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# NATIONAL ENDOWMENT FOR DEMOCRACY

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## NATIONAL ENDOWMENT FOR DEMOCRACY

### ANNUAL REPORT 1984

November 18, 1983 to September 30, 1984

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National Endowment for Democracy

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## CHAIRMAN'S MESSAGE

This is the first annual report of the National Endowment for Democracy, a pioneering American effort to assist people throughout the world toward effective self-government.

We are a private, non-profit organization, utilizing funds appropriated by the federal government to support the efforts of people everywhere to build democratic institutions. This is a delicate and challenging assignment. We must operate openly, account for programs and funds fully, and still respond sensitively to the needs of people seeking peaceful paths to self-rule in a multiplicity of cultures and circumstances.

Thanks to the forethought and persistence of our founders, the Endowment is well equipped to meet the challenge.

After the idea of a new effort to promote democracy abroad was announced by President Reagan in his address to the British Parliament on June 8, 1982, a preparatory study was undertaken under the leadership of Ambassador William Brock; Congressman Dante Fascell; Lane Kirkland, President of the AFL-CIO; Charles Manatt, Chairman of the Democratic National Committee; Richard Richards, succeeded by Frank Fahrenkopf, Chairmen of the Republican National Committee; and Michael Samuels, Vice President, International, of the U.S. Chamber of Commerce. The American Political Foundation, with George Agree as President, sponsored the study. Directed by Professor Allen Weinstein, who later served as Acting President of the Endowment, the study led to authorizing legislation and an \$18 million appropriation, signed into law in November, 1983.

The Endowment Board of Directors, a distinguished and representative group of men and women from the mainstream of American political and civic life -- Democrats and Republicans, representatives of business and labor, and others with long international experience -- began its work in December 1983. Under the chairmanship of Congressman Dante Fascell, we set about the business of building a solid administrative and philosophical foundation for the new organization.

In March, I was honored with the position of chairman after Congressman Fascell resigned due to his new duties as chairman of the House Foreign Affairs Committee. At the same March meeting, we were delighted to welcome Senator Orrin Hatch to the Board.

The deliberations of our presidential search committee under the chairmanship of Dr. Olin Robison, President of Middlebury College, came to a close in April when the Board elected Carl Gershman President of the Endowment. Mr. Gershman, who had most recently served as Senior Counselor to Ambassador Jeane Kirkpatrick at the U.S. Mission to the United Nations, brought a wealth of knowledge, talent and enthusiasm to his position. He has already made excellent progress in the development of a first-rate staff and a sound initial policy framework.

The first year has been eventful and exciting. As you will see from the report which follows, an impressive number of innovative programs are under way. On behalf of the Board of Directors, it is my pleasure to thank all those who have believed in and supported the National Endowment for Democracy in this crucial formative period.

A handwritten signature in cursive script, reading "John Richardson".

John Richardson  
Chairman

## STATEMENT OF MISSION

The establishment of the National Endowment for Democracy represents a renewed commitment by the American people to the objective of encouraging freedom and democracy throughout the world. This objective accords both with cherished American ideals and with universally recognized principles of international law. The Universal Declaration of Human Rights and other United Nations agreements (including the Conventions of the International Labor Organization), as well as the Helsinki Final Act, commit governments around the world to honoring the fundamental human rights that are guaranteed to the citizens of the United States and other free societies. The challenge facing democrats everywhere is to develop the institutional and cultural framework in which these noble principles can be realized in practice. This is the task to which the Endowment hopes to contribute by assisting the citizens of other countries in building and strengthening their own democratic institutions.

The expansion of private, voluntary initiatives to promote democracy cannot be accomplished through governmental action alone. The creation and structure of the Endowment reflect the view that the U.S. private sector is both a more appropriate and a more effective vehicle than government for working with private groups abroad to advance the democratic cause. The flexibility afforded by the Endowment's nongovernmental character gives it a crucial advantage in developing partnerships and cooperating with foreign organizations. As a grant-making organization, the Endowment will enhance the capabilities of American private sector groups to assist and encourage their counterparts abroad. As an institutional reference point for the effort to strengthen democracy, it will make possible the kind of sustained and coordinated support that can make a difference over time.

By its very nature, such support cannot be governed by the short-term policy preferences of a particular U.S. administration or by the partisan political interests of any party or group. The Endowment keeps the executive branch fully informed of its programs and solicits the views of relevant U.S. officials in Washington and in embassies abroad. As stated in the National Endowment for Democracy Act (P.L. 98-164, Title V), the Endowment is also subject to the appropriate Congressional oversight and review procedures. But as a private non-governmental organization it sets its own policies and makes its own decisions.

The Endowment will be effective in carrying out its mission only if it stands apart from immediate policy disputes and represents a consistent, bipartisan, long-term approach to strengthening democracy that will be supported through successive administrations. While the Endowment must also be prepared to provide timely assistance in critical moments to



foreign democrats, its decisions must be guided by the urgency of the need in the context of the Endowment's broad democratic objectives, not by the exigencies of government policy or the partisan concerns of a particular political viewpoint.

The Endowment recognizes the importance of ideas in the contemporary world and the need to nourish an intellectual climate in which democracy can grow and flourish. Fundamental to the democratic process is a lively competition among points of view, interest groups and independent institutions. The goal is not to steer other nations toward the adoption of any particular set of policies, but rather to help them evolve into stable and vigorous democratic societies.

The activities supported by the Endowment will be guided by the six purposes set forth in the Endowment's Articles of Incorporation and the National Endowment for Democracy Act as passed by the United States Congress. These six purposes are:

- (1) to encourage free and democratic institutions throughout the world through private sector initiatives, including activities which promote the individual rights and freedoms (including internationally recognized human rights) which are essential to the functioning of democratic institutions;
- (2) to facilitate exchanges between United States private sector groups (especially the two major American political parties, labor, and business) and democratic groups abroad;
- (3) to promote United States nongovernmental participation (especially through the two major American political parties, labor, business, and other private sector groups) in democratic training programs and democratic institution-building abroad;
- (4) to strengthen democratic electoral processes abroad through timely measures in cooperation with indigenous democratic forces;
- (5) to support the participation of the two major American political parties, labor, business, and other United States private sector groups in fostering cooperation with those abroad dedicated to the cultural values, institutions and organizations of democratic pluralism; and,
- (6) to encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of United States national interests and with the specific requirements of the democratic groups in other countries which are aided by programs funded by the Endowment.

In all its efforts to implement these purposes, the Endowment will be guided by the following principles:

- that democracy involves the right of the people freely to determine their own destiny;
- that the exercise of this right requires a system that guarantees free and competitive elections, freedom of expression, belief and association, respect for the inalienable rights of individuals and minorities, free communications media, and the rule of law;
- that a democratic system may take a variety of forms suited to local needs and traditions, and therefore need not follow the U.S. or any other particular model;
- that the existence of autonomous economic, political, social and cultural institutions is the best guarantor of individual rights and freedoms and the foundation of the democratic process;
- that private institutions in free societies can contribute to the development of democracy through assistance to counterparts abroad;
- that such assistance must be responsive to local needs and seek to encourage -- but not to control -- indigenous efforts to build free and independent institutions; and,
- that the partnership envisaged between those who enjoy the benefits of democracy and those who aspire to a democratic future must be based upon mutual respect, shared values, and a common commitment to work together to extend the frontiers of democracy for present and future generations.

The programs supported by the Endowment will not only have to take account of cultural and economic diversity, but must also be suited to the particular state of democratic development that obtains in different countries. In countries where democracy exists but is not securely established, the task will be to enhance the credibility and efficiency of democratic governance and to strengthen the private-sector institutional and cultural framework. Where countries are in transition to democracy, it is the process of transition itself that should be assisted by measures to broaden confidence in the democratic process and to reinforce groups committed to democracy.

In countries where political democracy can only be a long-term goal, the Endowment will concentrate on helping to build such institutions as independent business organizations, free trade unions, a free press and an independent judiciary.



In societies where even these independent institutions are prohibited or severely restricted, the immediate objective will be to enlarge whatever possibilities exist for independent thought, expression and cultural activity.

While the Endowment will concentrate the major part of its resources on situations that offer a realistic prospect for achieving progress toward democracy, it will not neglect those who keep alive the flame of freedom in closed societies.

The effort to foster democracy is necessarily a long-range project. In most cases, results will not be attained quickly but will require long years of steady and persistent work. Democracy itself is hard work; it is not achieved through a single election or a particular reform. Democracy consists of institutions, habits, procedures, and values that evolve over time and according to the needs and traditions of diverse political cultures. No amount of effort or investment of resources could be successful, however, if the idea of democracy were not intrinsically attractive to people throughout the world. We believe that the democratic idea has enormous appeal; that, indeed, it is an ideal that billions of people in all parts of the globe revere and aspire to. These people are our partners, or our potential partners. We hope that the Endowment's work will not only help them achieve the blessings of democracy, but will also strengthen the bond between them and the people of the United States, a bond based on our common commitment to democracy as a way of life.

## PRESIDENT'S REPORT

In its first year of existence, the National Endowment for Democracy has begun the formidable task of translating a bold idea -- strengthening democracy in the world -- into a practical reality. The report that follows summarizes the Endowment's initial efforts.

It has been said that the survival of democracy requires eternal vigilance. And indeed it does: democracy is challenged on all sides by diverse and often abundantly financed movements and ideologies. But beyond vigilance, the well-being and extension of democracy require effort and commitment, the kind of idealism and dedication that are rooted in the American tradition and reflect the robust optimism and democratic spirit of the American people.

