

Originally Processed With FOIA(s):

S

FOIA Number:

S

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Speech File Backup Files
Subseries: Chron Files, 1989-1993

OA/ID Number: 13716
Folder ID Number: 13716-009

Folder Title:
U.S. Chamber of Commerce 4/30/90 [OA 8312] [2]

Stack:	Row:	Section:	Shelf:	Position:
G	26	20	5	4

April 1990

OPIC in Eastern Europe

The Overseas Private Investment Corporation (OPIC) is a self-sustaining, U.S. government agency whose purpose is to promote economic growth in developing countries by encouraging U.S. private investment in those nations. As a corollary, OPIC also helps American companies remain competitive in the international marketplace.

Because of the dramatic events now taking place around the world, particularly in Eastern Europe, the operative phrase for OPIC is no longer just "developing countries" but "emerging democracies." This new definition includes not only developing nations who are testing the waters of democracy and free enterprise but the nations of Eastern Europe undergoing significant political and economic reform. No matter which, OPIC is playing a major role in encouraging American business investment in all those countries.

In April, 1989, President Bush announced a new policy towards Eastern Europe. Later Congress authorized OPIC to operate in Poland and Hungary. In October, OPIC signed bilateral agreements with their governments and in November led a mission of 29 U.S. companies to Warsaw to look at investment opportunities. Since then, some 110 American firms have applied for OPIC insurance or financing for projects in Eastern Europe. Investor interest remains so great that OPIC has organized back-to-back investment missions for Hungary and Poland for Spring 1990.

OPIC's key programs are its loan guaranties, direct loans and political risk insurance. For example, OPIC recently approved its first project in Eastern Europe -- insurance for General Electric Company's \$150 million investment in Hungarian electric lighting products factories. OPIC expects to support numerous additional investments in Hungary and Poland in the coming months and years.

Other OPIC programs applicable to Eastern Europe include: the Eastern European Growth Fund, designed to raise private capital to fund new business enterprises; the Small Business Loan Guaranty Program for Poland which will provide loans to U.S. small business investors; and an Environmental Investment Fund, which will invest in environmentally sound natural resource enterprises.

New legislation before Congress, SEED II, authorizes OPIC programs in Bulgaria, Romania, East Germany, Czechoslovakia and any other East European nation which the President might name. Thus 1990 will certainly be a banner year for OPIC as it continues to play an important role in President Bush's initiative for Eastern Europe.

For more information on OPIC programs in Eastern Europe, inquiries may be addressed to James V. Hall, Director of Public Affairs, Telephone (202) 457-7093; FAX (202) 223-3514.



OPIC FORM 87
Revised 8/89

FACSIMILE TRANSMITTAL COVER SHEET

DATE : 4/23/90

FACSIMILE NO. : 456-6218

TO : Peggy Dooley

COMPANY : _____

STATE/COUNTRY : _____

FROM : _____

OVERSEAS PRIVATE INVESTMENT CORP.

DEPARTMENT

NUMBER OF PAGES _____ INCLUDING COVER SHEET.

IN THE EVENT OF PROBLEMS IN RECEIVING THIS FACSIMILE TRANSMISSION, PLEASE CALL THE FOLLOWING NUMBER IMMEDIATELY:

(202) _____

COMMENTS: _____

MY TURN

The Challenge of the Nineties

by Fred M. Zeder

At year's end, I couldn't help but be struck by the spate of articles, features and TV specials making public judgments about what the decade of the eighties meant to America and the World. They all did agree upon one thing, however, that the political and economic character of the world has changed rapidly and dramatically. There was less unanimity about what lay ahead for America and what our challenges will be in the final decade of the Twentieth Century.

Despite the dramatic changes in Eastern Europe, the end of history is not upon us, and even though many voices shouted that the cold war is over, its root causes remain firmly in place. Strictly analyzed, the cold war is fundamentally a dispute about how society should be organized, economically and politically, so that its citizens can best enjoy the fruits of their labor and find peace and contentment in their personal lives. That argument may never end.

But the hindsight of 1989 allowed us the advantage of seeing how the Soviet style political and economic systems failed the people they were designed to serve. What we haven't determined, however, is whether our political and economic systems are valid answers to the crises presently facing residents of former Soviet satellites. Making democracy and free enterprise work in those star crossed nations will clearly be the challenge of the Nineties.

- more -

- 2 -

When I was a young student in the Thirties, America was in the midst of The Great Depression. Our political and economic assumptions were being challenged then, not only around the world, but by our own citizens at home who were searching for cures for our own, all too evident, economic and social ills. One group believed that the state should be run by those people who run industry, and on the other end of the political spectrum, there were those who believed that industry should be run by those who run the state. Both sides believed that to make their particular "ism" work, freedom of choice had to be dispensed with.

The Allied victory in World War II, in which I served democracy's cause as a Naval aviator, only partially settled the matter. Perhaps we put an end to the fascist dream of world domination but the fortunes of our communist allies were definitely on the ascendancy. By mid-century Eastern Europe and most of Asia had come into their fold -- by force or by circumstance. The rest, as they say, is history.

- more -

- 3 -

Today the communist dream of world domination is no less shattered. We have parallels to look back on. After World War II, America offered the Marshall Plan to war ravaged Europe. The Marshall Plan personified everthing that was right about post World War II America: we were generous and imaginative; we sought no new territories and no special advantages from our role as victors; we believed that our open handedness and foresightedness would lead to the healing of national pride, the rebuilding of destroyed economies and eventually to a millennium of peace. Because of communism, that was not to be.

Today, the nations which had communism forced upon them are in an economic shambles just as certainly as if a war had swept over them. Once again, we are in the position of victors. Once again we have the opportunity to do what is right -- to extend a helping hand to those who have suffered for decades under despotic rule without the opportunity to freely change that rule. Now the winds of change have blown down the Iron Curtain and with it, those petty despots who held the East Europeans prisoner within their own boundaries.

- more -

- 4 -

For the Nineties we most certainly need a new Marshall Plan -- one based, not on giveaways and grants, but on the careful cultivation of the institutions of a free society and a free market. We need to actively encourage private investment in Eastern Europe. We must provide the expertise and experience in free market operations which they lack. We must be willing to take the lead to encourage other prosperous nations to do the same.

In three recent visits to Eastern Europe on behalf of the Overseas Private Investment Corporation (OPIC), I have witnessed a willingness and eagerness on the part of those people to heed our advice and move forward into the brave new world of private enterprise. Time is important. Immediate action is critical. The Eastern European economic institutions may have been archaic and non functioning, but at least they were something to hold on to. We need to replace them swiftly with new and viable free market institutions.

I have been extremely fortunate to have been nominated by President Bush and confirmed by the U.S. Senate to be the President and Chief Executive of OPIC at this critical moment in world history. OPIC's mandate is to encourage American private investment in "friendly, developing countries." We do this by offering an array of incentives such as investment guarantees, direct loans and political risk insurance.

- more -

- 5 -

We envision OPIC as playing a key role in meeting the challenges of the Nineties by helping the Eastern European nations help themselves by utilizing the incentives and rewards of the free market system. The challenge is not to America alone. It is to all those nations which have reaped the benefits of a free society. We have a shared responsibility to make certain that those who risked their lives and livelihoods in the cause of freedom are not abandoned. We have a shared responsibility to see that their courage and bravery is rewarded with a vision of hope for a better tomorrow. We have to understand what is at stake here -- another century of political strife and economic instability or, the golden opportunity to bring peace, economic prosperity and freedom to peoples everywhere. We must not fail to grasp the moment. The time for action is now.

(Mr. Zeder is the President and CEO of the Overseas Private Investment Corporation, a federal agency in Washington charged with encouraging U.S. private investment in friendly developing countries by providing loan guarantees and risk insurance.)

- 30 -

THE HONORABLE FRED M. ZEDER
OVERSEAS PRIVATE INVESTMENT CORPORATION
SYMPOSIUM ON DOING BUSINESS IN EASTERN EUROPE & THE SOVIET UNION
U.S. CHAMBER OF COMMERCE
HALL OF FLAGS
1615 H STREET, N.W.
9:30 A.M., WEDNESDAY, APRIL 11, 1990

Self II on page 5

I DON'T KNOW HOW MANY TIMES I HAVE PICKED UP A
NEWSPAPER OR A MAGAZINE LATELY AND READ ABOUT THE NEED FOR A
"MARSHALL PLAN" FOR EASTERN EUROPE. EVEN PROSPECTIVE
CANDIDATES FOR PRESIDENT HAVE BEEN CALLING FOR A "MARSHALL
PLAN" NOT ONLY FOR EASTERN EUROPE BUT FOR THE SOVIET UNION AS
WELL.

WE DO HAVE A PLAN. IT'S NOT A "MARSHALL PLAN --
PRIMARILY BECAUSE WHAT MIGHT HAVE BEEN GOOD FOR THE FORTIES IS
NOT WHAT WE NEED IN THE NINETIES. PERHAPS WE CAN CALL IT THE
BUSH PLAN.

HUGE GRANTS AND GOVERNMENT TO GOVERNMENT AID PROGRAMS
MAY HAVE BEEN JUST WHAT WAR-TORN EUROPE NEEDED BACK THEN.
TODAY, THE NEED IS FOR PRIVATE INVESTMENT NOT PUBLIC LARGESSE.
WE NEED TO BUILD FREE MARKETS AND FREE INSTITUTIONS IN THESE
NATIONS WHERE ECONOMIC PROGRESS HAS STAGNATED.

I SHOULD MENTION THAT WE DO STILL HAVE A PIECE OF THE
ORIGINAL MARSHALL PLAN STILL OPERATING. THE PROGRAMS OF THE
OVERSEAS PRIVATE INVESTMENT CORPORATION -- OPIC.

- 2 -

I'M NOT KNOCKING THE MARSHALL PLAN. IT PERSONIFIED EVERYTHING THAT WAS RIGHT ABOUT POSTWAR AMERICA. WE WERE GENEROUS AND IMAGINATIVE; WE SOUGHT NO NEW TERRITORY AND NO SPECIAL ADVANTAGES OUT OF OUR ROLE AS VICTORS; WE BELIEVED THAT OUR OPEN HANDEDNESS AND FORESIGHTEDNESS WOULD LEAD TO THE HEALING OF WOUNDS, THE REBUILDING OF WARTORN ECONOMIES AND LEAD EVENTUALLY TO A MILLENNIUM OF PEACE.

BECAUSE OF COMMUNISM, THAT WAS NOT TO BE. FORTY-FIVE YEARS LATER, WE ARE ONLY NOW ABLE TO UNDO THE DAMAGE THAT A STATE RUN CLOSED ECONOMIC SYSTEM BROUGHT TO THE PEOPLE OF EASTERN EUROPE.

UNDER THE ORIGINAL MARSHALL PLAN THERE WERE PROVISIONS FOR GOVERNMENTAL GUARANTEES FOR INVESTORS WHO WANTED TO INVEST IN A RECOVERING EUROPE. THOSE PROVISIONS PLUS GRANT PROGRAMS OF FOOD AND CAPITAL GOODS EVENTUALLY HELPED MAKE WEST EUROPEAN NATIONS FULL PARTNERS IN THE WORLD ECONOMY.

IN THE FIFTIES, CONGRESS ENDED THE ISSUANCE OF GUARANTIES IN VIRTUALLY ALL OF THE MARSHALL PLAN COUNTRIES BY AMENDING THE FOREIGN AID LEGISLATION TO LIMIT OUR PROGRAMS TO DEVELOPING NATIONS ONLY. LOAN GUARANTEES AND POLITICAL RISK INSURANCE BECAME JUST ONE PART OF MANY ASSISTANCE PROGRAMS ADMINISTERED BY THE AGENCY FOR INTERNATIONAL DEVELOPMENT.

- MORE -

- 3 -

CONGRESS, BY PASSING THE FOREIGN ASSISTANCE ACT OF 1969, ESTABLISHED THE OVERSEAS PRIVATE INVESTMENT CORPORATION AS A SEPARATE ENTITY. ACCORDING TO THE ENABLING LEGISLATION, OPIC WAS CREATED IN ORDER "TO MOBILIZE AND FACILITATE THE PARTICIPATION OF UNITED STATES PRIVATE CAPITAL AND SKILLS IN THE ECONOMIC AND SOCIAL DEVELOPMENT OF LESS DEVELOPED FRIENDLY COUNTRIES AND AREAS."

EVEN TWENTY YEARS AGO WHEN THE LAW WENT INTO EFFECT, THAT WAS AN EXTREMELY BROAD MANDATE. DURING THE INTERVENING TWO DECADES VARIOUS CONGRESSES AND ADMINISTRATIONS REVISED, REVIEWED AND REDEFINED WHO WAS "LESS DEVELOPED" AND WHO WAS "FRIENDLY."

