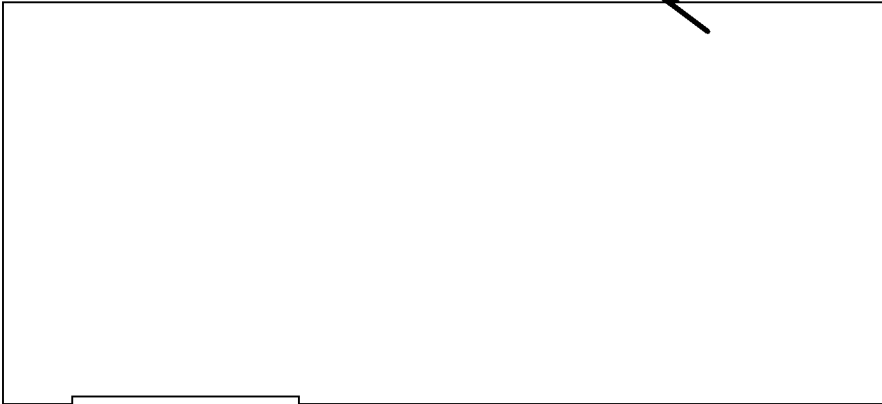


8 MAY 1999--SECRET//RYBAT//X1

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APPROVED FOR RELEASE
DATE: MAR 2004

TO:

FROM:

SLUGS:

SUBJECT: TRACE RESPONSE ON [REDACTED] THE ASIA
FOUNDATION

REF:

TEXT:

(b) (1)
(b) (3)
(S)



[REDACTED]

3. TRACES ON THE ASIA FOUNDATION, [REDACTED] AKA COMMITTEE
FREE ASIA, WERE PREVIOUSLY SENT TO [REDACTED] BODY OF
WHICH IS CONTAINED BETWEEN TEARLINES.

-----TEARLINE-----

2. PER REF REQUEST, HEADQUARTERS TRACES REVEALED THE BELOW
INFORMATION CONCERNING THE ASIA FOUNDATION.

3. ACCORDING TO [REDACTED] DATED 2 FEBRUARY 1990, WHEN
QUERIED ABOUT THE ASIA FOUNDATION BY [REDACTED] REPLIED
THAT IT WAS AN AMERICAN PRIVATE SECTOR ORGANIZATION AIMED AT
FOSTERING BETTER RELATIONSHIPS BETWEEN THE USA AND THE PRC.

4. THE BELOW IS THE TEXT OF [REDACTED] 06 FEBRUARY
1990 IN RESPONSE TO THE ABOVE-CITED [REDACTED] REQUEST FOR TRACES
ON THE ASIA FOUNDATION:

"FOLLOWING INFORMATION IS EXCERPTED FROM A REPORT
ENTITLED "THE ASIA FOUNDATION: PAST, PRESENT AND FUTURE" WHICH
WAS PREPARED FOR THE U.S. SENATE COMMITTEE OF FOREIGN RELATIONS
BY THE FOREIGN AFFAIRS AND NATIONAL DEFENSE DIVISION,
CONGRESSIONAL RESEARCH SERVICE, LIBRARY OF CONGRESS, IN
FEBRUARY 1983.

"THE ASIA FOUNDATION WAS ORIGINALLY A CREATION OF THE
EXECUTIVE BRANCH INTENDED TO PROMOTE U.S. FOREIGN POLICY
INTERESTS IN THE REGION. NEVERTHELESS, IT HAS ALWAYS BEEN, AND
REMAINS A PRIVATE FOUNDATION - ALBEIT WITH CONSIDERABLE
FINANCIAL SUPPORT FROM THE U.S. GOVERNMENT. BECAUSE OF THIS
DUAL CHARACTER, IT IS CALLED A 'QUASI-NONGOVERNMENTAL
ORGANIZATION.' THE SOURCE OF THE GENERAL GRANT WHICH IS THE
CORE OF ITS BUDGET WAS SHIFTED IN 1981 FROM THE AGENCY FOR
INTERNATIONAL DEVELOPMENT TO THE DEPARTMENT OF STATE.

