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Problems in Promoting Democracy

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WASHINGTON, Feb. 3 — The Reagan Administration's public campaign to promote democracy, announced with great fanfare by the President last June, has been embroiled in a bureaucratic tussle over funding and the question of whether the Central Intelligence Agency should have a significant role.

Ultimately, the participation of the C.I.A. and plans for unspecified covert activities were dropped from the program, because it was thought that "the quickest way to destroy the program was to have any association with the agency," according to Robert C. McFarlane, deputy director of the National Security Council.

The bureaucratic struggle illustrates two realities in Washington: first, involvement with the C.I.A. has become so sensitive that the agency's participation in any public project is often counterproductive, and second, whenever new funds become available, agencies will inevitably stumble over one another to get a piece of the project.

In addition, aides to Senate conservatives this week raised their own questions about the ideological roots of the organizations that are to receive some $65 million being sought by the Administration for the democracy project.

Announcement to Parliament

Specifically, aides to four conservative Republican Senators told Charles Z. Wick, director of the United States Information Agency, that they would not support the project unless conservative organizations got more financing, according to Congressional and Government sources.

The public diplomacy program was first announced by President Reagan in his address to the British Parliament last June and was started last month by a classified executive order signed by Mr. Reagan.

To carry out the campaign, which is to be coordinated by William P. Clark, the national security adviser, the Administration is proposing numerous training, education and exchange programs involving such Government agencies as the U.S.I.A. as well as private institutions.

But funds for the program have yet to be approved by Congress and the Administration's $65 million budget request for the fiscal year 1984 is in jeopardy.

News Conference Scheduled

In an attempt to answer some of these questions, Administration officials, possibly Mr. McFarlane and Lawrence S. Eagleburger, Under Secretary of State for Political Affairs, are scheduled to hold a news conference in the near future. Parts of last month's executive order may be disclosed at that time in order to allay concerns about any possible covert component. Earlier this week Mr. McFarlane agreed to try to declassify the order, National Security Decision Document (NSDD) 77, after a request by a reporter from The New York Times.

Other Government documents obtained by The Times show the following:

¶A document prepared on Aug. 3 by Mark Palmer, a State Department official, for a Cabinet-level meeting noted that the agenda included discussion of a four-part Government organizational structure for the project — information, political, covert and a quasi-governmental institute. The C.I.A. and a subcommittee of the National Security Council, the National Security Planning Group, were to be responsible for the covert component, according to the document. The con-

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templated covert activities were not spelled out.

¶The Palmer document, which was labeled secret/sensitive, noted under the heading "DOD input" that "Both in the N.S.C. organizational structure and the N.S.D.D., one must address how much of the political action contemplated is already covered by law and Executive Order providing for Covert Action."

It added: "We need to examine how

law and Executive Order can be made more liberal to permit covert action on a broader scale, as well as what we can do through substantially increased overt political action."

¶A proposed list, dated Oct. 2, of more than 75 programs funded by the U.S.I.A., included a "Public Diplomacy Data Base" project that would have an "interactive computer network" that would tie "in with certain elements of the C.I.A. system." Mr. McFarlane and officials of the information agency say this project has been dropped and that the final list of projects is still being worked on.

Mr. McFarlane said that he, Mr. Eagleburger and others began to worry about the intelligence agency's involvement in late July, and succeeded in getting the C.I.A. "put firmly out of the program" at a meeting Aug. 31.

"Let's not be naïve — if we have the C.I.A. in this we can call it off right off the bat," Mr. McFarlane said he remembered thinking at the time.

Revelations in the 1960's about covert financing of educational and charitable institutions by the C.I.A. led to a national policy adopted in 1967 prohibiting covert financial assistance or support to such institutions. Some of the same institutions that figured in that debate are slated to receive open, noncovert assistance in the public diplomacy project, according to Mr. McFarlane.