AT ONE POINT, EVERY COMMUNIST NATIONS WAS DEEMED "UNFRIENDLY" PER SE. BUT AS AMERICAN FOREIGN POLICY SHIFTED TO BE MORE SELECTIVE, CERTAIN COMMUNIST NATIONS WERE CONSIDERED MORE FRIENDLY THAN OTHERS. OPIC WAS AUTHORIZED TO OPERATE IN THE PEOPLE'S REPUBLIC OF CHINA IN 1981 -- WE SUSPENDED OUR PROGRAMS THERE LAST YEAR AFTER THE EVENTS AT TIANANMEN SQUARE; OUR PROGRAMS HAVE BEEN IN YUGOSLAVIA FOR THE PAST 17 YEARS; AND WE EVEN OPERATED, WITH VIRTUALLY NO PROGRAMS, IN ROMANIA FROM 1973 TO 1987. ?

- MORE -

ALTHOUGH THE ACTUAL WORDING OF THE BASIC LAW HAS NOT CHANGED, THE THRUST OF OPIC'S FOREIGN POLICY ROLE HAS CHANGED SIGNIFICANTLY IN ORDER TO REFLECT THE RECENT TURBULENT POLITICAL REALITIES THROUGHOUT THE WORLD.

IT WAS PRESIDENT BUSH WHO SET A NEW COURSE FOR OPIC. IN HAMTRAMCK, MICHIGAN, ON APRIL 17, 1989, PRESIDENT BUSH ANNOUNCED HIS INTENTION TO SEEK LEGISLATIVE AUTHORITY FOR OPIC TO OPERATE IN POLAND AND HUNGARY. MORE RECENTLY, HE EVEN REDEFINED OUR BASIC MISSION IN A LETTER TO PRESIDENT ENDARA OF PANAMA WHEN HE WROTE THAT OPIC "ENCOURAGES PRIVATE AMERICAN INVESTMENT IN EMERGING DEMOCRACIES."

"EMERGING DEMOCRACIES" HAS MANY MEANINGS. OF COURSE, IT PRIMARILY MEANS THOSE NATIONS OF EASTERN EUROPE WHO HAVE POLITICAL AND ECONOMIC REVOLUTIONS WITHIN THEIR BORDER AND WHO HAVE TOSSED OUT THE COMMUNIST BUREAUCRATS AND THEIR WORN OUT ECONOMIC DOGMA.

"EMERGING DEMOCRACIES" ALSO MEANS NATIONS LIKE PANAMA AND NICARAGUA WHOSE POLITICAL DICTATORSHIPS WERE OVERTURNED, ALBEIT BY DIFFERENT METHODS, AND WHO DESPERATELY NEED ECONOMIC AND POLITICAL ASSISTANCE TO BUILD FREE MARKET ECONOMIES AND OPEN POLITICAL SYSTEMS. AS A MATTER OF FACT, "EMERGING DEMOCRACIES" CAN REFER TO ANY NATION IN AFRICA, ASIA OR LATIN AMERICA THAT IS UNDERGOING POLITICAL AND ECONOMIC REVOLUTION FROM EITHER THE LEFT OR THE RIGHT.

THE ADMINISTRATION BILL PRESENTLY BEFORE CONGRESS, THE "EASTERN EUROPEAN DEMOCRACY AND FREE MARKET ACT OF 1990, BETTER KNOWN AS SEED II, DEFINES WHAT CONSTITUTES AN "EMERGING DEMOCRACY" IN EASTERN EUROPE. THE BILL STATES THAT IT IS A NATION WHICH IS TAKING STEPS TOWARD:

1. POLITICAL PLURALISM, BASED ON PROGRESS TOWARD FREE AND FAIR ELECTIONS AND AN END TO THE MONOPOLY OF THE COMMUNIST PARTY;

2. ECONOMIC REFORM, BASED ON PROGRESS TOWARD THE EMERGENCE OF A MARKET-ORIENTED ECONOMY WITH A SUBSTANTIAL PRIVATE SECTOR;

3. RESPECT FOR HUMAN RIGHTS, INCLUDING THE RIGHT TO EMIGRATE; AND

4. A WILLINGNESS TO BUILD A FRIENDLY RELATIONSHIP WITH THE UNITED STATES.

BUT NO MATTER HOW YOU DEFINE OPIC'S ROLE, OUR PROGRAMS WILL CONTINUE TO BE AUTHORIZED IN MORE AND MORE NATIONS AROUND THE WORLD. SEED II ALSO AMENDS THE FOREIGN ASSISTANCE ACT OF 1961 TO EXTEND OPIC PROGRAMS TO "BULGARIA, CZECHOSLAVAKIA, THE GERMAN DEMOCRATIC REPUBLIC, ROMANIA, AND SUCH OTHER EASTERN EUROPEAN COUNTRY AS THE PRESIDENT MAY DESIGNATE."

THE LAST CATCHALL PHRASE, "AND SUCH OTHER ... COUNTRY," NOT ONLY COULD MEAN THE SOVIET UNION BUT CONCEIVABLY COULD MEAN INDIVIDUAL REPUBLICS THAT BREAK AWAY FROM THE SOVIETS. OPIC PRESENTLY OPERATES IN 116 COUNTRIES WORLDWIDE. AT THE RATE THAT THE "SEEDS" OF DEMOCRACY AND FREE ENTERPRISE ARE BLOSSOMING AROUND THE WORLD, OPIC IS IN GREAT NEED OF MANY ENTREPRENURIAL GARDENERS WHO WISH TO HARVEST THE ECONOMIC BENEFITS FROM THESE DRAMATICS CHANGES AROUND THE WORLD.

OPIC'S PROGRAMS OF DIRECT LOANS, LOAN GUARANTEES AND OTHER INVESTMENT ASSURANCES IS FAMILIAR TO MOST AMERICAN CORPORATIONS WHO ALREADY INVEST ABROAD. THEY ARE LESS WELL KNOW TO THOSE COMPANIES WHICH ARE MERELY CONTEMPLATING SUCH VENTURES. QUITE OFTEN, NEWSPAPER AND MAGAZINE REPORTERS REFER TO US AS A "LITTLE-KNOWN" OR "OBSCURE" FEDERAL AGENCY. BUT THAT TOO IS CHANGING FAST.

SO, WE DON'T HAVE TO KEEP CALLING FOR A MARSHALL PLAN FOR EASTERN EUROPE. WE HAVE THE BUSH PLAN AND IT IS BEGINNING TO WORK JUST FINE, THANK YOU.

LIKE PRESIDENT BUSH, OPIC BELIEVES THAT THE KEY TO WORLD PEACE IS ECONOMIC WELL-BEING. WE BELIEVE THAT SUCH PROSPERITY RESULTS FROM THE INCENTIVES OF A FREE MARKET.

- 7 -

AMERICA LEARNED THE HARD WAY THAT GRANTS AND GIVEAWAYS OFTEN DO LITTLE MORE THAN CREATE DEBT IN STRUGGLING ECONOMIES. WE HAVE LEARNED THAT WE CAN HELP THOSE STRUGGLING ECONOMIES BEST BY PROVIDING THE KNOW-HOW AND THE SUCCESSFUL BUSINESS TECHNIQUES WHICH HAVE SERVED OUR NATION WELL FOR THE PAST TWO HUNDRED YEARS. BY ENCOURAGING PRIVATE INVESTMENT IN EASTERN EUROPE, OPIC PLAYS A KEY ROLE IN OUR NATION'S FOREIGN POLICY OBJECTIVES.

BROCHURES DESCRIBING OPIC'S BASIC PROGRAMS ARE AVAILABLE IN THE BACK OF THE ROOM FOR THOSE OF YOU WHO WANT ONE. THERE ARE SOME ADDITIONAL OPIC PROGRAMS WHICH NEED SPECIAL MENTION. THE FIRST IS OUR MISSIONS PROGRAM.

FOLLOWING PRESIDENT BUSH'S ANNOUNCEMENT IN APRIL, 1989, OF A NEW POLICY TOWARDS EASTERN EUROPE, OPIC BEGAN ACTIVE PREPARATIONS TO BEGIN OPERATIONS THERE. BILATERAL AGREEMENTS WITH BOTH COUNTRIES WERE SIGNED, AND IN EARLY NOVEMBER 1989, OPIC SPONSORED ITS FIRST INVESTMENT MISSION TO POLAND.

WITH PARTICIPANTS FROM 29 U.S. COMPANIES, THE POLAND MISSION WAS THE LARGEST AND MOST QUICKLY ORGANIZED IN OPIC'S HISTORY. INVESTOR INTEREST IN EASTERN EUROPE REMAINS CONSISTENTLY HIGH. TO FURTHER PROMOTE PRIVATE INVESTMENT OPPORTUNITIES, OPIC WILL RETURN TO EASTERN EUROPE LATER THIS SPRING WITH BACK-TO-BACK MISSIONS SCHEDULED FOR HUNGARY -- APRIL 22 TO 27 -- AND POLAND -- APRIL 29 TO MAY 4.

- MORE -

THE MAIN THRUST OF THE MISSION WILL BE TO INTRODUCE U.S. BUSINESS TO SPECIFIC JOINT VENTURE OPPORTUNITIES AND PARTNERS IN THE HOST NATION. IN ADDITION TO MEETINGS WITH LEADERS IN INDUSTRY, COMMERCE AND GOVERNMENT, THE OPIC MISSION PARTICIPANTS WILL BE BRIEFED ON LEGAL, ACCOUNTING AND BANKING PRACTICES AND RECENT LEGISLATION AFFECTING FOREIGN INVESTMENT AND JOINT VENTURES IN THOSE TWO NATIONS

THE ECONOMIC DEVELOPMENT NEEDS IN EASTERN EUROPE ARE EXTENSIVE, RANGING FROM AGRICULTURE TO TELECOMMUNICATIONS AND MANUFACTURING. THERE IS A PARTICULARLY URGENT NEED FOR ENVIRONMENTAL ACTION, AS EAST EUROPEAN NATIONS STRIVE TO CONTROL AIR, SOIL AND WATER POLLUTION.

AN UNDERLYING NEED, COMMON TO ALL SECTORS OF THESE NEWLY EMERGING MARKET-BASED ECONOMIES, IS FOR THE TRANSFER OF TECHNOLOGICAL, OPERATIONAL AND MANAGEMENT SKILLS TO LOCAL ENTERPRISES AS THEY ARE TRANSFORMED FROM CENTRALIZED TO PRIVATE ENTITIES. I LIKE TO CALL IT AMERICAN "MOXIE."

IN JANUARY 1990, OPIC APPROVED ITS FIRST PROJECT IN EASTERN EUROPE. OPIC ISSUED AN INSURANCE CONTRACT COVERING GENERAL ELECTRIC COMPANY'S \$150 MILLION INVESTMENT IN HUNGARY TO ACQUIRE A MAJORITY INTEREST IN TUNGSRAM, AN ELECTRIC LIGHTING PRODUCTS MANUFACTURER.

- 9 -

OPIC INSURANCE WAS A KEY ELEMENT IN THE GE VENTURE TO PROTECT AGAINST UNCERTAINTIES IN THE TRANSITION FROM A PLANNED ECONOMY TO A MARKET ECONOMY. BASED ON PRELIMINARY PROJECT REGISTRATIONS, INVESTOR INQUIRIES, AND THE LEVEL OF INTEREST IN THE UPCOMING OPIC MISSIONS, OPIC EXPECTS TO SUPPORT NUMEROUS ADDITIONAL INVESTMENTS IN HUNGARY AND POLAND IN THE COMING MONTHS.

ANOTHER PROGRAM WHICH NEEDS SPECIAL MENTION IS OPIC'S EASTERN EUROPEAN GROWTH FUND. WE ARE DEVELOPING THIS INVESTMENT VEHICLE IN RESPONSE TO THE RAPIDLY CHANGING EVENTS IN CENTRAL AND EASTERN EUROPE. IT IS DESIGNED TO RAISE PRIVATE CAPITAL TO FUND NEW BUSINESS ENTERPRISES.

THE EASTERN EUROPEAN GROWTH FUND WILL HAVE A TARGET CAPITALIZATION OF \$200 MILLION, OF WHICH OPIC'S PARTICIPATION WILL BE APPROXIMATELY 25%. IT WILL GENERATE VITAL NEW ECONOMIC ACTIVITY IN EASTERN EUROPE BY ENCOURAGING PRIVATE SECTOR GROWTH.

THE FUND WILL MOBILIZE ADDITIONAL CAPITAL TO ADDRESS THE EXCESS DEMAND FOR OPIC-TYPE FINANCE SERVICES IN EASTERN EUROPE. REQUESTS FOR OPIC'S SUPPORT IN THE AREA OF PRIVATIZATION ALONE COULD REACH SEVERAL HUNDRED MILLION DOLLARS IN THE NEXT YEAR OR TWO, AND CAN BE TARGETED AT PROJECTS AND SECTORS WHICH MAY NOT BE SERVED BY OTHER INVESTMENT FUND INITIATIVES.

