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161922Z

TO: [redacted]

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FROM: [redacted]

SLUGS: [redacted]

SUBJECT: [redacted]

REF: [redacted]

TEXT:

APPROVED FOR RELEASE  
DATE: MAR 2004

[redacted]

3. FOR [redacted] INFORMATION, HQS PROVIDES A BRIEF HISTORY OF [redacted] RELATIONSHIP WITH THE ASIA FOUNDATION AND THE ENSURING DISSEMINATION OF THAT RELATIONSHIP (NOTE PARTICULARLY PARAS 8 AND 9). THE BELOW IS THE TEXT OF [redacted] 06 FEBRUARY 1990, IN RESPONSE TO A PREVIOUS REQUEST FROM [redacted] FOR TRACES ON THE ASIA FOUNDATION:

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

5. THE ASIA FOUNDATION WAS ORIGINALLY A CREATION OF THE EXECUTIVE BRANCH INTENDED TO PROMOTE U.S. FOREIGN POLICY INTERESTS [redacted] 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

6. 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.

6. 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 [ ] 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.

7. 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 [ ] 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.

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

9. FOLLOWING THE DISCLOSURE OF THE [ ] 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 (AID) AND THE STATE DEPARTMENT'S BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS.

10. 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.

11. 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.)

12. 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.

13. 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 GRANTEES 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.

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

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

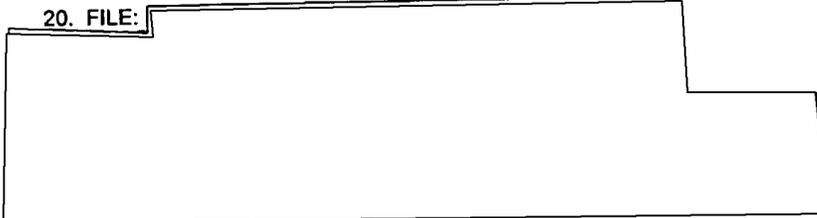
16. TO ENCOURAGE CONSTRUCTIVE SOCIAL CHANGE IN ASIA AND TO SUPPORT THE GROWTH OF MORE OPEN AND JUST SOCIETIES CONCERNED WITH THE RIGHTS AND OPPORTUNITIES OF INDIVIDUALS, THEIR BASIC HUMAN NEEDS AND BROADER POPULAR PARTICIPATION IN LOCAL AND NATIONAL AFFAIRS.

17. 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.

18. 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.

19. 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.

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