As a grant-making institution, the National Endowment for Democracy has been especially designed to draw upon the energies and talents of the U.S. private sector. It offers a means whereby private citizens and groups in the United States can join hands with their counterparts abroad in a common effort to strengthen democracy.

The programs described in this report combine wide geographical reach with a consistent emphasis on strengthening pluralist institutions, democratic processes and cultural freedom. They represent a good beginning -- but only a beginning. The real work lies ahead.

In keeping with the broad democratic purpose of the Endowment, we have not adopted a dogmatic approach to our work. There are no simple formulas or pre-existing blueprints that chart our course. The best programs do not come off drawing boards but emerge from a constant, intensive dialogue with those private sector groups abroad who are -- or will become -- our partners.

These partners represent no single group. Some are workers struggling to build free trade unions, often in exceedingly difficult circumstances. Some are businessmen dedicated to encouraging the evolution of free societies by strengthening the institutions of a free economy. Some are leaders of political parties whose overriding commitment is to a system that guarantees free and fair political competition. And there are others: writers and artists; educators and student leaders; journalists; lawyers; leaders of cooperatives, civic groups, and minority and women's organizations; and individuals dedicated to enhancing respect for the fundamental rights and freedoms of all people.

In the Endowment's efforts to strengthen pluralism abroad, the work of the AFL-CIO's Free Trade Union Institute and the National Chamber Foundation's Center for International Private Enterprise deserve special note. So, too, does the work of the National Democratic Institute for International Affairs and the National

Republican Institute for International Affairs, which represents an unprecedented commitment by our two major parties to the strengthening of democratic institutions and political processes in other countries. Many other U.S. educational, cultural and civic institutions have also joined in the Endowment's efforts.

Nothing has been more important for the Endowment during its first year than laying the proper foundation for its operations. Toward that end, the Board of Directors has taken a number of steps:

- It has approved a model grant agreement to be signed between the Endowment and its grantees. The model agreement incorporates standard grant procedures regarding oversight, financial accountability and reporting requirements.
- It has approved a Statement of General Procedures and Guidelines, prepared in accordance with the Grant Agreement between the Endowment and the United States Information Agency, which sets forth the procedures the Endowment will follow to (1) publicize the availability of grants; (2) obtain submission of grant applications by private sector groups; (3) select grantees and determine the level of funding to be provided; and (4) monitor and assure compliance with the Act by its grantees.
- It has adopted three resolutions that clarify important aspects of Endowment policy. The first instructed the president to implement an openness policy, according to which all proposals approved by the Board, grant agreements between the Endowment and its grantees, minutes of Directors' meetings and official reports of the Endowment are available to the public upon request. The second resolution prohibited the expenditure of funds by the Endowment or any of its grantees to finance the campaigns of candidates for public office. In the third resolution, the Board explicitly stated that no funds granted to the political party institutes would be used to finance activities of the Republican or Democratic National Committees.
- It has extensively reviewed a broad conceptual paper that sets forth a long-term program for the Endowment. In addition to explaining the mission of the Endowment, the paper defines priorities and describes the kinds of programs that the Endowment supports. The essential elements of this strategy are reflected in the report on fiscal year 1984 programs which follows.

The fact that the Endowment has been able to establish a sound organizational and administrative structure and initiate a broad and innovative program is a tribute to the hard work of a small staff and the close attention that the Board of Directors has paid to the development of this important institution.

It has been exciting to be associated with the Endowment during this crucial period in its history. We have approached the task of launching the organization with the conviction that the Endowment

holds the potential to do tremendous good in the world. It can help make democracy a possibility for people who might otherwise have little hope. It can reinforce belief in democracy and broaden the community of those who share this belief and are prepared to defend it. By assisting those whose fate, like ours, is bound inseparably to the future of democracy, the Endowment can help ensure that that future will be brighter for us all.

## FISCAL YEAR 1984 PROGRAMS

### INTRODUCTION

For the purpose of this report, the National Endowment for Democracy's grants in fiscal year 1984 have been divided into five substantive program categories:

- I. Pluralism
- II. Democratic Governance and Political Processes
- III. Education, Culture and Communications
- IV. Research
- V. International Cooperation

The largest share of the Endowment's resources was devoted to assisting the development of strong, independent private sector organizations abroad, especially labor unions and business associations. A second major focus of Endowment efforts was the strengthening of democratic political institutions and processes, with particular emphasis on political parties. Projects aimed at encouraging the spread of democratic principles and ideas constituted a third significant area of Endowment activity. Although research and international cooperation received much more modest funding, they are nonetheless considered critical to the Endowment's overall program.



The Free Trade Union Institute (FTUI)  
\$11,000,000

The Free Trade Union Institute, a private, non-profit corporation sponsored by the AFL-CIO, was founded in 1977 to assist in the longstanding efforts of the American labor movement to advance free trade unionism abroad. FTUI's extensive programs are presented here by region (Latin America, Asia, Europe and Africa), and also are subdivided according to the six purposes set forth in the National Endowment for Democracy Act: Institution-building, Exchanges, Training and Civic Education, Electoral Processes, Democratic Pluralism and Democratic Development. FTUI programs in Latin America, Asia and Africa are carried out in large part through the AFL-CIO's three regional labor institutes, the American Institute for Free Labor Development (AIFLD), the Asian American Free Labor Institute (AAFLI), and the African American Labor Center (AALC).

1. Latin America

a. Institution-building: In Chile, FTUI has assisted the Union Democratica de Trabajadores (UDT), a democratic union founded in 1981 whose development has been severely curbed by government restrictions and threatened by communist-subsidized rivals. Institutional support funds have enabled the UDT to establish youth and community services, to distribute an information bulletin and to conduct a media outreach campaign. Regional offices have been established and eleven seminars have been held for union members. Organizing efforts have also progressed in four trade sectors.

In Grenada, an Organization of Citizen Awareness has been established to promote leadership training and discussion of policy issues in advance of the December 1984 elections. While initiated by labor, the new organization represents a broad coalition of democratic groups. A major effort is being made to involve in the discussions young people who have not previously had any experience with the democratic process.

In Brazil, where opportunities now exist for expanding union participation in the evolving democratic process, consideration is being given to the establishment of regional civic education centers. It is hoped that such educational efforts will strengthen the organizing efforts of the democratic union leadership.

Efforts are under way to aid the organization of teachers in Colombia through funds granted to the International Federation of Free Teachers' Unions (IFFTU), the international trade secretariat for teachers. Similar organizing efforts are under way in Guatemala, El Salvador, Panama, Uruguay, Paraguay, and St. Lucia.



Assistance in the form of loans, medical assistance and family resettlement support has been given to democratic trade unionists from Nicaragua now living in exile in Costa Rica. Funds are also allotted for support of trade unionists from other countries if they are forced into exile.

b. Exchanges: The exchange program with Latin American trade unionists is designed to offer technical assistance that helps them develop sound trade union structures and learn about the techniques of political and electoral action. Exchanges also sensitize U.S. trade unionists to the region so that they are in a better position to offer meaningful cooperation.

Latin American unionists responsible for setting up political education committees in their unions will visit the U.S. to observe the presidential elections, and a visit to Central America by trade unionists from New England is planned.

c. Training and Civic Education: Assistance has been given for special education programs sponsored by two trade union central bodies in Colombia, the Union de Trabajadores de Colombia (UTC) and the Confederacion de Trabajadores de Colombia (CTC). The program includes education in democratic political theory and processes, and a research program to study the voting records of elected officials and the degree of electoral participation by various social groups.

In Peru, the Confederacion de Trabajadores Peruanos (CTP) has started a program in voter education. A political education center has been established in Lima, with a regional office in Arequipa, and plans have been laid for a program of publications and for regional conferences on democracy and political participation.

Trade union education programs are also planned in Guatemala, El Salvador, Panama, Brazil, Chile, Uruguay, Paraguay and St. Lucia. In Paraguay, Uruguay and St. Lucia, such programs have assisted in the establishment of new unions with pro-democratic leadership. The Confederacion de Trabajadores Venezolanas (CTV) of Venezuela is assisting in the establishment of these education programs.

In conjunction with these activities, training materials are being developed for the region. A basic education manual, "Trade Unions and Political Action," has been translated into Spanish and Portuguese for use in the courses.

In the Dominican Republic, support has been given to the Confederacion Nacional de Trabajadores Dominicanos (CNTD) in its efforts to promote a national consensus regarding the response to the severe internal economic crisis. An ongoing forum is being established among key groups in the hope that agreement on a common agenda will reduce the tensions that exploded in violence in the spring of 1984.

d. Electoral Processes: In Guatemala, a FTUI project enabled five trade unionists to travel throughout the country to explain to workers the processes governing the Constituent Assembly elections in July 1984. A wide variety of political party leaders and candidates were invited to meet with union leaders to hear labor's views on key national issues and union members were encouraged to vote. The Confederacion de Unidad Sindical de Guatemala (CUSG) plans to expand upon these activities in preparation for the presidential elections.

In Panama, a number of seminars on electoral processes were conducted in Panama City and Puerto Armuelles. Shortly before the election in May 1984, the Confederacion de Trabajadores de la Republica de Panama (CTRP) sponsored a May Day rally which offered an alternative to a communist-sponsored rally on the same day. The CTRP rally broke the tradition of "United Front" rallies in which communist and democratic trade unions had previously joined together. At all these activities, union members were urged to participate in the voting process.