- MORE -

- 10 -

A SECOND OPIC INITIATIVE TARGETING EASTERN EUROPE, THE SMALL BUSINESS LOAN GUARANTY PROGRAM FOR POLAND, WILL PROVIDE LOANS OF UP TO \$500,000 TO INVESTMENT PROJECTS SPONSORED BY U.S. SMALL BUSINESS INVESTORS. ELIGIBLE PROJECTS WILL INCLUDE NEW VENTURES OR THE EXPANSION OF EXISTING BUSINESSES, AND MAY EITHER BE WHOLLY-OWNED BY U.S. COMPANIES OR JOINT VENTURES BETWEEN U.S. AND POLISH FIRMS.

ANOTHER KEY OPIC PROJECT FOR EASTERN EUROPE IS THE ENVIRONMENTAL INVESTMENT FUND. THIS FUND IS DESIGNED TO ASSIST PRIVATE INVESTMENT IN PROJECTS THAT CAN DEVELOP NATURAL RESOURCES ON A SUSTAINABLE BASIS, WITHOUT INDUSTRIAL POLLUTION. THIS \$100 MILLION FUND -- WITH 50% OPIC PARTICIPATION -- WILL BE PRIVATELY OWNED AND MANAGED.

OPIC IS PLEASED THAT IT HAS BEEN ABLE TO DEVELOP SUCH INNOVATIVE APPROACHES TO FULFILL OUR MANDATE TO MOBILIZE THE PRIVATE SECTOR IN SUPPORT OF OUR NATIONAL POLICY GOALS. OUR PROGRAMS REMAIN THE ESSENCE OF THE NINETIES MARSHALL PLAN -- THE BUSH PLAN.

#####

A Spotlight On Obscure Agency

Insurer for American Companies Is a Vital Tool as World Shifts

By CLYDE H. FARNSWORTH

Special to The New York Times

WASHINGTON, Feb. 18 — After the upheaval in Eastern Europe and the United States invasion of Panama, the Bush Administration is using a little-known Federal agency as a tool to achieve one of its main international policy goals — market-oriented economic reconstruction.

The disintegration of Communism has given the Overseas Private Investment Corporation probably the greatest opportunity to flex its muscles in its two decades of existence, said its president, Fred M. Zeder.

One of the few Government agencies that actually make money, the agency, among other projects, insures shrimp farms in Haiti, methanol operations in Argentina, brick and tile manufacturing in Botswana, bauxite mining in Guyana and carbon-black production in Indonesia.

Protecting Companies

For the insurance protection it offers American companies against nationalization, civil disorder, political unrest, inconvertibility and other foreign investment risks, it charges fees that last year gave it record net income of \$122 million, increasing its reserves in the Treasury to nearly \$1.5 billion.

On Friday Mr. Zeder is taking a score of top executives, from companies like A.T.&T., GTE and Unocal Geothermal, to Panama to explore investment opportunities to "jump start" that economy.

From a similar mission it took to Poland in November, more than \$1 billion in insurance registrations were signed, indicating prospective investments in cable television, telecommunications, light industry, accounting, banking and other financial services.

"We signed up stuff right away," Mr. Zeder said. "Usually it takes up to three or four months."

Contract in Hungary

In February, the agency signed its first insurance contract in Hungary, covering a \$150 million investment by the General Electric Company to make light bulbs.

The agency is run by an old friend of the President. Mr. Zeder, a 68-year-old former Dallas venture capitalist and World War II fighter pilot who like Mr. Bush saw action in the Pa-

Continued on Page D3

Obscure Federal Agency In Spotlight as World Shifts

Continued From First Business Page

cific, speaks of his "rapid deployment force," which organizes investment missions in seven weeks rather than the seven months it used to take.

"We are much more conscious of our responsibility of taking an active place behind the President's foreign policy initiatives," said the burly executive, who held minor posts in both the Nixon and Ford Administrations and enjoys "walk in" privileges at the Bush White House.

The insurance agency, which started in the early 1970's through legislation introduced by Senator Jacob K. Javits, the New York Republican, is getting high grades from American business. Much of the praise now is for Mr. Zeder, who has been in office since June 23.

'In Front of the Curve'

"He's doing a bang-up job," said Willard A. Workman, director for international policy and programs at the United States Chamber of Commerce. "They're doing things very aggressively. They're very much in front of the curve."

But organized labor, which fought Congressional renewal of the agency's operating charter in 1988, continues to harbor fundamental objections to its existence.

"We maintain that the U.S. Government really has no business using public resources to insure U.S. corporations for offshore production," said Mark A. Anderson, an international economist at the A.F.L.-C.I.O.

Labor's opposition is rooted in fears that agency operations lead to job losses for American workers, a point the agency disputes.

Noting that a third of American ex-

ports are generally bought by foreign subsidiaries of American companies, Mr. Zeder said the agency actually stimulates exports, leading to net American job creation.

For instance, the agency calculated that the 115 new projects it supported in 35 third world countries last year will yield an annual positive net contribution of \$1.6 billion toward the United States balance of trade over the first five years.

Until the tumultuous events of recent months in Eastern Europe, labor fought against the agency's operations in that region on the ground that the old Communist governments violated basic standards of worker rights, like freedom of association, the right to bargain collectively, workplace health and safety and stipulations against forced labor.

In recent weeks, the A.F.L.-C.I.O. and the agency have reached accords under which the agency will require that language related to worker rights be included in every contract the agency makes with corporate investors.

Equity Investments

Besides writing insurance and guaranteeing commercial loans for foreign investments, the agency has now been cleared by Congress to make equity investments for the first time.

"People refer to us as an insurance agency," Mr. Zeder said, "but we're moving away from that concept to become merchant bankers. We're really in the business of encouraging equity capital."

Now Mr. Zeder is adopting the so-called growth fund concept to pour seed capital into enterprises in Eastern Europe and the third world.

The \$30 million Africa Growth



The New York Times/George James

The Bush Administration is using a little-known Federal agency, the Overseas Private Investment Corporation, as a tool to achieve one of its main international policy goals — market-oriented economic reconstruction. Fred M. Zeder is the agency's president.

Fund is being readied to begin, probably in April. It is managed by the Equator Bank of Hartford, and its limited partners including Citicorp, Coca-Cola, Kellogg and the Rockefeller Foundation.

Guaranteed Loan

The partners are expected to put up \$10 million. For the other \$20 million, the agency will provide a \$20 million federally guaranteed loan, which can be sold like a Treasury bond to pension funds and other institutional investors.

Mr. Zeder said the Africa fund, which was started to demonstrate to American business "that you can make money in Africa," will be replicated in Eastern Europe, the Caribbean and Asia. In addition, he is planning another fund to support environmental projects globally.

"Because we're suddenly living in a more peaceful, more trusting world, the demand for our assurances has gone up dramatically," Mr. Zeder noted. "The total market has increased, and we're ready to do business."

*Cut from 7 wires -
to 7 wires.*

OPIC Hopes to Be More Aggressive

By RICHARD LAWRENCE

Journal of Commerce Staff

WASHINGTON — The time is ripe for a more "exciting, venturesome" Overseas Private Investment Corp., says its president, Fred M. Zeder II.

OPIC, the federal agency that insures U.S. investment in 110 developing nations, is at the core of new U.S. government initiatives in such diverse spots as Panama and Eastern Europe, Mr. Zeder says.

The agency, for instance, is considering creation of a \$100 million fund to promote U.S. equity investment in Eastern Europe, and it is about to head business missions to Hungary and Poland and another to help revive Panama's economy.



ZEDER

Given the Bush administration's pro-business environment, said Mr. Zeder in an interview, "we have the opportunity to really flex our muscles a little and become a broader instrument of U.S. foreign policy and a vehicle to promote private enterprise around the world."

OPIC is coming off a record year, in which it helped support \$3.3 billion in new U.S. investment in 35 countries and chalked up \$122 million in net income.

But Mr. Zeder, who became OPIC president in August, wants to do more. "We're going to start changing our image," he said.

He already takes pride in what he calls OPIC's new "rapid deployment force," which he says organizes investment missions in seven weeks, rather than the seven months he says it used to take.

One tip-off that OPIC is planning to get more "aggressive" is that, despite its apparently sound financial shape, it has quietly set aside its first loss reserve.

etly set aside its first loss reserve.

"We were already wearing belts and suspenders," said Mr. Zeder. "Now we're adding some safety pins."

The \$50 million reserve reflects "prudent" accounting practices, another OPIC official said. "It helps prepare us for a more aggressive investment position in years to come."

In late 1988, Congress helped open the door to a more aggressive OPIC by, among other things, authorizing it to go beyond its traditional business of insuring investors, guaranteeing commercial loans and issuing development credits.

OPIC now may also make equity investments, particularly to

help U.S. small business investors abroad. While waiting for Congress to appropriate funds for this, the agency is improvising. In Haiti and Botswana, it has converted loans to equity holdings in U.S. joint ventures.

The Africa Growth Fund is perhaps OPIC's most noted recent innovation. The fund, managed by Equator Bank, a Bahamas-headquartered merchant bank, will use both OPIC loan guarantees and investment insurance to mobilize \$30 million.

SEE OPIC, PAGE 5A

• European Community pushes for more E. Bloc aid. Story, 3A.
• OPIC will lead a team to Panama Feb. 23-28 to examine investment opportunities. Story, Page 5A.

SEE OPIC, PAGE 5A

OPIC Plans Aggressive Moves To Promote Foreign Investment

CONTINUED FROM PAGE 1A

lion in private U.S. investment in sub-Saharan Africa.

Mr. Zeder said OPIC is thinking of a similar, but larger, fund for Eastern Europe — as of now, primarily for Poland and Hungary. It could be in the \$100 million range, he indicated.

U.S. companies would put up some of the money and institutional investors, largely banks and insurance companies, would buy OPIC-guaranteed notes for the remainder. OPIC would insure the fund's project investments against political risk such as war, expropriation and currency inconvertibility.

"Some big investment banks are knocking on our door" to discuss managing the fund, Mr. Zeder said.

Meanwhile, he says, OPIC has in hand about \$500 million in insurance applications from U.S. firms weighing investment in Poland and Hungary.

OPIC this month signed its first insurance contract in Hungary, for General Electric Co.'s \$150 million light bulb deal, and Mr. Zeder said it may similarly insure a proposed General Motors Corp. car manufacturing investment in Hungary.

In late April, Mr. Zeder will head a group of U.S. business executives to explore investment oppor-

Panama Mission Set

Journal of Commerce Staff

WASHINGTON — The Overseas Private Investment Corp. will lead a team of U.S. business executives to examine investment opportunities in Panama, OPIC announced Thursday.

The mission, said OPIC President Fred M. Zeder II, is to "help the Panamanians rebuild their economy."

OPIC, a federal agency that insures U.S. investors in friendly developing nations against political risk, suspended in December 1987 any new activity in Panama, as part of a series of U.S. sanctions against the Noriega government.

The OPIC suspension is expected to be lifted by the time of the mission, Feb. 23-28, OPIC officials said.

At least two firms — UnoCal Geothermal and GTE — already have expressed interest in participating in the mission, OPIC said.

Among the most promising prospects for U.S. investors in Panama are said to be tourism, communications, transportation, aquaculture, and financial services.

OPIC especially hopes that U.S. banks will return to Panama to start making available the credit the economy needs to rebuild, Mr. Zeder said.

At present, OPIC's total exposure in Panama totals \$53 million, including a \$26.5 million loan guarantee for United Brands.

tunities in Hungary, and in early May he will take another group to Poland.

Mr. Zeder said that in both countries he will push the idea of creating privately run free trade zones to help lure foreign investors. Gdansk, he noted, is particularly well positioned for that kind of operation.

At the same time, Mr. Zeder is spearheading an effort to coordi-

nate OPIC's work in Eastern Europe with counterpart investment promotion agencies in Japan, West Germany, Britain, France, Italy and Canada.

After his recent visit to Japan, he noted, Japan's Ministry of Industry and Trade set up a \$200 million investment insurance scheme for Eastern Europe.

The Japanese, he says, are now "putting money where their 'yes' was."