"THE ASIA FOUNDATION'S ORIGINS CAN BE TRACED TO THE
ESTABLISHMENT OF AN OSTENSIBLY PRIVATE BODY, 'THE COMMITTEE FOR
FREE ASIA' IN 1951, SANCTIONED BY THE NATIONAL SECURITY COUNCIL
AND, WITH THE KNOWLEDGE OF CONGRESSIONAL OVERSIGHT COMMITTEES,
SUPPORTED WITH COVERT INDIRECT CIA FUNDING. THE COMMITTEE HAD
BEEN CREATED TO HELP FIND WAYS TO MAINTAIN AND EXPAND PRIVATE
U.S. CONTACT AND COMMUNICATION WITH THE PEOPLES OF ASIA
FOLLOWING THE ESTABLISHMENT OF COMMUNIST REGIMES IN CHINA AND
NORTH KOREA. THE EMPHASIS WAS ON A PRIVATE INSTRUMENTALITY
THAT WOULD BE PRIVATELY GOVERNED AND WOULD HAVE THE FREEDOM AND
FLEXIBILITY TO DO THINGS THE GOVERNMENT WOULD LIKE TO SEE DONE
BUT WHICH IT CHOSE NOT TO DO OR COULD NOT DO DIRECTLY AS WELL.
THIS CONTINUES TO BE THE BASIS RATIONALE FOR THE ASIA
FOUNDATION.

"THE COMMITTEE WAS RENAMED THE ASIA FOUNDATION AND
INCORPORATED IN CALIFORNIA AS A NON-PROFIT TAX-EXEMPT
ORGANIZATION GOVERNED BY A BOARD OF TRUSTEES OF PRIVATE
AMERICAN CITIZENS IN 1954. THE FOUNDATION WAS FUNDED FROM ITS
INCEPTION THROUGH TRUSTS AND OTHER FOUNDATIONS WHICH IN TURN
WERE FUNDED BY THE CIA. ITS ACTIVITIES WERE NOT, HOWEVER, USED
FOR COVERT INTELLIGENCE OPERATIONS. THEY WERE OPEN AND IN SOME
CASES, SUBJECT TO THE REVIEW AND PRIOR APPROVAL OF HOST
GOVERNMENTS.

"IN 1967 IT WAS PUBLICLY REVEALED FOR THE FIRST TIME THAT
THE ASIA FOUNDATION HAD BEEN RECEIVING THE MAJOR PART OF ITS
FUNDING...FROM THE CIA.

"FOLLOWING THE DISCLOSURE OF THE CIA RELATIONSHIP,

PRESIDENT LYNDON JOHNSON DIRECTED THAT ALL SUCH COVERT FUNDING BE TERMINATED. SUBSEQUENTLY, A COMMISSION APPOINTED BY THE PRESIDENT AND CHAIRED BY SECRETARY OF STATE DEAN RUSK CONCLUDED THAT IT WOULD BE IN THE NATIONAL INTEREST TO PRESERVE THE ASIA FOUNDATION. THE STATE DEPARTMENT WAS ASKED BY THE WHITE HOUSE IN 1968 TO FIND AN OVERT MEANS OF FUNDING THE FOUNDATION UNTIL A NEW AND MORE PERMANENT FUNDING MECHANISM WAS ESTABLISHED. IT ACCOMPLISHED THIS BY MAKING YEARLY GENERAL SUPPORT GRANTS THROUGH THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT AND THE STATE DEPARTMENT'S BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS.

"IN 1975 THE ASIA FOUNDATION TRUSTEES REQUESTED THAT THE U.S. GOVERNMENT REVIEW THE SITUATION AND DECIDE WHETHER OR NOT IT WANTED THE ASIA FOUNDATION PROGRAM TO CONTINUE. IN RESPONSE, THE STATE DEPARTMENT AND AID APPOINTED A PANEL OF PRIVATE CITIZENS WITH FOREIGN AFFAIRS EXPERIENCE TO REVIEW AND EVALUATE THE FOUNDATION'S RECORD AND POTENTIAL FOR ASSISTING IN THE ACHIEVEMENT OF U.S. OBJECTIVES IN ASIA. THE PANEL CONCLUDED THAT THE FOUNDATION IS AN EFFECTIVE INSTRUMENT FOR THE FURTHERING OF UNITED STATES INTERESTS IN ASIA. IN ADDITION, THE PANEL CONCLUDED THAT THE FOUNDATION COULD BEST SERVE THE PURPOSES FOR WHICH IT HAD BEEN ESTABLISHED BY REMAINING A PRIVATE BODY, BUT THAT A MEMORANDUM OF UNDERSTANDING SHOULD BE DRAFTED WHICH WOULD LAY OUT CLEARLY ITS STATUS AND RELATIONSHIP WITH THE U.S. GOVERNMENT.

"IN 1979 THE OFFICE OF MANAGEMENT AND BUDGET (OMB) DIRECTED THE STATE DEPARTMENT TO TAKE OVER FROM AID THE RESPONSIBILITY FOR PROVIDING THE ASIA FOUNDATION WITH ITS BASIC GENERAL SUPPORT (CORE GRANT).