A research trip has been made to consult with unions in Costa Rica, El Salvador, Honduras and the Dominican Republic regarding plans to establish union political action committees.

All of the above-mentioned activities are designed to promote participation of union workers in the electoral process. In no case have FTUI funds been used to support the campaign of a particular candidate for public office.

e. Democratic Pluralism: In order to encourage a cultural atmosphere conducive to the growth of democratic unionism and political freedom in general the FTUI supports "Libro Libre," a broad program of research and publication. Initial activities have included two studies, one on the relationship between democracy and development, and a second on the history of the Miskito Indians of Nicaragua.

An enhanced program of research and education is also planned at the Colegio Laboral, a labor-sponsored research center in Colombia. The work will include curriculum development and course offerings in economics and political theory, and a study analyzing voting behavior.

Courses on democracy have also been offered in Venezuela, the Dominican Republic, Panama, Honduras, El Salvador, Chile and Peru. As many as one hundred activists from scores of democratic unions participated in each course, which examined such topics as "Open vs. Closed Societies," "Trade Unions and Political Action" and "Political Theories in Economic Development."

A Labor Watch project has been started in cooperation with the Organizacion Regional Interamericana de Trabajadores

(ORIT), the regional organization of the International Confederation of Free Trade Unions (ICFTU). Fact-finding missions have been to Honduras and Nicaragua and as a result of European support mobilized by the Labor Watch, the offices of the Nicaraguan Confederacion de Unificacion Sindical (CUS) were reopened after having been closed by the Sandinista government. With support from FTUI, the union has published a monthly labor magazine and maintained its offices.

In Suriname, another country where democratic unionists have been persecuted (union leader Cyrill Daal was murdered in 1982 along with 14 other democratic leaders), a radio broadcasting program was established to enable exiled union leaders abroad to communicate with their members.

## 2. Asia

a. Institution-building: A major effort to strengthen democratic unions is being undertaken in the Philippines, where democratic forces have been stymied by martial law, the turbulence following the Aquino assassination and the growth of Marxist-oriented organizations. In addition to support for rural organizing, efforts are being made to increase cooperation between the industrial labor organizations represented by the Trade Union Congress of the Philippines (TUCP) and the developing peasant unions associated with the National Congress of Farmers Organization (NCFO). One of the practical benefits of such cooperation is that NCFO farmer coops and TUCP consumer coops are working together to provide markets for farm commodities at lower prices for urban workers. Support has also been provided for basic organizing and to help establish and maintain union facilities.

In the South Pacific, which has recently become a key focus of activity by the Soviet-backed World Federation of Trade Unions, programs are being established to enable the emerging union movement to train and service workers. A South Pacific regional office of the Asian American Free Labor Institute (AAFLI) has been established in Fiji, and a seminar on cooperatives and economic development was held in September 1984 for participants from eight island countries. Efforts are also being made to increase participation by the New Zealand Federation of Labor in the regional activities of international trade secretariats.

b. Exchanges: In August, a delegation of nine leaders representing all political tendencies within the Jordan Federation of Trade Unions (JFTU) visited the United States for two weeks of discussions with American trade unionists. AAFLI officials have been invited to attend the next convention of the JFTU. These exchanges represent a significant improvement in relations with the Jordanian union movement, which until recently has been relatively isolated from the West.



## I. PLURALISM

An essential precondition of democracy is the existence of a variety of independent organized groups representing diverse interests. The authors of the Federalist argued that competition among a "multiplicity of interests" was both the very heart of democratic politics and the best security for the rights of individuals and minorities. Exercise of the basic right of freedom of association, recognized both in our own First Amendment and in many international agreements, enables individuals with common interests to combine into strong and independent organizations that can represent the views and protect the rights of their members. Where this kind of pluralism is allowed to flourish, it is likely that undemocratic political systems ultimately will have to accommodate to a process of free and fair competition for power. And in functioning democracies, vigorous private, voluntary institutions present powerful obstacles to unwarranted extensions of governmental authority. Moreover, these organizations serve as "schools of democracy," accustoming their members to the free discussion, accommodation of differing views, and respect for procedural rules that are intrinsic to democratic politics.

The two largest and most important elements of pluralism in the economic sphere are business and labor. In recognition of their central role, Congress in the National Endowment for Democracy Act mandated a special relationship with the Endowment for the AFL-CIO's Free Trade Union Institute and the National Chamber Foundation's Center for International Private Enterprise. These institutes, which are designated recipients of the major portion of the Endowment's congressional appropriation, each carry out a series of integrated programs aimed at strengthening the contributions to democratic pluralism of their counterparts abroad.

### A. Labor

Free and independent trade unions play an indispensable role in the process of democratization. In addition to protecting the job-related rights of individual workers, unions constitute an organized force for representing the interests of common people in the political, economic and social life of a country. By giving democratic representation to working people and ensuring their inclusion in the processes by which decisions are made and power is distributed, unions help developing societies avoid the kind of sharp polarization that feeds political extremism and allows anti-democratic groups to exploit worker grievances. Unions also represent a means for the peaceful democratization of totalitarian societies. Independent trade unions thus constitute a fundamental part of the Endowment's effort to promote democracy.

c. Training and Civic Education: In the Philippines, the National Congress of Farmers Organizations (NCFO), with FTUI assistance, has held a series of regional seminars to help farmers deal with problems of credit, land tenure and reform, and new technology.

Elsewhere in Southeast Asia, FTUI has assisted the ASEAN Trade Union Council (ATUC), a regional association that complements the Association of South East Asian Nations -- Singapore, Malaysia, Indonesia, Thailand, the Philippines and Brunei -- in establishing a secretariat in Jakarta and three permanent issues committees. The secretariat has taken steps to consult regularly on regional and national labor issues.

A regional seminar on cooperatives was held in Fiji, co-sponsored with the Israeli central trade union Histadrut, and attended by representatives of unions from eight South Pacific states. And in Pakistan, a series of seminars designed to help trade unions protect themselves against totalitarian and Moslem fundamentalist efforts to erode their democratic character was held at three local trade union centers.

d. Democratic Pluralism: One obstacle to the successful development and functioning of democratic unions is their frequent inability to conduct convincing information programs. This problem has been particularly acute in the Philippines, where the main democratic trade union center has recently faced mounting competition. FTUI funds have been given to a major domestic trade union central to purchase office and press equipment essential to a comprehensive publishing capability. A department of press and publications has been able to counteract left-wing propaganda; newspapers are being published and press releases issued. A seminar has been held for trade unionists responsible for publishing union newsletters. As a result of their newly learned skills, union publications are expected to increase in number and circulation, be more readable and thus elicit greater support for positions taken by the trade union movement.

e. Democratic Development: In the Philippines, a series of programs with the major peasant/worker trade union (NCFO) has begun to develop increased technological capability, sophisticated credit mechanisms and positions on land tenure and reform.

### 3. Europe

a. Institution-building: Two of the most important democratic trade unions in Europe -- France's CGT-Workers Force (FO) and Portugal's General Union of Workers (UGT) -- are being assisted by FTUI in countering a variety of anti-democratic efforts in the European labor movement. As democratic allies, these unions have worked together with

American labor on behalf of democracy in the International Confederation of Free Trade Unions (ICFTU), the International Labor Organization (ILO) and other international forums.

The Portuguese UGT has received FTUI assistance in placing organizers in the field to do political work in the aftermath of administrative elections. The UGT has been most successful in union sectors dealing with textiles, agriculture, metal, chemicals, fishing and mining. FTUI funds were also used to help the UGT conduct its Third National Congress.

In France, a trade union-like organization for professors and students has developed a comprehensive program to provide an effective counterweight to the propaganda efforts of left-wing organizations of professors active within the university system. FTUI has supported a series of seminars, and the publication of posters, books and pamphlets on such topics as "Subversion and the Theology of Revolution" and "Neutrality or Liberty." Funding has also been used for essential staffing and office costs.

In Spain, FTUI is assisting the Solidarity of Basque Workers (ELA-STV), a trade union in one of the most important industrial regions of the country. There, unionists have trained activists and organizers to build and strengthen the labor organization and conducted a number of seminars for union leaders.

The same unions receiving funds for institution-building in Europe have received additional support for complementary training and civic education programs.

b. Democratic Pluralism: There are a number of European-based public policy institutes, research organizations and publications assisted by FTUI which concentrate on explaining the anti-democratic character of totalitarian regimes and the persecution of workers within them. These organizations also publish historical and contemporary studies of anti-democratic groups active within democratic countries, including Communist-dominated trade unions and parties.

In France, these organizations include the Institute for Human Rights, the Institute of Social History and the Sino-Soviet Institute. The Institute for Human Rights has prepared a travelling exhibit that has been shown throughout France, which focuses on the Soviet system and its impact on conditions for workers. The Institute of Social History is reviving a publication on East-West issues that affect trade unions and is developing supplementary education and publication programs. The FTUI has supported the Sino-Soviet Institute's research on internal developments within these countries and their allies. Also in France, FTUI has assisted



Que Me, a publication of the Association of Vietnamese Overseas which reports violations of human and trade union rights in Vietnam.

Soviet Labour Review, a London-based publication assisted by FTUI, is a bi-monthly which studies and analyzes Soviet labor practices. FTUI funds are also used by this publication to contract for research and consulting services.

FTUI also funded a delegation of Italian textile worker leaders to an international trade union congress at which they strongly expressed their pro-democratic views.