OPIC - APC-CIO
brought closer by Poland

Hungarian Stock Exchange -
mostly state co's.

beginning stock mkt. in Poland

U.S. Chamber of Commerce

1815 H Street, N.W.
Washington, D.C. 20062
202/463-5460



International Division

FAX COVER SHEET

DATE: 4/23/90

TO: PEGGY DOOLEY

FAX NO.: ~~456-7750~~ 456-86218

FROM: WILLARD WORKMAN

FAX NO.: (202) 463-3114

TOTAL NO. OF PAGES: 9 (including this cover)

COMMENTS:

FOR CHAMBER ANNUAL Mtg SPEECH



U.S. Chamber of Commerce
1615 H. St, NW
Washington, DC 20062

Media Relations Department (202) 463-5682

NEWS

FOR IMMEDIATE RELEASE

CONTACT: Barry King

HIGH-LEVEL SYMPOSIUM PROMOTES BUSINESS OPPORTUNITIES IN EASTERN EUROPE

WASHINGTON, April 11 -- The U.S. Chamber of Commerce today convened a major symposium on business opportunities in Eastern Europe and the Soviet Union. Symposium participants, in addition to international experts from the Chamber and the U.S. government, include trade or economic ministers from Czechoslovakia, Poland and Romania, and senior officials from Bulgaria, the German Democratic Republic, Hungary and the USSR.

The two-day event brings top U.S. business leaders together for the first time with both Eastern European economic leaders and U.S. government policy makers to discuss challenges for business in that part of the world.

Speakers include U.S. Trade Representative Carla Hills, U.S. Deputy Secretary of State Lawrence Eagleburger, Export-Import Bank President John Macomber and Fred Zeder, president of the Overseas Private Investment Corporation. Other presenters are senior officials from international lending institutions, including the International Monetary Fund, the World Bank and the International Finance Corporation.

"The symposium is an unprecedented gathering of the business and political leaders who will shape trade, finance and economic policy in the region for many years to come," said William T. Archey, vice president, international, for the Chamber. "It is a unique opportunity for companies to get a clearer picture of the changing political and investment climate in the region, beyond the headlines," he said.

The U.S. Chamber has been a long-time advocate of private enterprise throughout the world, and more recently has focused that policy on Eastern Europe. Richard L. Leshner, president of the U.S. Chamber, visited students and leaders in Czechoslovakia and Hungary in October, just before the remarkable transformation in the governments there.

MORE

-2-

In addition to Leshner and Archey, Chamber officials who have visited the region include Richard W. Rahn, the Chamber's chief economist, and Donald J. Kroes, vice president for federation development, who gave practical advice on reforming monetary systems, macroeconomic change and structural improvements to help economies there become more free market oriented.

"Exporting capitalism to Eastern Europe is something that needs doing, and we know how to do it," Leshner said. "These countries have been set free, virtually overnight, but they are ill-equipped to exploit their sudden good fortune. It is imperative that we who believe in democracy and private enterprise reach out to these nations to help them take advantage of this extraordinary opportunity."

In the early 1970s, the Chamber sponsored bi-lateral trade councils with most of the nations of Eastern Europe. During the many ups and downs of East-West relations of the past two decades, these councils have worked to expand commerce, foster mutual understanding and advance the cause of peace.

Most recently, in response to a flood of requests for advice and assistance on how to adopt free market principles, the Chamber forged all its programs and activities related to Eastern Europe into the East European Trade and Technical Assistance Center. The Center's two basic objectives are to provide private sector advice and assistance to help Eastern European nations shift to market-oriented economies, and to help U.S. firms participate in the new trade and investment opportunities that ensue.

The East European Trade and Technical Assistance Center was formally launched at the Chamber symposium today.

The symposium is co-sponsored by the Chamber and the U.S. Department of Commerce.

###

90-86

U. S. Chamber of Commerce1615 H Street, N.W.
Washington, D.C. 20062
202/463-5460

EAST EUROPEAN TRADE AND TECHNICAL ASSISTANCE CENTER

International Division

Establishment of EETTAC:

Recent developments in Eastern Europe have produced a flood of requests for information and assistance from Chamber members. To respond to this heightened member interest, the Chamber intends to consolidate its programs and activities related to the region in an East European Trade and Technical Assistance Center (EETTAC).

EETTAC Objectives:

(1) Provide private sector advice and assistance to elements in Eastern Europe and the Soviet Union working to move from centrally-planned economies to market-oriented systems. (2) Assist U.S. companies in realizing trade and investment opportunities.

EETTAC Programs:

The Technical Assistance Program for Economic Reform (TAPER) will provide specific technical assistance to help individuals, private enterprises and other entities in the region move their economies to market systems.

- The Center will either provide the assistance directly or broker available private sector expertise to meet identified needs.
- Examples of such assistance include: sister city chamber of commerce exchanges; seminars on privatization; education programs on market economies; brokering technical expertise related to accounting standards, monetary reform, financial services, etc.; and other assistance needed to support privatization.

The Trade and Investment Development Assistance Program (TRIDAP) is focused on assisting U.S. companies interested in trade and investment opportunities in Eastern Europe.

- The Program will highlight investment opportunities to ameliorate economic infrastructural problems afflicting the target countries as well as other trade and investment openings. TRIDAP will work closely with U.S. Department of Commerce programs, such as the Eastern Europe Business Information Center and the U.S. Foreign Commercial Service.

-2-

- Examples of activities the Center will pursue are: advice to companies on the trade and investment policies affecting the region; seminars and publications on how to do business in Eastern Europe; directory of resources and key contacts necessary to do business in the region; and updates on changes in policy affecting the business environment.

Symposium on "Doing Business in Eastern Europe and the Soviet Union":

On April 11-12, 1990, the U.S. Chamber of Commerce, in conjunction with the U.S. Department of Commerce, is hosting a major symposium on "Doing Business in Eastern Europe and the Soviet Union." This symposium will provide an occasion for American business to meet face-to-face with East European and Soviet officials responsible for the economic, financial and trade policies of their countries. Additionally, representatives from the U.S. Government and the U.S. business community will describe their programs to enhance operating success in the region.

February 1990

EETTAC

What is It?

For government action and
 proposals to promote
 bilateral trade and invest-
 ment. The Chamber's
 program is based on a
 long-term commitment to
 the economic growth and
 development of the
 United States and
 the European Community.



Information

Control

and

...

...

...

...

...

...

...

...

...

...

...

...

...

...

...

...

...

...

...

...

...

...

...

TRADE & TECHNICAL

"As a U.S. business organization, the Chamber's credentials, contacts and influence in East Europe are certainly second to none. In light of this involvement, we feel the Chamber can play a critical role in the evolutionary process underway in East Europe.

A focused Chamber program that would improve both the prospects for economic reform within Eastern Europe as well as the business opportunities for American companies would serve as an excellent complement to the efforts of the Bush Administration to encourage economic reform in the region."

*Lawrence S. Langerberger
U.S. Deputy Secretary of State
January 16, 1990*

EETAC Program Strategy

The Chamber's East European initiative will consist of two distinct, but synergistic, programs which will be coordinated and directed by the Center. Both programs aim to identify, through the assessments, those new business and investment projects which will contribute to the overall economic reform of Eastern Europe.

Trade and Investment Development Assistance Program (TRID)
This program will identify for interested U.S. companies, the most profitable trade and investment projects in Eastern Europe. These projects will be selected not only to select industry sectors, but will also look at every potentially profitable segment of an individual East European country's economy.

- ◆ Access to materials necessary for successful business transactions, such as analyses of investment laws and business climate, financing methods and dispute settlement procedures
- ◆ Trade and investment missions
- ◆ Seminars featuring American business representatives from companies experienced in East European markets
- ◆ Identification of federal and state assistance programs, and international lending and investment guarantee programs, which will facilitate U.S. business' entry to the region
- ◆ Continuing U.S. Chamber efforts to ease U.S. government restrictions on trade and investment in the region, including technology transfer and guarantee programs

Technical Assistance Program for Economic Reform (TAPER)
Building on the Chamber's access to a large pool of expertise, TAPER will facilitate economic, educational, technical and financial reforms that address the particular needs of the region.

- ◆ Technical experts in accounting, banking, marketing, tax, management and other skills from the U.S. Chamber or U.S. companies
- ◆ In-country seminars on privatization, price reforms, currency convertibility, and others
- ◆ Intern training programs designed to bring East European company managers to the United States for in-house training in advertising, sales, manufacturing, and other areas
- ◆ Television programming on macroeconomic reform beamed via satellite to Eastern Europe

entials in this regard are well suited to public sector/private sector partnership. To go beyond your current efforts and mount a campaign which can assist Eastern Europe in its economic development while simultaneously helping American companies access these markets."

Robert A. Mosbacher
U.S. Secretary of Commerce
January 5, 1990

set two major goals for the Center:

1. Assist companies in gaining access to markets in Eastern Europe through investment projects, particularly in those sectors that will stimulate economic growth and private initiative.

2. Provide necessary expert technical assistance to East European government entities for the development of programs which will facilitate economic reform.

The Center will work closely with the Department of Commerce and other U.S. government agencies in using their data sources to define those priority areas.

The Center will open doors for U.S. companies in the region, working not only to provide the best economic intelligence available on each East European country, but also to identify viable, mutually-beneficial business opportunities.

The Chamber's credo is such a concerted push. I would encourage you to get a more focused program with its economic reforms while business gain access to those

EETAC *Objectives*

Overall, the Chamber has:

- ◆ Assist U.S. companies in Europe and in developing industries which are critical for economic growth

- ◆ Provide the necessary support for European governments and other organizations that will institute and sustain economic reforms

Using its extensive network of U.S. and foreign business entities involved in European trade and investment and contacts with the U.S. and East European governments, the U.S. Chamber will undertake a comprehensive needs assessment to determine individually appropriate and custom-tailored programs for East European countries. The needs assessments will highlight specific opportunities for U.S. business and areas for in-country technical assistance.

Extended Page 8, 1



ount

The Chamber
European initiative
consist of two disti
with 2500 projects
which will be
and directed by the
Both programs can
identify through th
assessments these
business and invest
projects which will
contribute to the e
economic reform in
Eastern Europe.



Western
sectors

Euro-
is which

with the
other
sing their
ority

U.S.
provide
available
, but also
beneficial



United States Department of State

Washington, D.C. 20520

Bureau of African Affairs

Telecopier Transmittal

DATE: August 20, 1990

NUMBER OF PAGES (including cover) 5

TO: Peggy Dooley - The White House

TELECOPIER NUMBER: 647-6301

FROM: Kevin Callwood Phone: 647-4494

COMMENTS: OPIC insert for President's Chamber of Commerce speech

Telecopier Number: (202) 647-6301

Time Sent:

Wang:0019/p.11

**United States Department of State****Washington, D.C. 20520**

August 20, 1990

MEMORANDUM

TO: Peggy Doble
FROM: Kevin Callwood *kel*
SUBJECT: President's Chamber of Commerce Speech

Peggy it was good talking to you today. I want to thank you again for allowing us to make a contribution to the President's speech. It is a great opportunity for OPIC, but I also believe that we do have an important role at this point in history.

If there is anything else we can do in this effort, we are always at your service.

CHAMBER OF COMMERCE SPEECH - OPIC INSERT

I've talked a lot here today about the role of private enterprise and I hope I've made this point clear: we need more than hope and prayer and even political goodwill for these new democracies to succeed. Democracy, if it means anything at all, means the release of individual talents. And that, as we all know, is also the key to economic progress. So if we're going to solidify democracy, we've got to help the struggling peoples of Latin American, Eastern Europe and elsewhere reform and reenergize their economies.

Clearly, private enterprise is vital. And our philosophy of government is broad enough to include private sector and public sector cooperation in this great project of building the new democracies. I think Americans can work together to turn this great challenge into an even greater success. Because if we do, it'll be good for our security, for peace in the world, and for our economy as well.

There is an independent agency that works directly for me and with the private sector that exemplifies this approach.

- 2 -

It is called the Overseas Private Investment Corporation, or OPIC, for short. It has been around for awhile but now, with the new era, its time has come.

OPIC is a self-funded, independent agency that reports directly to the President. Its mandate is to facilitate private sector investment in the developing world in three ways:

- first, it's a "matchmaker", bringing together private investment with opportunities;
- second, it offers direct financing, loan guarantees and equity for small, medium, and large investors;
- third, -- very important -- it offers risk assurance against the dangers of inconvertible currency, expropriation, and political violence.

Now I could rattle off a lot of statistics about OPIC but I think you'd be most interested in this one. OPIC was started with \$106 million seed money. That's been repaid to the Treasury from profits. This is one government outfit that doesn't cost the taxpayers, it helps American businessmen to do what they do best -- good work, fair returns and growth that benefits everybody.

- 3 -

I'd like to tell you two stories about OPIC at work. One concerns Panama. We faced a tragic situation of a country, a friend and an ally, virtually wrecked by a drug dealing dictator. Lives were lost, Panamanians and Americans, and that was tragic. But now there is new hope.

Not one month after we got rid of Noriega, OPIC put together 27 American investors to help jumpstart the Panamanian economy. These investors met with the new government and private businessmen. And with OPIC's help, agreements were struck that should generate over \$70 million in new investments. So while a lot of people here in Washington were talking -- and unfortunately are still talking while our friends need help -- OPIC was acting.

