

The Executive Memorandum

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THE NATIONAL ENDOWMENT FOR DEMOCRACY: AN IMPORTANT WEAPON IN THE WAR OF IDEAS

The National Endowment for Democracy (NED), which spearheads American efforts to foster democracy throughout the world, is in danger of being dismantled. The House of Representatives on June 22 voted 243 to 181 to approve an amendment to the State Department authorization bill that would eliminate the Clinton Administration's \$50 million fiscal 1994 budget request for the NED. The NED's future now is in the hands of the Senate.

The Senate should reverse the House's shortsighted action and restore NED funding. The NED is a dynamic, flexible, and cost-effective means of furthering U.S. interests by promoting the development of stable democracies in strategically important parts of the world. The U.S. cannot afford to disarm unilaterally in the international war of ideas.

The NED's Role. The National Endowment for Democracy is a private, non-profit organization established by Congress in 1983 to strengthen democratic institutions and foster democratic values throughout the world. Through its grant program, NED enlists the help of private American groups to assist democratic reformers abroad. It is active in almost 100 countries, working through some 75 American grant recipients, including NED's four "core" institutions, the Center for International Private Enterprise, the Free Trade Union Institute, the International Republican Institute, and the National Democratic Institute for International Affairs.

The NED has played a vital role in providing aid to democratic movements in the former Soviet Union, Eastern Europe, China, Cuba, Iran, Iraq, Nicaragua, Vietnam, and elsewhere. It has dispatched experts to help emerging democracies assemble the building blocks necessary to sustain a stable democratic system: representative political parties, a free market economy, independent trade unions, and a free press. NED-affiliated advisers help formulate election laws, train poll workers, monitor elections, and teach activists how to build political parties.

Critics of the NED claim that the NED is no longer needed because of the collapse of Soviet communism. They neglect the fact that communist dictatorships still control China, Cuba, North Korea, and Vietnam. Moreover, ex-communists masquerading as nationalists continue to dominate several of the Soviet successor states. The NED can play an important role in assisting those countries in making the turbulent transition to democracy.

The NED's job is far from over. More than half the world's people live under authoritarian rule today. While communism has collapsed in many countries, democracy will take many years to become firmly rooted. Moreover, democracy is not the inevitable outcome of political evolution in post-communist societies. Economic difficulties, international conflicts, and the emergence of long-repressed ethnic, national, political, and social tensions could trigger backlashes against democratic reforms and generate significant setbacks for democracy. After all, the Russian Bolsheviks and German Nazis both seized power after their countries undertook abortive democratic experiments.

The NED's role in consolidating the potentially fragile gains of democratic reformers remains especially important. The reason: Backsliding in one or more of the post-communist societies moving toward democracy could encourage authoritarian movements in other societies to escalate their opposition to democracy.

The Clinton Administration: Asleep at the Switch. Ironically, the NED's existence is threatened by Congress at the same time that the Clinton Administration is trumpeting the importance of democracy in American foreign policy. The Administration requested a \$20 million increase in the NED budget for fiscal 1994. Yet when the NED's very existence was jeopardized in the June 22 vote in the House, *Roll Call* reported that the Administration deployed only one lobbyist to defend it. If the Administration expects its rhetorical commitment to foster democracy to be taken seriously, it now must back it up with a strong and concerted effort to convince Congress that:

- ◆ **Promoting democracy furthers U.S. national interests.** The historical record shows that democracies rarely go to war against each other. While the U.S. need not embark on an open-ended crusade for democracy, it should promote democratic institutions in the former Soviet Union, Central and Eastern Europe, Latin America, and other places where it is in the U.S. interest to do so. Consolidating democracy in formerly hostile states enhances America's long-term security. Democratic reforms also facilitate free market economic reforms that often offer international trade and investment opportunities.
- ◆ **The NED is a cost-effective vehicle for promoting democracy.** Funding the NED is a prudent investment because it is far less expensive to aid friendly democrats than it is to defend against hostile dictatorships. Giving the NED \$50 million of democratic "venture capital" could obviate the need to spend billions of dollars on defense in the future, if Russia should revert to a hostile dictatorship, for example. The NED's aid to grass roots organizations also is cost-effective in comparison to government-to-government aid, which often is siphoned off by foreign or American bureaucrats. The NED's low overhead, in fact, got the agency in trouble with the General Accounting Office (GAO), which issued a 1991 report criticizing NED's grant monitoring, oversight procedures, and financial controls. Subsequent NED procedural reforms led the GAO in 1992 to give a positive assessment of NED planning and evaluation reforms.
- ◆ **The NED has capabilities unmatched by other aid programs.** The NED has the flexibility to adjust its programs to a rapidly changing political situation in a particular country and create new programs to address new political developments. It is adept at working effectively with grass roots organizations in a manner that cumbersome government agencies cannot match. Moreover, as a non-governmental organization, the NED can assist democratic reformers in repressive countries where official U.S. government support could provoke diplomatic complications. Local political activists often prefer receiving assistance from a non-governmental source, since aid from a U.S. government agency may undermine their credibility in the eyes of their countrymen.

Some NED critics argue that other private groups can perform some of the same functions as the NED. They also maintain that the NED could continue its programs with private funding. While it is true that private democracy-building institutions, such as the Washington, D.C.-based Kriebel Institute, deliver effective assistance to democratic reformers, there are few such organizations with the vision and resources to exert a significant influence. Deprived of federal funds, the NED would be forced to gut many of its programs for lack of alternative funding sources.

- ◆ **Shrinking or abolishing the NED would be a dangerous signal.** Cutting back NED programs at a time when crucial democratic gains have yet to be consolidated would signal that the U.S. is succumbing to isolationism. This not only could demoralize reformers who have taken risks to further democracy but could embolden opponents of democracy to step up their own activities.

Although the Cold War has ended, the global war of ideas continues. Democratic institutions and ideals are and will remain under attack from non-communist sources. Fundamentalist politico-religious movements, authoritarian political forces, military coups, and aggressive dictators will continue to attack democracies and undermine American interests. Given these realities, funding the National Endowment for Democracy is a prudent investment for safeguarding the future. The U.S. cannot afford to discard such an important weapon in the international war of ideas.

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