Portugal's UGT organized a conference in Lisbon on democracy in Central America that was attended by union and political leaders from Europe, Latin America and the United States. The conference provided an unusual forum for consideration of international labor attitudes toward the situation in Central America.

FTUI funds were contributed to the Brussels-based office of Solidarity which supports the union's activities within Poland. Funds have also been used to disseminate Solidarity materials to the world trade union movement and to other defenders of the Solidarity cause. A Solidarity support committee in the West has published a report by the Helsinki Committee in Poland, a special report on Poland by the United Nations Human Rights Commission and a comprehensive list of political prisoners in Poland.

#### 4. Africa

a. Institution-building: The overwhelming majority of funds for African projects have been in the area of institution-building. Trade unions in Africa are in an early stage of development and, in many cases, lack the organizational skills and resources necessary to promote democratic worker participation in union and national affairs. The Free Trade Union Institute's efforts concentrate on helping weak unions build membership and services and on assisting pro-democratic organizations in their efforts to offset hostile counterpressures.

In Niger, FTUI has provided technical assistance to the Niger Trade Union Congress to implement an innovative resettlement program to provide job opportunities for Niger's urban unemployed.

In Nigeria, one of Africa's most important countries from both an economic and political standpoint, conditions are ripe for assistance to democratic union elements. Recent union elections have seen the emergence of democratic elements willing to work with other democratic trade union

organizations. However, the Nigerian labor movement has lacked the education and publications programs necessary to encourage and strengthen pro-democratic elements. FTUI has provided a grant to enable a major union to communicate with its dispersed membership. In addition, an African American Labor Center (AALC) consultant was sent to Nigeria and Guinea to confer with representatives of key trade unions on how labor federations might contribute to the formulation of economic and political policies. New opportunities for the free labor movement have also prompted a FTUI-supported effort to rebuild contacts with key labor organizations.

A grant to the United Steel Workers of America given through its International Trade Secretariat, the International Metalworkers Federation (IMF), will help establish an IMF Affiliates Council in South Africa.

In Ghana, recent elections in the Ghanaian Trade Union Congress have restored the democratic leadership which was all but destroyed in the aftermath of the Rawlings coup. FTUI has provided support for the reopening of the African American Labor Center office and assistance in the planning of educational seminars. Another grant provides assistance for the reopening of a labor college that will be used to train labor leaders throughout the region.

Besides these programs with individual unions, FTUI has offered support to democratic unionists in Africa working to promote democracy in an emerging Pan-African movement. A number of democratically-oriented labor unions on the continent are watching this situation closely and becoming increasingly active in efforts to ensure the democratic character of future regional efforts.

b. Exchanges: In the last year, FTUI has significantly expanded U.S.-African labor exchanges. These exchange programs included:

- o A three-week study tour of the United States by African trade union women from Mauritius, Ghana, Sierra Leone, Nigeria, Sudan, Zaire, Niger, Senegal and Kenya.
- o Intensive consultations between the president of the Hotel Workers Union of the Egyptian Trade Union Federation and his American counterpart, and a similar exchange between the head of the Mauritius Government Servants Association and his U.S. counterpart.
- o A U.S.-Nigerian union exchange involving consultations between the United Steelworkers and the Nigerian Steelworkers Union; and between the American Federation of Teachers and the Nigerian

Non-academic Staff Union of Education and Associated Institutes (NASU). As a result of the AFT/NASU cooperation, NASU has joined the democratic International Federation of Free Teachers Unions (IFFTU). In fact, NASU is now IFFTU's largest (600,000 members) duespaying affiliate worldwide.

- o Members of the American Federation of Government Employees and the Postal, Telegraph and Telephone International have conducted seminars in Nigeria on basic trade unionism.

c. Training and Civic Education: The Free Trade Union Institute has provided a grant for the expansion of education programs with African trade unions. Specifically, training programs are being developed to assist sister unions in Nigeria. They focus on both political and economic development issues.

FTUI has also given support grants to enable African trade unionists to attend regional seminars and conferences. The meetings provide the opportunity for African union delegates to examine questions of democratic union development and to participate in specialized seminars in trade union functions and responsibilities.

d. Electoral Processes: The Free Trade Union Institute has funded a project providing electoral process education for the Liberia Federation of Labour Unions (LFLU) membership. The program is intended to heighten LFLU membership interest and participation in Liberia's upcoming elections which will signal the nation's transition to civilian rule. As part of this program, four key representatives of the LFLU have visited the United States to study American labor's involvement in the U.S. electoral process.

e. Democratic Pluralism: Developing and training new trade union leadership is essential if the contributions of trade unionism to pluralistic, democratic society are to continue in a sustained way. Therefore, FTUI has focused resources on the education and encouragement of potential leaders and, more generally, on programs promoting the values of democratic pluralism.

One specific program of this kind is a grant to the African American Labor Center to provide support for the Central Organization of Trade Unions of Kenya (COTU), which is undergoing a generational leadership change. With this grant, the new leadership of COTU (Kenya) has received in-depth training in trade union management.

## B. Business

Independent associations representing the views of the business community are an essential component of a pluralistic society. But that is only one dimension of the importance of private enterprise to democracy.\* The experience of recent decades confirms that an open market economy is a prerequisite of an open political system. A dynamic private sector with an active small business community supplies a counterweight that limits state power and enables democracy to thrive. The private sector can remain healthy and independent only if it is genuinely free, which is to say, not beholden to a government that controls all the economic resources of society. Thus, support for an open economy is an important part of the Endowment's overall program.

Center for International Private Enterprise (CIPE)	\$1,700,000
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CIPE is a division of the National Chamber Foundation, a private, nonprofit corporation affiliated with the U.S. Chamber of Commerce. CIPE's overall goals are to foster the development of open market, private enterprise systems and the growth of independent business institutions as a means of encouraging the development of democratic pluralism abroad. In this past year, a start-up period, CIPE programs were designed to build the foundation for future activities. Accordingly, programs were funded that could serve as models for replication in other countries; would build a network of key resource persons for program expansion; and were likely to generate multiplier effects through private enterprise education and communication programs. CIPE projects supported with Endowment fiscal year 1984 funds are described below:

### U.S. Chamber of Commerce Center for Leadership Development

This project has several components, including organizational training for business association leaders; the translation and dissemination of teaching materials on modern management practices for private, voluntary organizations; and a pilot program involving the development of Spanish-language computer software for use by small business organizations in Latin America.

The organizational training project provided funds to an Institute for Organization Management program during the summer of 1984. Twenty-six participants, from the Middle East, Asia, Central America and the Caribbean, participated in a program of intensive course work followed by meetings with various local business organizations, discussions with the Small Business Administration, and briefings on communications, public relations, political action programs and public policy development.



### Management and Technical Assistance

Specific management and technical assistance projects are being developed with business organizations in the developing world. Training for leaders and potential leaders of business organizations will be designed in such areas as membership relations; policy analysis, business/government relations and communications, and public affairs programming.

### Clearinghouse Research

Very little is known about the status of voluntary business associations, their needs, and their contributions to fostering democratic development and economic growth. CIPE has begun a major clearinghouse effort, including regional surveys designed to assess the status of business communities and determine the network of existing private business organizations. Clearinghouse operations include the development of a data base on business organizations; the collection and annotation of research studies on democratic development and the development of open market systems; the collection and compilation of public opinion polls and studies examining attitudes toward business; and the compilation of program descriptions and case studies of programs being carried out by other international and business organizations.

### The Informal Sector in Peru - Integration and Deregulation

CIPE has funded a project for the Instituto Libertad y Democracia (ILD) to carry out research on the Peruvian informal sector -- a major portion of the Peruvian economy which, to avoid the prohibitive time and cost constraints caused by layers of bureaucracy and regulation, operates outside the legal framework. ILD and the Peruvian government have entered into an agreement whereby the ILD will develop a new legislative framework for economic activity in Peru that will afford freedom of access to a fair legal system that will not discriminate against those who have had to resort to the informal sector. This potentially ground-breaking effort should result in significant deregulation in Peru and the recognition of the informal sector as a legitimate and vital part of economic life.

### International Organization Coordination

Establishing cooperative relationships with international business organizations is high on the list of CIPE's priorities. The purpose of this program is to develop further contacts with international organizations actively involved in developing country programs and, where possible, to develop joint projects. Consultations have been held with many groups, including: the Caribbean Employers Confederation; the International Organization of Employers; the International Chamber of Commerce; the International Labor Office; the

International Bureau of Chambers of Commerce; the Curacao Chamber of Commerce; the Caribbean Association of Industry and Commerce; the Konrad Adenauer Stiftung; the Friedrich Naumann Stiftung; the Friedrich Ebert Stiftung; and the Conseil National du Patronat Francais.

#### Club d'Afrique Colloquium on Private Initiative in Africa

In spite of growing interest in Africa about the role the private sector can play in economic development, many countries in Africa have been pursuing economic policies indicating little understanding of the private enterprise system. CIPE has funded a Club d'Afrique proposal for a pan-African conference, held in Lome, Togo, to examine constraints to entrepreneurship in African countries and to discuss ways to overcome them. Through programs such as these, CIPE is able to promote private sector involvement in matters of economic policy development. The proceedings of the conference will be published.