There's a small businessman named Joe Thaggard, who comes from Coral Gables in Florida. He fishes for shrimp and he had a small shrimp farm in Panama. After Noriega was gone, he went there and he was one of the twenty-seven on OPIC's mission. And as a result, he expanded that farm, he expanded its employment from 40 people to over a hundred. There's a whole little village at work today in Panama because of Joe Thaggard and because of OPIC.

Today, even as I speak, Fred Zeder of OPIC is in Poland on a mission with 30 corporations. And not long ago, OPIC made

- 4 -

possible GE's investment in Tungsram, a plant in Hungary that is the biggest lighting manufacturer in Eastern Europe.

OPIC runs a growth fund for Africa, another for Eastern Europe and still another for the Caribbean. And today, I'd like to announce that OPIC is establishing a new Environmental Fund. This will promote seed capital and loan guarantees for projects that specifically address environmental clean-up or slower-burning fuels. This fund will help to fill a desperate need in Eastern Europe. Its part of my Administration's, emphasis on the environment as part of our overall foreign policy concerns.

So let me sum it up. OPIC shows that our government and the private sector can work together to serve a foreign policy interest that also benefits our economy. And that's what its about. Building those new democracies on what works best -- a free market. We know it won't be easy and it can't be easy. But we also know what it takes to succeed. And I'll tell you this: we're going to do it the right way, not by throwing billions down the rat hole but by building up a solid foundation for progress. Political progress depends, on the spirit of liberty -- democratic respect for individual rights. Economic progress depends on the spirit of enterprise -- individual opportunity for economic achievement. And that's what these historic times are all about.

NISSAN??
BAWIA??
PolyForm??

DAIHATSU
POLAND.

w/ IKARUS Hong Bus Makers.

EC.

Maybe you've seen the number of Japanese joint ventures underway now in Hungary. [Suzuki's deal with a Hungarian car manufacturer. Nissan Diesel's bus deal. A substantial Japanese interest in Hungary's Central Europe International Bank. Other ventures in the agri-farm sector, and plastics.]

There's nothing unfair about any of these ventures. Just proof that one of our key competitors is engaged in hard-nosed hunt for good opportunities in a new market.

I've said it before and I'll say it now: American business can out-think, out-work, and out-perform any nation in the world. But we can't possibly win if we don't get in the game. It's time American firms took full advantage of the investment opportunities open to us in the emerging democracies of the world.

Japan-EC.

CW -

I'm checking to verify

The details ~~xxx~~ on these examples from Murray.

Suzuki. - W. Post, Jan 10.
Hungary's first car maker. \$140 m.

Thank,
DM

Agri-farm. / Polyform Plastic!

FAS-998 (REV. 2-89)		U.S. DEPARTMENT OF AGRICULTURE FOREIGN AGRICULTURAL SERVICE		CONTROL NUMBER	
FACSIMILE TRANSMISSION COVER SHEET					
DATE SUBMITTED		DOCUMENT TITLE			NO. OF PAGES
4/24/90		More Info on USDA Efforts in Eastern Europe			1
TO:	NAME AND ADDRESS OF RECIPIENT (Agency & Div. or Post)			RECIPIENT'S TELEPHONE	FACSIMILE TELEPHONE
	Peggy Dooley White House Speech Staff			456 7750	456-6218
FROM:	NAME AND ADDRESS OF SENDER (Agency & Div. or Post)			SENDER'S TELEPHONE NO.	FACSIMILE TELEPHONE NO.
	Eric Van Chantfort FAS Info. Div., Rm. 4638-S USDA			202-382-9443	202- 382-1727
COMMENTS:					
<p>--Secretary Yeutter and USDA are actively involved in the U.S. effort to support the new governments of Eastern Europe and help them develop market-oriented democracies through food aid, credit, encouragement for privatization, and joint consultations on food and agriculture.</p> <p>--In November 1989, Secretary Yeutter led a Presidential delegation to Poland to assess the economic situation in that country and to determine how the U.S. could best assist in Poland's economic transformation.</p> <p>--Later in December, he and two Polish Ministers signed a Statement of Intent which laid the foundation for the USDA approach to assisting Poland. The statement established four agricultural working groups: infrastructure, production and extension, marketing and internal trade, and scientific research.</p> <p>--Since last autumn, USDA has provided \$145 million in food aid to Poland and \$80 million to Romania. Proceeds from sale of these commodities within the two nations will be used to help privatize and develop the agricultural sectors in those countries. The agricultural sectors are crucial to the success of the transformation of these economies, especially in Poland.</p> <p>--This fiscal year, we have also offered a \$26-million credit guarantee program to Hungary and a \$40-million guarantee to Yugoslavia to help them obtain commercial credit for the purchase of U.S. agricultural products.</p> <p>--U.S. technological leadership in agriculture is unquestioned and USDA's Extension Service and Office of International Cooperation and Development will spearhead the effort in the introduction of free-market concepts and practices as they relate to private farming; privatization of the marketing of both farm inputs and farm produce; establishment of a rural extension/communication system; and development of more efficient production methods.</p>					

U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF PUBLIC AFFAIRS

DIRECTOR'S OFFICE

FAX COVER SHEET

NUMBER OF PAGES SENT: 1
(EXCLUDING COVER SHEET)

DATE: 4-24-90

TO: Peggy Dooley
-white
House-

RECIPIENT'S TELEPHONE NUMBER:
456-7750

RECIPIENT'S FAX NUMBER:
456-6218

FROM: Jack
Jenkins

SENDER'S TELEPHONE NUMBER:
(202) 447-5197

SENDER'S FAX NUMBER:
(202) 382-6191

SPECIAL INSTRUCTIONS:

III. USDA ACTIVITIES IN THE REGION

A. Presidential Economic Delegation to Poland:

- In November of 1989, Secretary Yeutter led a Presidential delegation to Poland to assess the economic situation in that country and to determine how the U.S. could best assist in Poland's economic transformation.
- Later in December, he and two Polish Ministers signed a Statement of Intent which laid the foundation for the USDA approach to assisting Poland.
- The Statement of Intent established four agricultural working groups: Infrastructure, Production and Extension, Marketing and Internal Trade and Scientific Research.

B. Food Aid to the Region:

- Since the Fall of 1989, USDA has provided \$145 million in food aid to Poland. Proceeds from sale of these commodities will be used to privatize and develop the agricultural sectors in the country. The Agricultural sectors are crucial to the success of the transformation of the Polish economy.
- Implementation of the food aid programs will help to familiarize recipients with U.S. marketing procedures and establish commercial relationships.

C. Technical Assistance and Training:

- Since it is generally accepted that the agricultural sectors of the countries in Eastern Europe are critical to the success of the economic transformation processes underway, we are trying to target specific areas for development assistance.
- Agriculture is an area where U.S. technological leadership is unquestioned and our Extension Service and Office of International Cooperation and Development will spearhead the effort in the following areas:
 - introduction of free-market concepts and practices as they relate to private farming,
 - privatization of the marketing of both farm inputs and farm produce,
 - establishment of a rural extension/communication system, and
 - more efficient production methods.



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

INTERNATIONAL ECONOMIC POLICY
FACSIMILE COVER SHEET

DATE: 4/24/90

TO: PEGGY DOOLEY

ORGANIZATION & FAX NUMBER: 456-6218

TELEPHONE: IP

NO. OF PAGES: 7 (Excluding Cover)

FROM: -WILL WINTER

ORGANIZATION: EAST EUROPEAN DIV. 377-4915

COMMENTS:

International Economic Policy
U.S. Department of Commerce
Room H3864
14th and Constitution Avenue, NW
Washington, DC 20230
FAX: (202) 377-~~2155~~ 2155



MEMORANDUM FOR: Ambassador Robert L. Barry
Department of State

FROM: Franklin J. Vargo
Deputy Assistant Secretary for Europe
Department of Commerce

SUBJECT: Inventory of Commerce Department Activities in
Eastern Europe

Per your request, the following is an update of the Commerce Department activities in Eastern Europe.

A. Major Projects completed as of April 20, 1990

GENERAL

1. Eastern Europe Business Information Center (EEBIC) opened by Secretary Mosbacher on January 23. As called for in the SEED legislation, EEBIC is responding to the enormous interest among the U.S. business community on new opportunities for trade and investment in Eastern Europe. The Center has worked closely with other agencies to collect information on the full range of USG commercial programs and activities aimed at Eastern Europe so that callers to the Center can receive accurate and up-to-date information.

Since its inception, the Center has received approximately 10,000 telephone calls. EEBIC's staff handles a wide variety of inquiries including small and medium-sized companies interested in exporting or in joint ventures; firms with questions about financing sources, export licensing, and trade promotion events.

The Center also serves as a referral point for programs of voluntary assistance to the region. EEBIC staff is disseminating information on and encouraging the development of proposals for the Polish-American and Hungarian-American Enterprise Funds.

2. The Joint Commerce Department/Chamber of Commerce Conference on Doing Business in Eastern Europe and the USSR, was held in Washington on April 11-12, and attracted over 200 senior-level business executives. Organizers and participants alike considered the event a great success. USG officials from several agencies participated including: Deputy Secretary of State Eagleberger, USTR Hills, Eximbank Chairman Macomber, Overseas Private Investment Corporation President Zeder, Commerce Under Secretary Farren and several other Commerce officials. Ministers or Deputy Ministers from 5 of the 6 East European countries participated; USSR Ambassador Dubinin also participated.

Macomber
Peter Wingate
463-5467

Media Relations
463-5685

- 2 -

3. Assistant Secretary for National Telecommunications and Information Administration Obuchowski visited Warsaw and Budapest February 19-23, accompanied by representatives of the United States Telecommunications Training Institute (USTTI) and Bell Communications Research, Inc. (Bellcore - Poland only). As a result of the visit, USTTI now plans to offer free training in operational and managerial aspects of telecommunications to nationals of both countries.

POLAND

1. Under Secretary Farren, General Counsel Willkie and Assistant Secretary Duesterberg travelled to Warsaw for the opening round of negotiations on the Business and Economic agreement, January 8-9. GC Willkie held discussions on proposed U.S.-Poland Legal Seminar (see planned initiatives). Assistant Secretary Duesterberg returned to Warsaw, March 8-10 for continued negotiations on the business and economic agreement.

2. Sixteen American companies participated in a Telecommunications Trade Mission to Warsaw, February 11-14, led by Deputy Assistant Secretary Benetiz.

3. Polish Minister for the Environment, Bronislaw Kaminski, met with 32 American companies in the pollution control/energy conservation field in a meeting at Commerce on March 16. Kaminski urged the companies to assist Poland with its environmental crisis, and distributed a list of environmentally-related projects and trade opportunities.

4. Business and Economic Treaty signed by President Bush on March 21, with side letters on tourism and investor ombudsman's office signed by Secretary Mosbacher, and side letters on investment entry procedures and intellectual property signed by USTR Hills. Commerce Assistant Secretary Duesterberg co-chaired the negotiations in Warsaw and Washington.

5. Twelve American companies participated in a Electric Power Generation Trade Mission to Warsaw, April 9-11, led by Deputy Assistant Secretary Huntsman.

6. On April 18-19, 1990, Commerce and State held working level discussions in Washington with the Poles on export control safeguards.

7. Trade Mission from Midwestern States, led by Deputy Assistant Secretary Sullivan and with 12 Midwestern companies participating, was held in Poland April 17-19.

HUNGARY

1. Commerce General Counsel Willkie and Assistant Secretary Duesterberg visited Budapest, January 9-10. Willkie laid the groundwork for the upcoming U.S.-Hungary Legal Seminar (see planned initiatives.)
2. Secretary Mosbacher met with Andras Derzsi, Minister of Transport, Navigation and Telecommunications, and Jozsef Antall, Chairman of the Hungarian Democratic Forum, in January and February, respectively.

CZECHOSLOVAKIA

3. Secretary Mosbacher visited Prague, February 26-27. Announced opening of Foreign Commercial Service post this fall. USFCS officer is currently in Prague on TDY to advance opening of the FCS office.
4. Commerce participated in the negotiations on the bilateral trade and investment agreements. (The U.S.-Czechoslovak Trade Agreement was signed by USTR Hills on April 12.) During the signing ceremony, Commerce Under Secretary Farren signed a document establishing a Joint Commercial Commission with Czechoslovakia and Commerce Deputy Under Secretary for Tourism Wylie Whisonant signed a Tourism Side Letter to the Trade Agreement. Investment agreement talks with the Czechoslovaks continue; the next round will take place in Prague in mid-May.

GERMAN DEMOCRATIC REPUBLIC

1. Secretary Mosbacher visited East Berlin, March 23.
2. Assistant Secretary Duesterberg attended the opening of the U.S. Business Facilitation Center at the Leipzig Spring Fair, March 10-12. 39 American companies participated.

B. Projects Under Way

GENERAL

1. Eastern Europe Business Information Center (EEBIC) branches to be opened in Warsaw and Budapest in conjunction with existing Foreign Commercial Service offices. Secretary Mosbacher is tentatively scheduled to open Warsaw Business Information Office during his May 28-29 visit to Poland.

