



Foreign and Commonwealth Office

CONFIDENTIAL

London SW1A 2AH

21 February 1990

*21c Minister*

*Dear Charles*

*A helpful response.  
Contact for Mr. Waldegrave to proceed*

Political Aid

Your letter of 15 February on South Africa recorded the Prime Minister's positive reaction to the suggestion that we should look at the possibility of creating an independent institution to deliver aid in support of democracy, human rights and free political parties.

This is a subject to which we had already been giving thought because of developments in Eastern Europe. Quite a number of countries already give political aid through arm's length institutions. The most prominent of these are the German Foundations and the US National Endowment for Democracy. Canada, the Netherlands and half a dozen others have smaller programmes. The Germans in particular have an impressive record: their Foundations played a part in ensuring that Portugal turned to democracy rather than communism. They have been active in Chile's return to democracy and in giving the Nicaraguan opposition practical help with their election campaign.

As things stand we are leaving this field open to others, especially the Germans whose foundations undoubtedly increase German influence abroad. There would almost certainly be useful and cost-effective work for a UK institution not only in Eastern Europe and South Africa but also in the many other parts of the world which are inching their way towards pluralism.

X | The Foreign Secretary thinks that the best way forward would be for the Minister of State (Mr Waldegrave) urgently to explore with the other Parties, the Speaker, and the Chairman of the Foreign Affairs Committee a number of policy options which have been identified for us in a recent paper by Mr Pinto-Duschinsky of Oxford University. This would be a way of generating all-party support. The Committee would also be able to look at the different ways in which political aid could be administered: the German Foundations are linked to political parties; the US National Endowment for Democracy is a non-party body funded directly by Congress.

It will inevitably take a little time to agree and to set up a new organisation or foundation. Meanwhile we are looking for ways of taking more immediate action both in Eastern Europe and, as suggested by Bernie Grant, in South Africa.

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x?*

*CBM  
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*yes  
no*



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I am copying this letter to John Gieve (HMT) and Robert Canniff (PS/Chancellor of the Duchy of Lancaster).

*Yours*

*Sue*

*for*

(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street

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bc PC

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

22 February 1990

*Dear Joseph,*

## POLITICAL AID

Thank you for your letter of 21 February, suggesting how we might handle the sensitive issue of aid to democracy, human rights and free political parties. The Prime Minister would be content for Mr Waldegrave to explore this with the Speaker and with other parties in the House with a view to setting up some sort of independent institution. She looks forward to receiving further recommendations on how we might take more immediate action.

I am copying this letter to John Gieve (Treasury), and to Robert Canniff (Chancellor of the Duchy of Lancaster's Office).

*Yours sincerely,  
Charles Powell*

CHARLES POWELL

J S Wall Esq  
Foreign and Commonwealth Office