#### EMPRESA

EMPRESA (Enterprise), a program jointly developed by the U.S. Chamber, the Association of American Chambers of Commerce in Latin America and the Fund for Multinational Management Education, provides an introduction to the private enterprise system for Spanish-speaking individuals. To date, EMPRESA has been used in employee programs and in adult community education programs. This project expands this effort by supporting the introduction of the material to schools in Latin America, working through appropriate local business groups in cooperation with the American chambers in Latin America.

#### Wingspread Conferences

This project involves joint sponsorship of a series of conferences with the Johnson Foundation/Wingspread Conference Center to explore the opportunities and difficulties of business involvement in supporting democratic development. Participants will include representatives from Europe, Latin America, Asia, and Africa. Conference results will be published and widely distributed.

#### Development, Growth and the Private Sector in Latin America: A New Approach

The Fund for Multinational Management Education (FMME) will conduct a workshop in Mexico City to bring together individuals seeking ways in which the private sector can become an active participant in the political processes of policy formulation. The program will draw heavily on the research of the Instituto Libertad y Democracia in Peru and will look at the informal sector as a vehicle for policy change.



### Academic and Intellectual Defense of the Role of Free Enterprise in Mexico

Several programs will be supported with this grant to the Centro de Estudios en Economia y Educacion (CEEE) of Mexico. The goals of these programs are to improve media appreciation of the market process; enhance public support for free market policies; provide support for the publication of the works of scholars and authors who defend the principles of a market economy; and update CEEE's resource library with recent literature on free market economics.

### Small Chamber Outreach Program in the Dominican Republic

The Greater Newark Chamber of Commerce is "twinning" to the chambers of the Dominican Republic. Out of this ongoing relationship, a program has developed to assist the chambers of commerce outside the two major cities of the Dominican Republic to strengthen their organizational capabilities, emphasize the relationship between business associations and political development, develop chamber training programs, and establish an exchange program between the Newark chamber and the Dominican chambers.

### Private Enterprise and the Spanish Education System in the Year 2000

Since the end of the Franco era, little has been done to reform the Spanish education system and the way in which private enterprise is presented in schools. The Instituto de Estudios Economicos (IEE) will carry out research to analyze the current status of the Spanish education system. Needed reforms will be outlined and used by the business community to develop a more balanced educational system in which private enterprise is seen as a positive and essential force for growth and development.

### Private Enterprise and University Curriculum Development: Part I - Latin America and the Caribbean

This feasibility study will be the first step in a larger, global program of defining developing country attitudes toward private enterprise. Subsequently, curricula supporting private enterprise will be designed.

### Research and Publication Dissemination

CIPE is planning to create and distribute publications supporting private enterprise and its institutions. A newsletter will be published containing information about CIPE activities and programs, reports on research findings, and information on publications relating to private enterprise development. Initial work has also begun on a quarterly journal, the first issue of which is anticipated in 1986.

### C. Other Private Sector Institutions

Through a variety of grantees, the Endowment provides support to strengthen many types of private voluntary organizations abroad. For example, the Endowment funds programs that seek to reinforce the democratic character of cooperatives and to enhance their contributions to the democratization of developing countries. Civic and social groups are also eligible for Endowment assistance. These institutions can play an important role not only in developing organizational skills and democratic attitudes among their members, but also in bolstering the civic consciousness of the wider society to which they belong. Among the types of organizations the Endowment is interested in assisting are those dedicated to encouraging political participation among women, youth and ethnic minorities and promoting human rights and religious freedom. The following projects in this program category were funded in FY84:

#### Cooperatives in Chile

\$90,000

U.S. Overseas Cooperative Development Committee

This grant is supports the establishment of exchanges and "sister coop" relationships between U.S. cooperatives and their counterparts in Chile. The Chilean cooperative movement, an important democratic force, suffered under the Salvador Allende regime and has been severely weakened under the military rule of Augusto Pinochet.

This project will allow U.S. and Chilean cooperative leaders to examine the democratic functioning of each other's cooperatives. Training materials will be developed, and several permanent cooperative-to-cooperative relationships for democratic institution building will be created. In addition, an attempt will be made to assess whether the non-partisan, issue-oriented approach of U.S. cooperatives can be adapted and utilized more widely abroad.

#### Francophone Africa Democracy in Action Training Program Overseas Education Fund

\$187,500

This project will build systems for democratic action in Francophone West Africa through training in organizational skills and enterprise identification and development, and through networking among women leaders of democratic organizations in the region. By the end of the first year of this project, 450 women from Senegal, Mali and Niger will have been trained in strengthening local democratic organizations, leadership development, business skills, lobbying governments for necessary services, advocating changes in law and marketing of goods and services. There are plans to expand the program to include additional countries in West Africa.

The Overseas Education Fund (OEF) will administer the grant. Founded by the League of Women Voters in 1947 and incorporated in 1961 as an independent organization, the OEF has had thirty-seven years of experience in assisting and strengthening womens' organizations throughout the Third World.

Conciencia  
Overseas Education Fund

\$135,000

Conciencia is a private, nonpartisan Argentine women's organization established to promote knowledge of the Argentine constitution, defend the democratic way of life and support community participation by Argentine citizens. It was founded in 1982 by a group of women executives, lawyers, journalists, students and housewives who felt the need for an organization, similar to our League of Women Voters, to help prepare the Argentine public for the return to democratic rule.

Conciencia offers courses designed to provide basic civics instruction to the public. Those who conduct the courses, all volunteers, are scrupulously objective and refrain from promoting their own personal views. Participants learn the techniques of parliamentary debate and how to arrive at a common point of view. Conciencia also sponsors public discussions on issues of national concern. Chapters have been formed in several provinces, and an annual meeting is held for representatives of all the chapters. Supported by an Endowment grant, the Overseas Education Fund is providing assistance to Conciencia to open new chapters, train new volunteers, produce audiovisual aids, expand the program to schools, universities and the media, and hold public discussions with candidates for the 1985 national elections.

Chile - Washington State Partnership  
Partners of the Americas

\$120,000

Partners of the Americas, established in 1964 as the people-to-people component of the Alliance for Progress, operates fifty-four bilateral partnerships linking forty-three U.S. States with twenty-seven Latin American and Caribbean countries. The Partnership concept is based on the belief that people can make a difference by organizing through their local community. Linkages between a Latin American country and U.S. state involve exchanges between a wide variety of local institutions such as universities, service agencies and 4-H clubs. All Partners programs include technical assistance and training.

An Endowment grant is enabling Partners to establish a partnership linking Chile and the state of Washington. It is hoped that such contact at the non-governmental level with U.S. groups will reinforce the commitment of the Chilean people to democratic values and encourage the return to democracy.



## II. DEMOCRATIC GOVERNANCE AND POLITICAL PROCESSES

Democracy requires a system of representative government in which leaders are chosen in freely contested, fair and periodic elections, and the rights of individuals and groups are assured through the just and equitable rule of law. The Endowment will seek to strengthen that system in countries where democracy is newly established, fragile or under challenge from anti-democratic forces of the left or right. The Endowment will also seek to facilitate and encourage a transition to democracy where there are opportunities for such a positive evolution. And even in non-democratic countries, it may be possible for the Endowment to work with certain official institutions (e.g., an independent judiciary) whose strengthening may facilitate the eventual emergence of democratic rule.

The most important non-governmental participants in the democratic political process are political parties. Experience has shown that democracy can flourish only in an environment of representative, well-organized and stable parties committed to democracy and willing to abide by the results of free elections. Thus, cooperation with democratic political parties abroad -- reinforcing their dedication to democratic principles and their ability to participate in the democratic process -- is a high priority for the Endowment.

The most natural U.S. private sector groups for the Endowment to support in pursuing this goal are our own Democratic and Republican parties. Indeed, the Endowment's six basic purposes, as stated in both its own Articles of Incorporation and the National Endowment for Democracy Act, repeatedly cite the two major American political parties as groups whose cooperation with democratic groups abroad is essential and should be promoted by the Endowment. The Chairmen of both the Republican and Democratic parties (who are also members of the NED Board) were actively involved in the initiatives that led to the establishment of the Endowment, and each party created a separate non-profit institute to participate in the effort to encourage democracy around the world. In fiscal year 1984 these two organizations, the National Democratic Institute for International Affairs (NDIIA) and the National Republican Institute for International Affairs (NRIIA), received most of the grant funds that the Endowment provided in the program category of Democratic Governance and Political Processes. Their activities are described below.

National Democratic Institute for International Affairs      \$1,500,000

During its first year of operations, the NDIIA not only accomplished a whole series of essential start-up administrative and organizational tasks but developed an initial set of programs designed to strengthen democratic institutions abroad:

### Washington Consultation

Thirty-five representatives of a wide variety of foreign parties spent the week of the 1984 Presidential election in the U.S., first observing the election as guests of the mayors of New York, Atlanta and Miami, and then attending a three-day meeting in Washington. This gathering, sponsored by NDIIA, represents the first time that party leaders from all regions of the world have been convened in Washington to discuss pluralism and the challenges to democratic institutions. In addition to introducing NDIIA and the Endowment to the foreign party leaders, the consultation provided NDIIA with clearer insight into the concerns and priorities of democratic parties abroad before proceeding to fund specific proposals.

### Joint Meeting with Venezuelan Political Institutes

NDIIA and NRIIA have agreed to co-host a meeting in Caracas with the political foundations of the two leading Venezuelan parties, which are well respected for the assistance they have given toward strengthening democratic institutions in South America, Central America and the Caribbean. The meeting, scheduled for January 1985, will focus on the possibility of creating a School for Democracy to serve as a regional training institute in the techniques of democratic politics. The agenda will include questions of funding and curriculum, as well as other practical considerations involved in the establishment of such an institution.