EEBIC will shortly publish the first issue of its new Eastern Europe Business Bulletin. Through the Bulletin, EEBIC seeks to

- 4 -

keep U.S. companies and trade associations advised of business opportunities available to them in Eastern Europe, as well as brief them on U.S. Government programs designed to assist them in exploring these markets.

In May, an EEBIC employee will travel to Budapest and Warsaw to gather from trade offices, research institutes, and government agencies the names of Hungarian and Polish companies interested in possible trade and investment ventures with U.S. firms. These leads, and others which the Center already has obtained, will be entered into a database and eventually made available to interested U.S. companies.

EEBIC personnel have been participating actively in many of the seminars and conferences on Eastern Europe which have been scheduled during the spring quarter. May and June will be particularly heavy months, with speaking engagements in Ohio, Oklahoma, New York, Rhode Island, and possibly Arizona and Washington State.

POLAND

1. Secretary Mosbacher will co-chair (with Deputy Prime Minister Balcerowicz) the 11th Session of the American-Polish Joint Trade Commission in Warsaw on May 28-29, 1990. Secretary Mosbacher will be accompanied by a small business mission, composed of 8-10 CEO-level executives of prominent U.S. corporations.
2. Secretary Mosbacher will kick-off an "Information Seminar" in Warsaw, May 29-30 for the Polish business community. The Seminar, requested by the Poles during the Presidential Economic Mission, is designed to inform the Polish private sector of the various USG programs and initiatives designed to encourage trade, investment and commercial cooperation. The Board of Directors of the Polish-American Enterprise Fund has agreed to send the Fund's chief executive officer to Warsaw to participate in the seminar. In addition to Commerce, other agencies invited to participate include: Eximbank, TDP, OPIC and AID.
3. U.S.-Poland Legal Seminar scheduled in Warsaw, May 8-9. U.S. delegation headed by Commerce General Counsel Wendell Willkie, and will include senior-level attorneys from major corporations, as well as SEC Chairman Richard Breeden (tentative), FTC Chairman Janet Steiger, Assistant Attorney General James Rill, and selected other USG senior-level attorneys. The seminar will focus on U.S. commercial laws; it is anticipated that the Poles will send a delegation to the United States later this year to give similar presentations on Polish commercial laws.

HUNGARY

1. U.S.-Hungary Legal Seminar scheduled in Budapest, May 11-12. (Same delegation as U.S.-Poland legal seminar). Topics for both seminars include U.S. presentations on securities law, corporate taxation, business organization, antitrust/unfair competition, government regulation/administrative law, intellectual property rights, and U.S. export control laws and regulations.
2. Budapest Spring Fair. Commerce will mount its annual exhibition at the Budapest Fair, May 23-31. More than 40 American companies will participate in this year's exhibit.
3. Telecommunications Trade Mission. Deputy Assistant Secretary Benetiz will lead a trade mission to Budapest in June, similar to the mission sent to Warsaw earlier this year.
4. Business and Economic Agreement negotiations. Commerce will participate actively in these negotiations, which are expected to begin shortly.
5. U.S.-Hungarian Joint Economic and Commercial Commission (JECC). We anticipate scheduling the JECC at some point in 1990, either in Washington or Budapest, but no dates have been proposed yet. The JECC is chaired at the Assistant Secretary/Deputy Minister level.

CZECHOSLOVAKIA

1. Telecommunications Trade Mission, to be led by DAS Benetiz, is scheduled to stop in Prague in June.
2. A U.S.-Czechoslovak Legal Seminar has been proposed for July, modelled after the seminars scheduled in Poland and Hungary next month. General Counsel Willkie again would lead the U.S. delegation.
3. Accounting Seminar is tentatively scheduled for October, 1990. Deputy Assistant Secretary Powers will lead a delegation composed of representatives of "Big 6" accounting firms to Prague to give presentations on U.S. accounting standards and practices.
4. The newly-established U.S.-Czechoslovak Joint Commercial Commission is expected to hold its first session in the fall; exact dates or location to be determined. Secretary Mosbacher likely will chair the U.S. side.
5. Commerce will sponsor a U.S. exhibition at the Brno Trade Fair in September; senior Commerce officials may open the U.S. exhibit.

GERMAN DEMOCRATIC REPUBLIC

1. A Foreign Commercial Service (FCS) post will be established in Berlin this summer.

C. Projects/Initiatives Under Discussion

GENERAL

1. District Office Seminars. Commerce is considering holding seminars on doing business in Eastern Europe in conjunction with the USDOC district offices located throughout the country.

2. Increased FCS Staffing. Commerce has submitted a NSDD38 request to State to increase FCS staff levels in the region as follows: Poland and Hungary -- one additional commercial officer and three additional FSN positions per country; Romania - one additional FSN.

3. Trade Missions. Commerce is considering trade missions in a variety of industry sectors for the remainder of 1990 including: pollution control, power generation, welding, computers, and food processing.



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

EASTERN EUROPE BUSINESS INFORMATION CENTER

On January 23, 1990, Secretary of Commerce Robert Mosbacher opened the Commerce Department's new Eastern Europe Business Information Center (EEBIC). EEBIC is designed to respond to the greatly expanded need for business information on new opportunities for trade and investment in Eastern Europe.

Since its inception, EEBIC staffers have been handling calls at a rate of more than 700 per week. The Center can be of assistance to a wide variety of inquiries: small and medium-sized companies interested in exporting or in joint ventures; firms with questions about financing, export licensing, or trade promotion opportunities; and foundations or individuals interested in providing various types of assistance to Eastern Europe.

To respond to these inquiries, the Center is stocked with a wide range of publications on doing business in Eastern Europe. Many are available directly from EEBIC; some are distributed through the National Technical Information Service (NTIS). These include information on:

- the economic outlook in Eastern Europe;
- lists of potential trade partners;
- Eastern European investment regulations and incentives;
- priority industry sectors in Eastern Europe;
- upcoming seminars and conferences;
- upcoming trade promotion events;
- other U.S. Government programs to support private enterprise, trade, and investment

EEBIC is also serving as a referral point for programs of voluntary assistance to the region. The Center is disseminating information on and encouraging the development of proposals for the Polish-American and Hungarian-American Enterprise Funds, announced by President Bush in 1989 to support the growth of private enterprise in Poland and Hungary.

The Department is also establishing branch Business Information Centers in Poland and Hungary. These facilities will enable our Foreign Commercial Service officers in Warsaw and Budapest to handle the upsurge in inquiries they too are experiencing. A prime objective of the Business Information Center branches will be to identify and develop information on specific business opportunities for U.S. exporters and investors in these emerging markets.

Inquiries for EEBIC may be directed to: Eastern Europe Business Information Center, Room 6043, U.S. Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D. C. 20230; telephone number: (202) 377-2645; fax number: (202) 377-4473.



RECESS

The SPEAKER. Pursuant to the order of the House of Thursday, November 9, 1989, the House will stand in recess subject to the call of the Chair. Accordingly (at 10 o'clock and 5 minutes a.m.), the House stood in recess subject to the call of the Chair.

JOINT MEETING OF THE HOUSE AND SENATE TO HEAR AN ADDRESS BY THE HONORABLE LECH WALESIA, CHAIRMAN, SOLIDARNOSC

The Speaker of the House presided. The Doorkeeper, the Honorable James T. Molloy, announced the Vice President and Members of the U.S. Senate, who entered the Hall of the House of Representatives, the Vice President taking the chair at the right of the Speaker, and Members of the Senate the seats reserved for them.

The SPEAKER. The Chair appoints as members of the committee on the part of the House to escort the honorable Lech Walesia, Chairman, Solidarnosc, into the Chamber:

The gentleman from Missouri [Mr. GEPHARDT];
 The gentleman from Pennsylvania [Mr. GRAY];
 The gentleman from Florida [Mr. FASCELL];
 The gentleman from Michigan [Mr. BONTIOR];
 The gentleman from Maryland [Mr. HOYER];
 The gentleman from Illinois [Mr. MICHELL];
 The gentleman from Georgia [Mr. GINGRICH];
 The gentleman from Michigan [Mr. BROOMFIELD];
 The gentleman from California [Mr. LEWIS];
 The gentleman from Oklahoma [Mr. EDWARDS];
 The gentleman from Michigan [Mr. DINGELL];
 The gentleman from Illinois [Mr. ROSTENKOWSKI];
 The gentleman from Michigan [Mr. VANDER JAGT];
 The gentleman from Ohio [Mr. GRADISON];
 The gentleman from New York [Mr. NOWAK];
 The gentleman from New York [Mr. SOLARZ];
 The gentleman from California [Mr. FAZIO];
 The gentleman from Oklahoma [Mr. SYNAR];
 The gentleman from Michigan [Mr. HERTEL];
 The gentleman from California [Mr. HUNTER];
 The gentlewoman from Illinois [Mrs. MARTIN];
 The gentleman from Florida [Mr. MCCOLLUM];
 The gentleman from Minnesota [Mr. WEBER];
 The gentleman from Pennsylvania [Mr. BORSKI];

The gentlewoman from Ohio [Mrs. KAPTUR];

The gentleman from Illinois [Mr. LIPINSKI];

The gentleman from Minnesota [Mr. SIKORSKI];

The gentleman from Wisconsin [Mr. KLECZKA]; and

The gentleman from Pennsylvania [Mr. KANJORSKI].

The VICE PRESIDENT. The President of the Senate, at the direction of that body, appoints the following Senators as members of the committee on the part of the Senate to join a like committee on the part of the House to escort the Honorable Lech Walesia into the House Chamber:

The Senator from West Virginia [Mr. BYRD];

The Senator from Maine [Mr. MITCHELL];

The Senator from California [Mr. CRANSTON];

The Senator from Arkansas [Mr. PRYOR];

The Senator from Illinois [Mr. DIXON];

The Senator from Michigan [Mr. LEVIN];

The Senator from Massachusetts [Mr. KERRY];

The Senator from Illinois [Mr. SIMON];

The Senator from Maryland [Mr. MIKULSKI];

The Senator from Florida [Mr. GRAHAM];

The Senator from Kansas [Mr. DOLE];

The Senator from Wyoming [Mr. SIMPSON];

The Senator from Colorado [Mr. ARMSTRONG];

The Senator from Rhode Island [Mr. CHAFFEE];

The Senator from Mississippi [Mr. COCHRAN];

The Senator from New Mexico [Mr. DOMENICI];

The Senator from North Carolina [Mr. HELMS];

The Senator from Indiana [Mr. LUGAR];

The Senator from South Dakota [Mr. PRESSLER]; and

The Senator from Alaska [Mr. MURKOWSKI].

The Doorkeeper announced the ambassadors, ministers, and charges d'affaires of foreign governments.

The ambassadors, ministers, and charges d'affaires of foreign governments entered the Hall of the House of Representatives and took the seats reserved for them.

The Doorkeeper announced the Cabinet of the President of the United States.

The members of the Cabinet of the President of the United States entered the Hall of the House of Representatives and took the seats reserved for them in front of the Speaker's rostrum.

At 11 o'clock and 5 minutes a.m., the Doorkeeper announced the Honorable Lech Walesia, Chairman, Solidarnosc.

The Honorable Lech Walesia, Chairman, Solidarnosc, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives, and stood at the Clerk's desk.

[Applause, the Members rising.]

The SPEAKER. Members of the Congress, it is my great privilege, and I deem it a high honor and personal pleasure to present to you the Honorable Lech Walesia, Chairman, Solidarnosc.

[Applause, the Members rising.]

ADDRESS BY THE HONORABLE LECH WALESIA, CHAIRMAN, SOLIDARNOSC

(The following is an English translation of the address delivered in Polish by Chairman Lech Walesia before the joint meeting, through an interpreter.)

Mr. WALESIA. Mr. Speaker, Mr. President, members of the Cabinet, distinguished Members of the House and Senate, ladies and gentlemen, we the people

With these words I wish to begin my address. I do not need to remind anyone here where these words come from. And I do not need to explain that an electrician from Gdansk, am also entitled to invoke them.

We the people

I stand before you as the third foreign non-head-of-state invited to address the joint Houses of Congress of the United States. The Congress, which for many people in the world, oppressed and stripped of their rights, is a beacon of freedom and a bulwark of human rights. And here I stand before you, to speak to America in the name of my nation. To speak to citizens of the country and the continent whose threshold is guarded by the famous Statue of Liberty. It is for me an honor so great, a moment so solemn, that I can find nothing to compare it with.

The people in Poland link the name of the United States with freedom and democracy, with generosity and high-mindedness, with human friendship and friendly humanity. I realize that not everywhere in the world is America so perceived. I speak of her image in Poland. This image was strengthened by numerous favorable historical experiences, and it is a very well-known thing that Poles repay warm-heartedness in kind.

