries that are playing this role today are Russia, Venezuela, Iran, and China.

Responding to this new backlash against pro-democracy work is surely one of the great challenges that face NED and the people we work with in many countries. In meeting this challenge, we will have to be prudent and innovative and stay in close touch with the activists on the ground, who are most exposed to risk and danger. It will be necessary to stay engaged with them and not be frightened off or discouraged by aggressive resistance to our work. Where certain channels of assistance or ways of operating are closed off, we will need to find new ways of aiding democrats. In this respect, democracy assistance in some countries in the period ahead could take on some of the features of the cat-and-mouse game that has been underway for some years now in China over the use of the Internet, with the government trying to block access to independent websites while activists seek ways to scale, tunnel under, or break through the “great wall” of resistance. Beyond that, it will be necessary to

mobilize international pressure on governments that crack down on democracy assistance and to rally moral and political support for NGOs that are under attack and for activists who are harassed or imprisoned.

But it is also necessary to keep this problem in perspective. This is not the first time that NED and the groups it helps have faced stiff resistance from autocrats and their underlings. In fact, the new backlash is a sobering reminder that support for democracy is inherently political work that will always encounter resistance from undemocratic elites that want to maintain power and the control of resources. It contributes to what is essentially a struggle for freedom that is never without a price. It is also worth bearing in mind that the current backlash is a defensive reaction by regimes that implicitly recognize that they lack democratic legitimacy and popular support.

This annual report describes the many ways that NED helps people who are on the front lines of democratic struggles around the world. The help is as varied as the groups that make up the world democracy movement. These groups are rooted in different regions and cultures. They work in spheres of activity that are as diverse as democracy itself: building parties, monitoring elections, and drafting constitutions; educating about democratic values, processes, and ideas; defending human rights; encouraging democratic participation and the inclusion of youth, minorities, and women in the political process; developing effective ways to check the abuse of power and to fight corruption; and building modern economies that give entrepreneurs the chance to innovate and workers the ability to defend their interests. In addition to providing material and technical aid to such groups through a rapidly expanding grants program, NED has

deepened the understanding of democracy through the *Journal of Democracy* and other research activities, and it has strengthened the bonds among democrats globally through the World Movement for Democracy. We are gratified that this work enjoys strong bipartisan support in the Congress and has the firm backing of President Bush and his Administration.

We recognize that in the difficult struggle for democracy, there will be no shortcuts and many obstacles. But if complacency is unwarranted, so is pessimism. We have seen that even the seemingly most hopeless situations contain the seeds of future gains. These seeds will grow because there are individuals like Aung San Suu Kyi in Burma, His Holiness the Dalai Lama in exile from Tibet, and Akbar Ganji in Iran who steadfastly embody their peoples' hopes for freedom. And they will ultimately blossom because of groups like the brave Women in White in Cuba and the Russian-Chechen Friendship Society, which refuse to be silenced or intimidated; small NGOs throughout the Congo which are fighting for tolerance and peace; and countless other groups of democratic activists around the world whose work is recounted in this report. Through their persistence and courage they give power to the powerless and constitute a fearsome challenge to the dark forces of repression and violence. They are not alone in their struggle, and though the road to democracy may be long and rugged, it would be a great error to think that they will not reach their destination.



Carl Gershman  
President