### Western Hemisphere Leadership Conference

This conference is a direct outgrowth of regular NDIIA consultations with Latin American and Caribbean political leaders, who feel that communication among hemispheric democracies is the key to the spread of democratic pluralism in the region. The primary goal of the meeting, to be convened in March of 1985, is to establish a network of democratic political leaders from Latin America and the Caribbean. This core group will have as its major task the development of projects to support and encourage democratic institutions and practices.

### Model Workshops in Democratic Development

Two workshops, each with fifty participants drawn from around the globe, will be held in Washington in March and April of 1985. American experts in party organization, voter education, registration and election operations will address the concerns and problems of democratic party representatives abroad. Wherever possible, the discussions will emphasize approaches that have proven successful in Third World countries, rather than simply reflecting the American experience. Multilingual handbooks on citizen participation will be developed in advance of the meetings by U.S. experts in

political technology and international democratic development. A third workshop, specifically tailored to the needs of the Caribbean mini-states, will be held in San Juan, Puerto Rico, in August 1985.

#### African Regional Initiative

Approximately thirty-five democratic party leaders from sub-Saharan Africa, as well as some American and European observers, will be invited to Dakar, Senegal, in July 1985 for a three-day conference on the future of democracy and pluralism in Africa. It is expected that this conference will establish the groundwork and identify appropriate partners for future NDIIA programs in Africa.

#### Legislative Fellowship Program

Concerned that misunderstanding of different democratic systems can be an obstacle to international cooperation among democratic forces, NDIIA is establishing a program designed to give foreign democrats a better understanding of the legislative branch in the U.S. and its relationship to the executive branch. Five persons, chosen from nominees solicited from one hundred African, Asian, and Latin American political party leaders, will be brought to Washington for one year to serve as legislative assistants to members or committees of Congress. The foreign legislative assistants will work closely with their American counterparts in the day-to-day business of public policy, stimulating a valuable exchange of ideas and perspectives.

#### Academic Fellowships

To encourage sustained thought and research on democracy by Third World students, NDIIA is planning to launch two academic programs. The Foreign Exchange Fellowship Program will provide small financial grants to doctoral candidates from abroad to pursue studies in the U.S. on the legal and political foundations of pluralism. The Graduate Fellowship Program will assist doctoral candidates and post-doctoral researchers undertaking advanced studies of international relations, political development and related fields either in the U.S. or elsewhere. A panel of outstanding men and women, including politicians, academicians, and diplomats, will select program participants.

National Republican Institute for International Affairs      \$1,500,000

Formed early in 1984, NRIIA quickly began the research and organizing work necessary for the development of its first programs. NRIIA decided to focus its initial program efforts primarily on Latin America and the Caribbean, believing that nowhere in the developing world are the challenges to democracy



more sharply defined or the opportunities to assist in its development more clearly evident than in our own Hemisphere. Moreover, it was felt that the experience gained in Latin America will prepare NRIIA for work in other areas of the world where political institutions are less mature and vary in more significant ways from the U.S. model. NRIIA is implementing the following programs with fiscal year 1984 Endowment funds:

#### Democrat Union of the Americas (DUA)

This project seeks to create a regional political organization for conservative and moderate political parties in this hemisphere. These parties have traditionally suffered from a sense of isolation, and in local political battles they have regularly faced well-financed leftist and totalitarian forces with access to a variety of foreign resources. For the first time the DUA will provide a structure through which such parties can exchange ideas and political information. Eventually it hopes to develop training, education and assistance programs to strengthen hemispheric democracy. NRIIA will provide funding for a series of meetings to identify potential members and carry out a coherent international planning process. The ceremonial inauguration of the DUA with the leadership of member parties is slated for March 1985 in an appropriate Latin American capital.

#### Colombia

The Conservative Party of Colombia is one of the oldest established democratic institutions in the Western Hemisphere. NRIIA will provide a broad range of assistance to this like-minded democratic party. It will help the party's Nueva Colombia Institute to develop a research capability, enabling it to analyze voter trends and preferences as well as policy issues of national interest. The project will also enhance the curriculum on democracy at the Simon Bolivar University.

#### Democratic Development in Grenada

NRIIA is seeking to strengthen democracy in Grenada by providing political education and training seminars and material assistance to groups representing the democratic center in that country. Centrist democratic elements will be aided in their efforts to publicize information on democratic processes and ideas through a series of town hall meetings and other forums.

#### Bolivia

Bolivia, which returned to constitutional democratic rule under the left-leaning government of Dr. Siles Suazo, continues to struggle with economic stagnation and social unrest. NRIIA assistance will be aimed at supporting democratic centrist groups in such activities as seminars, publications, workshops

and voter education and mobilization efforts. The Foundation for Economic Growth of the ADN party, along with non-partisan civic, business and religious organizations, will be the recipients of this assistance.

#### Guatemala

The transition from military to civilian rule in Guatemala is scheduled to culminate in Presidential elections in March of 1985. However, voter apathy and a lack of understanding of democratic procedures are evident in urban and rural areas, especially among the Indian population. NRIIA will fund a national opinion poll of potential voters conducted by an internationally recognized polling organization based in Central America. The results of this survey will be used to design voter education and mobilization campaigns in preparation for the March 1985 return to civilian government.

#### International Conference of Latin American Public Policy Institutions

In the belief that non-governmental public policy institutions can usefully contribute to the democratic decision-making process, NRIIA is funding a meeting to explore the possibilities of regional cooperation among such organizations. The conference will be organized by the Center for International Relations, which has identified as potential invitees thirty-eight public policy institutions (in sixteen Latin American countries) whose activities indicate a commitment to democratic values.

#### Totalitarian Systems and Democracy

NRIIA is hosting a conference for scholars, political activists, democratic development theorists and emigre representatives to discuss possible means by which democratic organizations may promote democratic alternatives to totalitarian rule. The results and conclusions of the conference will be published as a basis for further research into democratic development programs in totalitarian societies.

#### Portugal

In response to a request from the Portuguese Center Democrat Social Party (CDS), NRIIA is providing assistance for party-affiliated research and public policy institutions. Among the activities supported by NRIIA will be educational outreach programs, the creation of a computerized data bank for political and economic forecasting, and research into private enterprise solutions for economic problems in those regions of Portugal that are Communist-dominated and suffering economic distress.

## Democracy and Economic Development

NRIIA will host an international colloquium of leading academic, business, and government experts to examine in detail the relationships between political environments and economic growth. To be held in Asia, the world's most economically dynamic region, the conference will seek to identify common political elements in successful developing economies. Conference results will be published and distributed as a contribution to the debate over the political agenda for economic growth.

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The Endowment also seeks to strengthen democratic governance and political processes through other kinds of programs, including support for nonpartisan public policy institutes, efforts to enhance judicial independence and the rule of law, technical assistance in the design and administration of electoral systems, and programs aimed at encouraging the commitment to democracy of key public sector groups. Two initial grants in this area were made in 1984:

Centro de Estudios Politicos (CEDEP), Guatemala  
Caribbean Central American Action

\$127,500

The Center for Political Studies (CEDEP) was established by Guatemalan professionals and businessmen deeply committed to a democratic transition in their country and anxious to provide a non-partisan political forum where politicians and emerging political groups could find a neutral ground to discuss public issues. Founded in Guatemala City in 1983, it has carried out a series of meetings on constitutional, legal, economic and foreign policy issues, and has published a modest quarterly journal. CEDEP's initial programs have gained it a reputation for seriousness, impartiality and dedication to democratic principles.

An Endowment grant administered by Caribbean Central American Action, a Washington-based non-profit organization, will enable CEDEP to expand its activities in three major areas: (1) training courses in the contemporary history and politics of Guatemala; (2) research on means of promoting democracy and solving social and economic problems in Guatemala; (3) additional forums for discussion between political and private-sector leaders.

With continued success, CEDEP may be able to play a significant role in leading Guatemala, the largest and one of the most important states in Central America, toward a more democratic future. Organizations like CEDEP, which are nonpartisan but committed to pluralism and democracy, offer a promising vehicle for fostering free discussion and civility in societies that have been

torn by violence, oppression and bitter partisan divisions. The Endowment hopes that CEDEP will provide a model that may be replicated in other countries.

International Human Rights Internships and Exchanges  
Columbia University Law School

\$100,000

Columbia University Law School has launched a program that will bring foreign scholars and students to Columbia to study human rights law, and in exchange will send Columbia law students abroad as summer interns to work in law offices specializing in human rights cases. Directing the program will be Professor Jack Greenberg, who served for over 20 years as Director-Counsel of the NAACP Legal Defense and Educational Fund before joining the Columbia faculty.

During the spring semester of 1985, the American students selected for the program will take special courses in preparation for their summer internships. They will be placed in law offices in such countries as South Africa, Zimbabwe, the Philippines and Argentina where Columbia Law School faculty and alumni have contacts with attorneys practicing human rights law. During the fall semester of 1985, foreign students drawn from a wide geographical range of countries will take courses and do research in various aspects of American law pertaining to human rights. It is expected that these exchanges will help to establish an international network of relationships among lawyers dedicated to the defense of human rights and democracy.