The world remembers the wonderful principle of the American democracy: "government of the people, by the people, for the people."

I too remember these words; I, a shipyard worker from Gdansk, who has devoted his entire life—along with other members of the Solidarity movement—to the service of this idea: "government of the people, by the people, for the people." Against privilege and monopoly, against violations of the law, against the trampling of human

dignity, against contempt and injustice.

Such in fact are the principles and values—reminiscent of Abraham Lincoln and the Founding Fathers of the American Republic, and also of the principles and ideas of the American Declaration of Independence and the American Constitution—that are pursued by the great movement of Polish Solidarity; a movement that is effective. I know that Americans are idealistic, but at the same time practical people endowed with common sense and capable of logical action. They combine these features with a belief in the ultimate victory of right over wrong. But they prefer effective work to making speeches. And I understand them very well. I, too, am not too fond of speeches. I prefer facts and work. I treasure effectiveness.

Ladies and gentlemen, here is the fundamental, most important fact I want to tell you about. I want to tell you that the social movement bearing the beautiful name of Solidarity, born of the Polish Nation, is an effective movement. After many long years of struggle it bore fruit which is there for all to see. It pointed to a direction and a way of action which are today affecting the lives of millions of people speaking different languages. It has swayed monopolies, overturning some altogether. It has opened up entirely new horizons.

And this struggle was conducted without resorting to violence of any kind—a point that cannot be stressed too much. We were being locked up in prison, deprived of our jobs, beaten and sometimes killed. And we did not so much as strike a single person. We did not destroy anything. We did not smash a single windowpane. But we were stubborn, very stubborn, ready to suffer, to make sacrifices. We knew what we wanted. And our power prevailed in the end.

The movement called Solidarity received massive support and scored victories because at all times and in all matters it opted for the better, more human, and more dignified solution, standing against brutality and hate. It was a consistent movement, stubborn, never giving up. And that is why after all these hard years, marked by so many tragic moments, Solidarity is today succeeding and showing the way to millions of people in Poland and other countries.

Ladies and Gentlemen, it was 10 years ago, in August 1980, that there began in the Gdansk shipyard the famous strike which led to the emergence of the first independent trade union in Communist countries, which soon became a vast social movement supported by the Polish Nation. I was 10 years younger then, unknown to anybody but my friends in the shipyard, and somewhat slimmer. And I must frankly say, it was important. An unemployed man at that time, fired from my job for earlier attempts to organize workers in the fight for their

rights, I jumped over the shipyard wall and rejoined my colleagues who promptly appointed me the leader of the strike. This is how it all began. When I recall the road we have traveled I often think of that jump over the fence. Now others jump fences and tear down walls, they do it because freedom is a human right.

But there is also another reflection that comes to my mind when I think of the road behind us. In those days, at the beginning, many warnings, admonitions, and even condemnations were reaching us from many parts of the world. "What are those Poles up to?" we heard. "They are mad, they are jeopardizing world peace and European stability. They ought to stay quiet and not get on anybody's nerves."

We gathered from those voices that the other nations have the right to live in comfort and well-being, they have the right to democracy and freedom, and it is only the Poles who should give up these rights so as not to disturb the peace of others.

In the days before the Second World War there were many people who asked: Why should we die for Gdansk? Isn't it better to stay at home? But war soon paid them a visit, and they had to start dying for Paris, for London, for Hawaii. This time, too, there were many who complained: There is that Gdansk again disturbing our peace.

But the recent developments in Gdansk carried a different message. This was not the beginning but the true end of that war. This was the beginning of a new, better, democratic and safe era in the history of our world. There is no longer a question of dying for Gdansk, but of living for it.

Looking at what is happening around us today we may state positively that the Polish road of struggle for human rights, struggle without violence, the Polish stubbornness and firmness in the quest for pluralism and democracy show many people today, and even nations, how to avoid the greatest dangers. If there is something threatening European stability today, it certainly is not Poland. Poland's drive toward profound transformations, transformations achieved through peaceful means, through evolution, negotiated with all the parties concerned, makes it possible to avoid the worst pitfalls, and may be held up as a model for many other regions. And as we know, changes elsewhere are not so peaceful.

Peacefully and prudently, with their eyes open to dangers, but not giving up what is right and necessary, the Poles gradually paved the way for historic transformations. We are joined along this way, albeit to various extents, by others: Hungarians and Russians, the Ukrainians and people of the Baltic Republics, Armenians and Georgians, and, in recent days, the East Germans. We wish them luck and rejoice at each success they achieve.

We are certain that others will also take our road, since there is no other choice.

So I ask now: Is there any sensible man understanding the world around him who could now say that it would be better if the Poles kept quiet because what they are doing is jeopardizing world peace? Couldn't we rather say that Poles are doing more to preserve and consolidate peace than many of their frightened advisers? Could we not say that stability and peace face greater threats from countries which have not yet brought themselves to carry out long-ranging and comprehensive reforms, which do their utmost to preserve the old and disgraced ways of government, contrary to the wishes of their societies?

Things are different in Poland. And I must say that our task is viewed with understanding by our eastern neighbors and their leader, Mikhail Gorbachev. This understanding lays foundations for new relations between Poland and the U.S.S.R. much better than before. These improved mutual relations will also contribute to stabilization and peace in Europe, removing useless tensions. Poles have had a long and difficult history, and no one wants peaceful coexistence and friendship with all nations and countries—and particularly with the Soviet Union—more than we do. We believe that it is only now that the right and favorable conditions for such coexistence and friendship are emerging.

Poland is making an important contribution to a better future for Europe, to a European reconciliation—also to the vastly important Polish-German reconciliation—to overcoming of old divisions and to strengthening of human rights on our continent. But it does not come easily for Poland.

In the Second World War Poland was the first country to fall victim to aggression. Her losses in terms of human life and national property were the heaviest. Her fight was the longest; she was always a dedicated member of the victorious alliance; and her soldiers fought in all the war's theaters. In 1945 Poland, theoretically speaking, was one of the victors. Theory, however, had little in common with practice. In practice, as her allies looked on in tacit consent, there was imposed on Poland an alien system of government, without precedent in Polish tradition, unaccepted by the nation, together with an alien economy, an alien law, and alien philosophy of social relations. The legal Polish Government, recognized by the nation and leading the struggle of all Poles throughout the war was condemned, and those who remained faithful to it were subjected to the most ruthless persecution. Many were murdered, thousands vanished somewhere in Russia's east and north. Similar repression befell soldiers of the underground army fighting the Nazis. It is only now that we are discovering their

bones in unmarked graves scattered among forests.

These atrocities were followed by persecutions of all those who dared think independently. All the solemn pledges about free elections in Poland that were made in Yalta were broken.

This was the second great national catastrophe, following the one of 1939. When other nations were joyously celebrating victory, Poland was again sinking into mourning. The awareness of this tragedy was doubly bitter, as the Poles realized that they had been abandoned by their allies. The memory of this is still strong in the minds of many.

Nonetheless, the Poles took to rebuilding their devastated country and in the first years following the war they were highly successful. But soon a new economic system was introduced, in which individual entrepreneurship ceased to exist and the entire economy ended up in the hands of a state run by people who were not elected by the nation. Stalin forbade Poland to use aid provided by the Marshall plan, the aid that was used by everyone in Western Europe, including countries which lost the war. It is worth recalling this great American plan which helped Western Europe to protect its freedom and peaceful order. And now it is the moment when Eastern Europe awaits an investment of this kind—an investment in freedom, democracy, and peace—an investment adequate to the greatness of the American Nation.

The Poles have traveled a long way. It would be worthwhile for all those commenting on Poland, often criticizing Poland, to bear in mind that whatever Poland has achieved she achieved through her own effort, through her own stubbornness, her own relentlessness. Everything was achieved thanks to the unflinching faith of our nation in human dignity and in what is described as the values of Western culture and civilization.

Our nation knows well the price of all this.

Ladies and gentlemen, for the past 50 years the Polish nation has been engaged in a difficult and exhausting battle. First to preserve its very biological existence, later to save its national identity. In both instances Polish determination won the day. Today Poland is rejoining the family of democratic and pluralistic countries, returning to the tradition of religious and European values.

For the first time in half a century Poland has a non-Communist and independent government, supported by the nation.

But on our path there looms a serious obstacle, a grave danger. Our long subjection to a political system incompatible with national traditions, to a system of economy incompatible with rationality and common sense, coupled with the stifling of independent thought and disregard for national interests—all this has led the Polish

economy to ruin, to the verge of utter catastrophe. The first government in 50 years elected by the people and serving the people has inherited from the previous rulers of the country a burden of an economy organized in a manner preventing it from satisfying even the basic needs of the people.

The economy we inherited after almost five decades of Communist rule is in need of thorough overhaul. This will require patience and great sacrifice. This will require time and means. The present condition of the Polish economy is not due to chance, and is not a specifically Polish predicament. All the countries of the Eastern bloc are bankrupt. The Communist economy has failed in every part of the world. One result of this is the exodus of the citizens of those countries, by land and by sea, by boat and by plane, swimming and walking across borders. This is a mass-scale phenomenon, well known in Europe, Asia, and Central America.

But Poland entered its new road and will never be turned back. The sense of our work and struggle in Poland lies in our creating situations and prospects that would hold Poles back from seeking a place for themselves abroad, that would encourage them to seek meaning in their work and a hope for a better future in their own country, their own home.

One hears sometimes that people in Poland do not care to work well. But even those who say this, know that Poles work well and effectively if only they see the sense and usefulness of their toil. The working people know their arithmetic too. They are working much harder and in worse conditions than their opposite numbers abroad, and on top of that are paid much lower wages. The economic system around them is absurd. To make matters worse, every several or dozen years the country has suffered a new crisis, a new crunch, and time and time again it turned out that past efforts went to waste. Show me people who would have worked well, stuck for decades under such a system. Wouldn't they too have succumbed to pessimism? But I wish no one experiences such as these.

This system had to be changed. And the Poles took it upon themselves to change it.

I know that America has her own problems and difficulties, some of them very serious. We are not asking for charity. We are not expecting philanthropy. But we would like to see our country treated as a partner and a friend. We would like cooperation under decent and favorable conditions. We would like Americans to come to us with proposals of cooperation bringing benefits to both sides.

We believe that assistance extended to democracy and freedom in Poland and all of Eastern Europe is the best investment in the future and in peace, better than tanks, warships, and war

planes, an investment leading to greater security.

Poland has already done much to patch up the divisions existing in Europe, to create better and more optimistic prospects. Poland's efforts are viewed with sympathetic interest by the West—and for this thanks are in order. We believe that the West's contribution to this process will grow now. We have heard many beautiful words of encouragement. These are appreciated; but, being a worker and a man of concrete work, I must tell you that the supply of words on the world market is plentiful, but the demand is falling. Let deeds follow words now.

The decision by the Congress of the United States about granting economic aid to my country opens a new road. For this wonderful decision, I thank you warmly. I promise you that this aid will not be wasted, and will never be forgotten.

Ladies and gentlemen, from this podium, I'm expressing words of gratitude to the American people. It is they who supported us in the difficult days of martial law and persecution. It is they who sent us aid, they protested against violence. Today, when I am able to freely address the whole world from this elevated spot, I would like to thank them with special warmth.

It is thanks to them that the word "Solidarity" soared across borders and reached every corner of the world. Thanks to them the people of Solidarity were never alone. In this chain of people linked in solidarity there were many, very many Americans. I wish to mention here with warm gratitude our friends from the United States Congress, the AFL-CIO trade unions, from the institutions and foundations supporting freedom and democracy, and all those who lent us support in our most difficult moments. They live in all States, in small and large communities of your vast country. I thank all those who through the airwaves or printed word spread the truth. I also wish to say thank you and to greet all Polish Americans who maintain warm contacts with their old fatherland. Their support was always priceless for us. And the support of American Polish was always tremendously worth it to us.

Wholeheartedly thank the President of the United States and his administration for involvement in my country's affairs. I will never forget the then Vice President George Bush speaking in Warsaw over the tomb of the Reverend Jerzy Popieluszko, the martyr for Poland. And I will not forget President George Bush speaking in Gdansk in front of the monument of the Fallen Shipyard Workers. It's from there that the President of the United States was sending a message of freedom to Poland, to Europe, to the world.

Pope John Paul II once said: "Freedom is not just something to have and to use, it is something to be fought for."

One must use freedom to build with it personal life as well as the life of the nation."

I thank this weighty thought can equally well be applied to Poland and to America.

I wish all of you to know and to keep in mind that the ideals which underlie this glorious American Republic and which are still alive here, are also living in faraway Poland. And although for many long years efforts were made to cut Poland off from these ideals, Poland held her ground and is now reaching for the freedom to which she is justly entitled. Together with Poland, other nations of Eastern Europe are following this path. The wall that was separating people from freedom has collapsed. And I hope that the nations of the world will never let it be rebuilt.