COMMENT: OVER THE NEXT SEVERAL YEARS AND THROUGH SEVERAL PRESIDENTIAL ADMINISTRATIONS, THERE WERE CONTINUING DISCUSSIONS ON THE SOURCE AND AMOUNT OF FUNDING FOR THE FOUNDATION WHICH AT THE TIME THIS REPORT WAS WRITTEN DID NOT SEEM TO BE RESOLVED. AS OF 1983, IT APPEARS THAT THE ASIA FOUNDATION WAS CONTINUING TO OPERATE WITH ITS CORE BUDGET BEING PROVIDED THROUGH U.S. GOVERNMENT (STATE DEPARTMENT) ASSISTANCE.)

"ASIA FOUNDATION PROGRAMS ARE CURRENTLY CONDUCTED THROUGH TEN FIELD OFFICES: SRI LANKA/MALDIVES, PAKISTAN, BANGLADESH/NEPAL, THAILAND, MALAYSIA/SINGAPORE, INDONESIA, THE PHILIPPINES, JAPAN, KOREA AND TAIWAN. THE SAN FRANCISCO OFFICE ALSO ADMINISTERS FOUNDATION PROGRAMS IN THE PEOPLE'S REPUBLIC OF CHINA, HONG KONG AND THE PACIFIC ISLANDS. IN ADDITION, THE FOUNDATION MAINTAINS A PERMANENT OFFICE IN WASHINGTON FOR LIAISON WITH THE U.S. GOVERNMENT.

"THE ASIA FOUNDATION PROGRAMS CENTER AROUND MAKING GRANTS TO HUNDREDS OF ASIAN INDIVIDUALS AND INSTITUTIONS EACH YEAR, OFTEN IN RESPONSE TO ASIAN REQUESTS FOR ASSISTANCE WITH PROJECTS WHICH THEY INITIATE AND TO WHICH THEY SOMETIMES PROVIDE MATCHING INPUTS. THE FOUNDATION ALSO HANDLES TRAINING AND STUDY PLACEMENT OF GRANTEEES IN THE U.S., ACTS AS CO-SPONSOR AND ORGANIZER OF ASIAN SEMINARS AND CONFERENCES, AND ARRANGES CONTACTS AND ONGOING RELATIONSHIPS BETWEEN THE AMERICAN EDUCATIONAL, VOLUNTARY AND BUSINESS SECTORS AND THEIR ASIAN COUNTERPARTS.

"THE LONG-RANGE GOALS ADOPTED BY THE TRUSTEES OF THE FOUNDATION TO GUIDE ITS WORK ARE:

"TO STRENGTHEN ASIAN INDIGENOUS INSTITUTIONS WHICH CONTRIBUTE TO STABLE POLITICAL DEVELOPMENT, EQUITABLE ECONOMIC GROWTH AND COOPERATIVE REGIONAL AND INTERNATIONAL RELATIONSHIPS.

"TO ENCOURAGE CONSTRUCTIVE SOCIAL CHANGE IN ASIA AND TO SUPPORT THE GROWTH OF MORE OPEN AND JUST SOCIETIES CONCERNED WITH THE RIGHTS AND OPPORTUNITIES OF INDIVIDUALS, THEIR BASIC HUMAN NEEDS AND BROADER POPULAR PARTICIPATION IN LOCAL AND NATIONAL AFFAIRS.

"TO ASSIST IN THE GROWTH AND DEVELOPMENT OF CONTEMPORARY ASIAN LEADERSHIP BY OFFERING ENCOURAGEMENT AND HELP TO PROMISING LEADERS IN GOVERNMENT SERVICES, THE

PROFESSIONS, AND IN THE PRIVATE ECONOMIC, VOLUNTARY AND TRADITIONAL SECTORS OF ASIAN SOCIETIES.

"TO FOSTER ATTITUDES AND POLICIES WITHIN ASIA WHICH CONTRIBUTE TO A BETTER ENVIRONMENT FOR THE GROWTH OF MUTUALLY BENEFICIAL ECONOMIC RELATIONSHIPS, FOREIGN INVESTMENT AND WORLD TRADE.

"TO FURTHER ASIAN-AMERICAN COOPERATION, UNDERSTANDING AND MUTUAL RESPECT THROUGH IMPROVED COMMUNICATION, THE EXCHANGE OF PERSONS AND IDEAS, THE TRANSFER OF KNOWLEDGE AND TECHNOLOGY, AND THROUGH SHARING OF CULTURAL EXPERIENCE AND ACHIEVEMENTS."

5. FILE: NONE.

END OF MESSAGE

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