### III. EDUCATION, CULTURE AND COMMUNICATIONS

Another essential aspect of the Endowment's work is in the field of education, culture and communications. Democratic political institutions will not long endure unless they are reinforced by a free press and supported by a populace that is committed to such ideals as the rule of law, individual liberty, freedom of religion, free and open debate, majority rule and protection of the rights of minorities. Moreover, the general prospects for the advance of democracy in the world will depend in large part on the cogency and vigor with which its advocates can defend the case for free societies against their adversaries.

Efforts in the realm of culture and opinion assume special importance in closed societies, where other levers for promoting progress toward democracy are generally not available. The first and most essential step toward the opening of closed societies is the encouragement and sustenance of a degree of independent public opinion. Toward this end it is necessary to promote a freer flow of information to and from the people of such countries. This can be done both by making available outside sources of information and ideas and by assisting in the publication and dissemination of independent scholarly or artistic works produced within.

It is also important that worthy achievements of the unofficial (or "second") culture of closed societies be widely recognized in open societies, for the sustainability of an independent public opinion depends in large measure on the resonance and support it receives in free countries. Recognition abroad also tends to provide "underground" scholars and artists, as well as human rights activists and political dissidents, with some protection against government repression. It is vital that the struggle of these brave people for intellectual liberty and human rights not be ignored, and that they know they have the support of democrats throughout the world.

In future years, the Endowment expects to support programs aimed at encouraging democratically-oriented journalistic enterprises in the Third World. It also looks forward to an expansion of its modest initial efforts to promote civic education and democratic cultural activities in developing countries. Its 1984 programs in this area, along with those directed at contributing to an opening of closed societies, are described below:

#### Training in Democracy

\$41,500

YMCA of the USA - International Division

A Training in Democracy Program for the youth of Panama will be conducted by the YMCA of the USA in collaboration with the YMCA of the Republic of Panama. Designed for teenage youth, the program will provide training in political leadership and the democratic process through practical experience in the determination of public policy.

Adapted from the successful YMCA Youth in Government Program held in the United States each year, the program will be conducted by YMCA clubs in Panama. Local clubs will draft legislation. District conferences will debate the bills, lobby for their passage, conduct mock court trials and report on these activities in a youth newspaper. A national conference in the capital city will conclude the program. Through these activities Panamanian youth will experience practical training in government -- executive, legislative and judicial -- as well as news reporting, and will gain a greater understanding of the democratic process.

Education in Afghanistan  
Afghanistan Relief Committee

\$50,000

Funds to reopen and maintain schools in Afghanistan in areas controlled by the Afghan resistance have been given to the Afghanistan Relief Committee, a private U.S. group established in 1980 to assist Afghan victims of the Soviet invasion. Most of the schools in Afghan rural areas have been destroyed or abandoned and many teachers have fled. As a consequence, a generation of Afghan youth is being deprived of elementary and secondary education.

The project will be monitored within Afghanistan by Medecins sans Frontieres, a French organization which provides medical care to Afghans in areas of the country not controlled by Soviet or government forces. Endowment funds will pay teacher salaries, refurbish buildings and purchase textbooks and supplies. At a time when the Soviet Union is seeking to indoctrinate the younger Afghan generation -- and sending thousands of them to the Soviet Union for study -- providing basic education within Afghanistan makes an essential contribution to the cause of democracy and independence in Afghanistan.

Human Rights in Cuba  
Cuban American National Foundation

\$60,000

The encouragement of pluralism and respect for human rights in Cuba is the objective of this grant to the Cuban American National Foundation, a U.S. organization. Endowment funds will be used to establish citizen committees in European countries to gather and disseminate information about the human rights situation in Cuba. Together with the committees already established in Sweden and Spain, they will constitute the European Coalition for Human Rights in Cuba.

Armando Valladares is the prime mover of the Coalition. A highly respected Cuban writer who was imprisoned by Castro for twenty-two years and released in 1982, Valladares has been instrumental in helping to educate European public opinion about the human rights situation in Cuba. Such awareness provides significant protection to democrats within Cuba, as was demonstrated in 1983 when European pressure forced the Cuban

government to commute the death sentences of five workers charged with attempting to organize an independent trade union.

Strengthening Ties Among Democratic Intellectuals  
Freedom House

\$200,000

A network of democratic opinion-makers in both the developing and the developed worlds will be established by Freedom House, an organization founded in New York City forty-three years ago to strengthen free institutions around the world. Such a network will seek to end the isolation of democratic-minded intellectuals and journalists in the Third World who wish to participate in democratic discourse with colleagues in North America and Western Europe.

Democratic opinion leaders will be identified to serve as resource and contact persons for ideas and materials produced in their countries or regions and to share them with others in the network. The result will be an international network of committed democrats from all parts of the world who write, teach, report and engage in other activities which can influence public opinion in their countries in support of the democratic idea. The exchange of information will also enhance the ability of Freedom House to prepare its annual report on the state of freedom in the world by drawing on the experience and views of a large body of Third World intellectuals who are sensitive to local and regional issues and traditions.

The Chinese Intellectual

\$200,000

A new Chinese-language quarterly published in the United States by a group of writers and scholars from the People's Republic of China (PRC), The Chinese Intellectual provides a forum for the free discussion of issues related to democratic values and the future of China. Its immediate objective is to foster an atmosphere of intellectual pluralism and tolerance in a key future leadership group -- the 10,000 PRC students and scholars now studying in North America and the 5,000 in Western Europe and Japan. Its chief editor is Liang Heng, author of Son of the Revolution, a widely acclaimed book which recounts his experiences as a youth in China during the cultural revolution of the late 1960s.

Poland: Support for Independent Cultural and Social Activities  
Polish Institute of Arts and Sciences of America

\$90,000

The Endowment is providing financial assistance for independent cultural and educational activities in Poland through a grant to the New York-based Polish Institute of Arts and Sciences of America, a non-profit, non-political educational, academic and cultural organization. Part of the grant is also being used to provide urgently needed medicine, food and clothing for the



families of Polish political prisoners, including those who have been amnestied after lengthy imprisonment but are currently denied employment.

Committee in Support of Solidarity

\$91,825

The New York-based Committee has received a grant to support independent education, publishing and human rights groups in Poland and other East European countries, and to distribute publications by indigenous authors. In addition, the Committee will publish, in four East European languages (Czech, Hungarian, Russian and Ukrainian), a volume of documents and articles on the Solidarity movement in Poland. This volume will also contain basic human rights documents, including the ILO Convention on Freedom of Association.

International Freedom to Publish Committee, Association of  
American Publishers

\$6,000

The Committee, which champions the rights of silenced writers throughout the world, has received a grant to assist a Polish-language literary quarterly, Zeszyty Literackie (Literary Notebooks), published by Polish emigres in Paris, and reprinted and distributed in Poland. The journal makes possible a dialogue between writers within Poland and those in other East European countries, as well as writers in the West. The grant helped cover the editorial and publication costs of issue No. 8, Fall 1984.

Sakharov Hearings on Human Rights

\$45,000

U.S. Committee for the Fifth International Sakharov Hearings

The Sakharov Hearings, named after the renowned Soviet scientist, Nobel laureate and human rights advocate Andrei Sakharov, are public hearings held before a jury of prominent public figures who examine the testimony of witnesses. The Fifth Hearings, to be held in London in 1985, will examine Soviet human rights policies during the decade since the passage of the Helsinki accords. The Hearings will focus world attention on these issues, a goal which Dr. Sakharov has deemed essential to the survival of the human rights movement in his country.

Encouraging Pluralism in the Soviet Union: A Feasibility Study  
Andrei Sakharov Institute

\$50,000

The Endowment has given a grant to the Andrei Sakharov Institute of Washington, D.C. to study the question of how to encourage greater openness and pluralism in closed societies, with particular reference to the Soviet Union. Among other things, the study will examine the role of Soviet emigres in the West -- now numbering in the hundreds of thousands -- who are a fresh source of



information about the Soviet Union as well as a link to the human rights movement there. The Study will make recommendations that should help the Endowment identify appropriate programs to further the cause of human rights in the Soviet Union in a manner consistent with the ideals of Andrei Sakharov.

Moscow International Book Fair \$50,000  
International Freedom to Publish Committee, Association of  
American Publishers

This grant will assist U.S. publishers in mounting an exhibit at the 1985 International Book Fair in Moscow of some three hundred recent books by Americans about the United States. Called "America Through American Eyes," the exhibit will describe life and thought in the United States, its diversity and freedom, and will be a testimony to the free speech and free press that exist in our democracy. An annotated catalogue describing the books, written in both the Russian and English languages, will be distributed to visitors at the Fair. A similar exhibit was mounted by U.S. publishers at the 1979 Moscow Fair and enjoyed huge success with the Soviet public.

#### IV. RESEARCH AND SCHOLARLY COOPERATION

Although most of its grants support action-oriented programs, the Endowment recognizes that well-conceived and clearly targeted research can usefully contribute to the effort to promote democracy. Accordingly, it allocates a small portion of its resources to funding research. The Endowment makes occasional grants for studies that will both aid it in carrying out its mission and be of considerable interest to a wider audience. These may include: (1) general or comparative studies on the preconditions and prospects of democracy; (2) studies focused on the problems of democracy in particular regions or countries in which the Endowment has a special interest; and (3) studies that evaluate the effectiveness of previous and existing efforts to promote democracy. In addition, Endowment-supported projects in other program categories often include a research component.

The Endowment staff is developing close ties with the academic and policy research communities. Besides making a small number of research grants, the Endowment also from time to time calls upon research consultants or informally brings together small groups of experts to aid the staff in program planning. It also seeks the assistance of scholars in reviewing grant proposals.

Indeed, the Endowment hopes that, despite the limited resources it can devote to research, it will be able to act as a catalyst to encourage greater academic attention to the issue of democracy and its role in the contemporary world. The Endowment staff will attempt to keep itself informed about all significant research that is being done in this field and to maintain contact with other organizations, in both the public and private sectors in the U.S. and abroad, that fund research. In this way it hopes to be in a position to suggest possible alternative sources of support to those researchers whose projects it cannot itself fund. In short, the Endowment hopes eventually to become a clearinghouse for research on democracy.

Democracy in Developing Nations: Persistence, Failure and Renewal  
The Hoover Institution, Stanford University \$100,625

The experience of developing countries with democratic government is the subject of the first Endowment-funded research project, directed by Professors Seymour Martin Lipset of Stanford University and Larry Diamond of Vanderbilt University. Through case studies of some twenty countries in Africa, Asia, Latin America and the Middle East, the project will seek to identify the political, social, economic and historical/cultural factors that explain the varying degrees of success with democracy in the Third World. Each essay will be written by a prominent scholar with expert knowledge of the country in question and its experience with democracy.

The two-year study, the first comparative effort to focus on the record of democracy in the Third World in a comprehensive manner, will develop specific proposals for policies and actions to encourage and support the development of democratic institutions. The results will be published in a series of volumes intended for wide readership around the world.

#### V. INTERNATIONAL COOPERATION

An important priority for the Endowment is to encourage regional and international cooperation in the building and strengthening of democracy. Thus, the Endowment provides grants for programs aimed at promoting greater cohesion among democratic forces. The Endowment also seeks to coordinate its own activities with parallel efforts organized by other groups with similar objectives, such as the West German political foundations. Efforts will also be made to enlist the cooperation of private sector groups in countries that have a special relationship with a particular region (e.g., Japan or Australia in Asia, France in Francophone Africa, etc.). Through such efforts, the Endowment hopes to foster a sense of common identity and purpose among democratic groups and democratic societies generally.

Developing Solidarity Among Democracies  
Committees for a Community of Democracies

\$75,000

The principal objective of the Committees for a Community of Democracies (CCD), which currently has chapters in four U.S. cities and in the United Kingdom, Belgium, Portugal and Australia, is to build a new association of democratic countries as a basis for strengthening democracy worldwide. Motivated in part by a desire to promote democracy as a principle of international organization, as well as by disillusionment with existing international organizations that combine democratic and totalitarian states, the CCD will seek to unite First and Third World democracies -- some fifty in all -- in a new multilateral structure. The CCD believes that such an organizational embodiment of democratic solidarity will facilitate support for Third World democracies and encourage other countries to follow a democratic path.

An Endowment grant is providing support for an international preparatory meeting in early 1985 to plan a nongovernmental conference of representatives of practicing democracies. The preparatory meeting will develop the agenda, potential attendees and funding arrangements for the conference.

National Endowment for Democracy

Staff and Consultants

Carl Gershman, President  
Louise A. Siffin, Special Assistant to the President  
Diane M. Bettge, Secretary to the President

Marc F. Plattner, Director of Program Development  
Yale Richmond, Senior Program Officer  
Kevin R. Callwood, Program Officer, Africa  
Luis Aguilar, Consultant, Latin America  
Deborah I. Tyczenski, Program Secretary

Jeffery A. Hunter, Comptroller  
Kae Guthrie, Assistant to the Comptroller

Alexandra Glowacki, Director of Public Affairs

Corporation Counsel

Ross, Dixon and Masback



AUDITORS' OPINION

National Endowment For Democracy:

We have examined the balance sheet of National Endowment For Democracy as of September 30, 1984 and the related statements of revenue and expenses, and changes in fund balance and of changes in financial position for the period November 18, 1983 (date of inception) to September 30, 1984. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of National Endowment for Democracy at September 30, 1984 and the results of its operations and the changes in its financial position for the period November 18, 1983 to September 30, 1984, in conformity with generally accepted accounting principles.

*Deloitte Haskins & Sells*

November 13, 1984

NATIONAL ENDOWMENT FOR DEMOCRACY

BALANCE SHEET  
SEPTEMBER 30, 1984

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	<u>NOTES</u>	
<u>ASSETS</u>		
Cash		\$ 18,750
Grants receivable	1	11,596,732
Prepaid and other assets		<u>29,274</u>
TOTAL		<u>\$11,644,756</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable and accrued liabilities		42,717
Grants payable	1	<u>11,572,765</u>
Total		<u>11,615,482</u>
 FUND BALANCE		 <u>29,274</u>
 TOTAL		 <u>\$11,644,756</u>

See notes to financial statements.

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NATIONAL ENDOWMENT FOR DEMOCRACY

STATEMENT OF REVENUES, AND EXPENSES AND CHANGES IN FUND BALANCE  
FOR THE PERIOD NOVEMBER 18, 1983  
(DATE OF INCEPTION) TO SEPTEMBER 30, 1984

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	<u>NOTES</u>	
<u>REVENUES</u>		
Grant revenue	1	<u>\$17,999,811</u>
<u>EXPENSES</u>		
Program grants	1	17,519,949
Salaries, wages and benefits		66,465
Consultants		133,384
Travel and transportation		15,508
Supplies and equipment		31,224
Occupancy		37,560
Telephone and telex		11,201
Postage and delivery		7,011
Printing and copying		8,761
Conference and meetings		9,096
Insurance		2,191
Dues, subscriptions and publications		3,177
Professional fees		124,757
Other		<u>253</u>
Total expenses		<u>17,970,537</u>
EXCESS OF REVENUES OVER EXPENSES AND FUND BALANCE, END OF PERIOD		<u>\$ 29,274</u>

See notes to financial statements.

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NATIONAL ENDOWMENT FOR DEMOCRACY

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE PERIOD NOVEMBER 18, 1983  
(DATE OF INCEPTION) TO SEPTEMBER 30, 1984

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	<u>NOTES</u>	
SOURCES OF CASH:		
Excess of revenues over expenses		\$ 29,274
Increase in grants payable	1	11,572,765
Increase in accounts payable		<u>42,717</u>
TOTAL		11,644,756
USE OF CASH:		
Increase in grants receivable	1	11,596,732
Increase in prepaid and other assets		<u>29,274</u>
TOTAL		<u>11,626,006</u>
INCREASE IN CASH AND CASH BALANCE, END OF PERIOD		<u>\$ 18,750</u>

See notes to financial statements.

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## NATIONAL ENDOWMENT FOR DEMOCRACY

NOTES TO FINANCIAL STATEMENTS  
FOR THE PERIOD NOVEMBER 18, 1983  
(DATE OF INCEPTION) TO SEPTEMBER 30, 1984

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### 1. ORGANIZATION

The National Endowment for Democracy (the Endowment) is a private not-for-profit corporation headquartered in Washington, D.C. The Endowment was established coincident with a grant awarded by the United States Information Agency (the Agency) as mandated by the National Endowment for Democracy Act (the Act) of the United States Congress. The purpose of the Endowment is to encourage free and democratic institutions throughout the world through activities which promote individual rights and freedoms. The Endowment awards grants to organizations with programs consistent with its objectives.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting - The accounts of the Endowment are maintained and the financial statements have been prepared in accordance with the principles of fund accounting.

Revenue Recognition - Revenues from the Agency grant are recognized as earned when grants have been awarded by the Endowment, or when obligations have been incurred for the Endowment's administrative purposes.

Grant Receivable/Payable - At the time that a grant is awarded, a payable is established to the grantee, and a corresponding receivable from the Agency is created. As payments are made to the grantee, the Endowment draws on its line of credit and both accounts are decreased accordingly.

### 3. UNITED STATES INFORMATION AGENCY GRANT

A grant was awarded to the Endowment from the Agency for an amount not to exceed \$18,000,000 for the period December 1, 1983 through September 30, 1984. An additional grant of \$18,500,000 has been awarded by the Agency for the fiscal year ending September 30, 1985.

### 4. RELATED PARTY

The Endowment awards grants to various organizations to be used for programs which the Board of Directors determines are consistent with the purposes of the Act. Some of the organizations which submit proposals and are awarded funds have members of their Board of Directors represented on the Board of Directors of the Endowment.

Article VI, Section V of the Endowment's bylaws provides that any board member who is an officer or director of an organization seeking to receive grants from the Endowment must abstain from consideration of and any vote on such grant. This provision shall not prevent any director from supplying to the Board any factual information it may seek respecting such grant proposal.

5. INCOME TAXES

The Endowment intends to apply for exemption from federal income taxes as a publicly supported not-for-profit organization during the fiscal year ending September 30, 1985.

6. CONTINGENT LIABILITIES

A member of Congress has suggested to the General Accounting Office (GAO) and the Agency that the Board of the Endowment improperly allocated fiscal year 1984 funds to The Free Trade Union Institute and National Chamber Foundation. Both the Agency and the Endowment disagree with the Congressman on this matter and are contesting this assertion before GAO. If the position of the Agency and the Endowment is deemed to be incorrect, the Endowment could be asked to allocate \$3.6 million to these two entities. Since compliance with any such order would involve fiscal year 1984 funds, the Endowment, which has expended those monies in accordance with what it believes to be Congressional direction, would likely have to request assistance of Congress in executing any such order. Counsel for the Endowment is of the opinion that the conduct of the Endowment has been in accordance with Congressional direction and should be upheld, and has filed a formal legal opinion with GAO.