[Applause, the Members rising.]

At 12 o'clock and 10 minutes p.m., the Honorable Lech Walesa, Chairman, Solidarnosc, accompanied by the committee of escort, retired from the Hall of the House of Representatives.

The Doorkeeper escorted the invited guests from the Chamber in the following order:

The Members of the President's Cabinet.

The Ambassadors, Ministers, and chargés d'affaires of foreign governments.

JOINT MEETING DISSOLVED

The SPEAKER. The Chair declares the joint meeting of the two Houses dissolved.

Accordingly, at 12 o'clock and 10 minutes p.m., the joint meeting of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The House will continue in recess until 12:45 p.m.

□ 1250

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mrs. SCHROEDER] at 12 o'clock and 50 minutes p.m.

PRINTING OF PROCEEDINGS HAD DURING RECESS

Mr. BRENNAN. Madam Speaker, I ask unanimous consent that the proceedings had during the recess be printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON CIVIL AND CONSTITUTIONAL RIGHTS OF COMMITTEE ON THE JUDICIARY AND SUBCOMMITTEE ON CIVIL SERVICE OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE TO SIT ON TOMORROW DURING 5-MINUTE RULE

Mr. EDWARDS of California. Madam Speaker, I ask that the Subcommittee on Civil and Constitutional Rights of the Committee on the Judiciary and the Subcommittee on Civil Service of the Committee on Post Office and Civil Service may be permitted to sit while the House is reading for amendments under the 5-minute rule on Thursday, November 16.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

LECH WALESA: AN INSPIRATION FOR FREEDOM

(Mr. BRENNAN asked and was given permission to address the House for 1 minute.)

Mr. BRENNAN. Madam Speaker, the moving words we have just heard from Lech Walesa were truly inspirational and show that the call for freedom cannot be stifled.

Lech Walesa's struggles in forming the trade union Solidarity were rewarded by the true political reforms taking place today in Poland. His courage and determination led a nation in breaking the bonds of repression they had known for 40 years, but never accepted.

A key part of Lech Walesa's strategy for political reform in Poland, was the strength and unifying force of organized labor—Something we have seen in our country, but many seem to forget. Organized labor serves as a force for change and improvement in many important aspects of our daily lives—through improved working conditions and improved compensation.

The United States has a special responsibility to Lech Walesa and his fellow Poles. We must not remain on the sideline offering little more than words of encouragement. The time is now for economic assistance to keep democracy and freedom alive in Poland. We cannot let Poland fail.

THE NAVY NEEDS TO ANSWER QUESTION ON ACCIDENTS

(Mr. SCHULZE asked and was given permission to address the House for 1 minute.)

Mr. SCHULZE. Madam Speaker, for some time now, I have been trying to focus attention on the problems of the U.S. Navy, which had three more accidents yesterday—a sad day in the history of our Armed Forces.

Some questions must be answered. Chief of Naval Operations Trost. The Navy has an accident a day and sailors

are dying. Why is this happening? Our other services are not having this problem.

Navy Secretary Garrett. Mothers are coming up to me on the street asking me if their sons are safe on naval ships. Why is this happening? A GAO study I requested documented the extreme number of naval fatalities. Have you read it? Have you finally noticed?

Defense Secretary Cheney. How many more of our sons and daughters will die before the Navy solves this crisis? What are you doing, Mr. Secretary, to address this matter of life and death?

CUT LARGESSE AT PENTAGON

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Madam Speaker, the Soviets are cutting defense spending, and America should do likewise. The truth of the matter is we are going broke around here. What really hurts is the Air Force has a B-1 bomber. It was shot down by a pelican; the Navy has a rocket that acts like Shamu, it does cartwheels; the Army has a tank that couldn't hit the ocean if it was fired from dockside. To boot, none of these great lethal weapons have any spare parts.

Congress should cut the largesse at the Pentagon, straighten out our budget and economic ills, which is the first place to start, and take a look at NATO spending.

AIDS: A PUBLIC HEALTH PROBLEM, NOT A CIVIL RIGHTS PROBLEM

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Madam Speaker, a very significant event took place in the efforts of the Nation to deal with the AIDS epidemic yesterday in New York City when the New York City Board of Health, on the recommendation of Dr. Joseph, the health officer of New York City, recommended to the State health officer, Dr. Axelrod of New York State that we treat HIV carriers, report them in confidence to public health, and conduct contact tracing.

This is significant because New York State has the largest number of AIDS cases in America. It is significant because the voice of organized medicine in New York State, the New York State Medical Society, sued Dr. Axelrod to prepare a list of HIV carriers as a reportable disease. It is significant because the voice of organized medicine in the State with the largest number of AIDS cases is finally waking up to the fact we have to treat this epidemic as a public health problem, not a civil rights problem.

**U.S. CHAMBER OF COMMERCE
DOMESTIC POLICY DEPARTMENT
Washington, D.C.**

FAX No. (202) 887-3445

PLEASE DELIVER THE FOLLOWING PAGES TO:

FAX NUMBER: 456-6218

NAME: P. Dooley

LOCATION: White House

FROM: Bill Kelleher **SECTION:** ~~303~~ RPD

EXTENSION: 5533 **DATE:** 4/25/90 **TIME:** 4:30

NUMBER OF PAGES INCLUDING COVER SHEET: 3

MESSAGE:

IF YOU DO NOT RECEIVE ALL PAGES OR TO VERIFY FAX, PLEASE

CALL AND CONTACT: Ann Olsen

463-5532

#1

78TH ANNUAL MEETING**FIRST GENERAL SESSION****April 30, 1990****DAR CONSTITUTION HALL****PROGRAM SCHEDULE**

8:00 a.m. Doors open

8:45 a.m. Marine Band Concert begins

9:15 a.m. Mr. Clendenin comes on stage with invocator...Mr. Clendenin introduces invocator.

9:16 a.m. Invocation

9:20 a.m. Invocator and Mr. Clendenin leave Stage Right following Mr. Clendenin introducing The Marine Drum and Bugle Corps.

9:21 a.m. Marine Drum and Bugle Corps enter and begin performance.

9:35 a.m. Color Guard Enters/Presentation of Colors with Mike Ryan singing "The Star Spangled Banner."

9:40 a.m. Mr. Clendenin thanks the Marine units.

9:41 a.m. Mr. Clendenin begins introduction of past chairmen and directors and recognizes accredited Chambers of Commerce.

9:45 a.m. Mr. Clendenin begins his address.

10:00 a.m. Mr. Clendenin concludes his remarks. He asks the audience to stay in their places after President speaks and to leave promptly for buses after meeting adjourns.

10:01 a.m. Marine band begins special program lasting approximately 15 minutes.

10:00 a.m. President arrives at DAR Constitution Hall.

10:11 a.m. Marine Band plays and then "Stars and Stripes Forever" with flag drop.
(3:10)

- 10:15 a.m. President and Mr. Clendenin introduced by off stage voice and enter to "Hail to the Chief."
- 10:15 a.m. Mr. Clendenin introduces the President.
- 10:16 a.m. President's remarks.
- 10:31 a.m. Mr. Clendenin thanks the President and they leave Stage Right.
- 10:32 a.m. Marine Band resumes playing.
- 10:45 a.m. Off stage voice adjourns the session and audience departs Hall while the Marine Band resumes playing.



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

INTERNATIONAL ECONOMIC POLICY
FACSIMILE COVER SHEET

DATE: 4/24/90

TO: PEGGY DOOLEY

ORGANIZATION & FAX NUMBER: 456-6218

TELEPHONE: IP

NO. OF PAGES: 7 (Excluding Cover)

FROM: -WILL WINTER

ORGANIZATION: EAST EUROPEAN DIV. 377-4915

COMMENTS:

International Economic Policy
U.S. Department of Commerce
Room H3864
14th and Constitution Avenue, NW
Washington, DC 20230
FAX: (202) 377-~~2155~~ 2155



MEMORANDUM FOR: Ambassador Robert L. Barry
Department of State

FROM: Franklin J. Vargo
Deputy Assistant Secretary for Europe
Department of Commerce

SUBJECT: Inventory of Commerce Department Activities in
Eastern Europe

Per your request, the following is an update of the Commerce Department activities in Eastern Europe.

A. Major Projects completed as of April 20, 1990

GENERAL

1. Eastern Europe Business Information Center (EEBIC) opened by Secretary Mosbacher on January 23. As called for in the SEED legislation, EEBIC is responding to the enormous interest among the U.S. business community on new opportunities for trade and investment in Eastern Europe. The Center has worked closely with other agencies to collect information on the full range of USG commercial programs and activities aimed at Eastern Europe so that callers to the Center can receive accurate and up-to-date information.

Since its inception, the Center has received approximately 10,000 telephone calls. EEBIC's staff handles a wide variety of inquiries including small and medium-sized companies interested in exporting or in joint ventures; firms with questions about financing sources, export licensing, and trade promotion events.

The Center also serves as a referral point for programs of voluntary assistance to the region. EEBIC staff is disseminating information on and encouraging the development of proposals for the Polish-American and Hungarian-American Enterprise Funds.

2. The Joint Commerce Department/Chamber of Commerce Conference on Doing Business in Eastern Europe and the USSR, was held in Washington on April 11-12, and attracted over 200 senior-level business executives. Organizers and participants alike considered the event a great success. USG officials from several agencies participated including: Deputy Secretary of State Eagleberger, USTR Hills, Eximbank Chairman Macomber, Overseas Private Investment Corporation President Zeder, Commerce Under Secretary Farren and several other Commerce officials. Ministers or Deputy Ministers from 5 of the 6 East European countries participated; USSR Ambassador Dubinin also participated.

US Chamber

*Peter Wingate
463-5467*

*Media Relations
463-5685*

- 2 -

3. Assistant Secretary for National Telecommunications and Information Administration Obuchowski visited Warsaw and Budapest February 19-23, accompanied by representatives of the United States Telecommunications Training Institute (USTTI) and Bell Communications Research, Inc. (Bellcore - Poland only). As a result of the visit, USTTI now plans to offer free training in operational and managerial aspects of telecommunications to nationals of both countries.

POLAND

1. Under Secretary Farren, General Counsel Willkie and Assistant Secretary Duesterberg travelled to Warsaw for the opening round of negotiations on the Business and Economic agreement, January 8-9. GC Willkie held discussions on proposed U.S.-Poland Legal Seminar (see planned initiatives). Assistant Secretary Duesterberg returned to Warsaw, March 8-10 for continued negotiations on the business and economic agreement.

2. Sixteen American companies participated in a Telecommunications Trade Mission to Warsaw, February 11-14, led by Deputy Assistant Secretary Benetiz.

3. Polish Minister for the Environment, Bronislaw Kaminski, met with 32 American companies in the pollution control/energy conservation field in a meeting at Commerce on March 16. Kaminski urged the companies to assist Poland with its environmental crisis, and distributed a list of environmentally-related projects and trade opportunities.

4. Business and Economic Treaty signed by President Bush on March 21, with side letters on tourism and investor ombudsman's office signed by Secretary Mosbacher, and side letters on investment entry procedures and intellectual property signed by USTR Hills. Commerce Assistant Secretary Duesterberg co-chaired the negotiations in Warsaw and Washington.

5. Twelve American companies participated in a Electric Power Generation Trade Mission to Warsaw, April 9-11, led by Deputy Assistant Secretary Huntsman.

6. On April 18-19, 1990, Commerce and State held working level discussions in Washington with the Poles on export control safeguards.

7. Trade Mission from Midwestern States, led by Deputy Assistant Secretary Sullivan and with 12 Midwestern companies participating, was held in Poland April 17-19.

- 3 -

HUNGARY

1. Commerce General Counsel Willkie and Assistant Secretary Duesterberg visited Budapest, January 9-10. Willkie laid the groundwork for the upcoming U.S.-Hungary Legal Seminar (see planned initiatives.)
2. Secretary Mosbacher met with Andras Derzsi, Minister of Transport, Navigation and Telecommunications, and Jozsef Antall, Chairman of the Hungary Democratic Forum, in January and February, respectively.

CZECHOSLOVAKIA

3. Secretary Mosbacher visited Prague, February 26-27. Announced opening of Foreign Commercial Service post this fall. USFCS officer is currently in Prague on TDY to advance opening of the FCS office.
4. Commerce participated in the negotiations on the bilateral trade and investment agreements. (The U.S.-Czechoslovak Trade Agreement was signed by USTR Hills on April 12.) During the signing ceremony, Commerce Under Secretary Farren signed a document establishing a Joint Commercial Commission with Czechoslovakia and Commerce Deputy Under Secretary for Tourism Wylie Whisonant signed a Tourism Side Letter to the Trade Agreement. Investment agreement talks with the Czechoslovaks continue; the next round will take place in Prague in mid-May.

GERMAN DEMOCRATIC REPUBLIC

1. Secretary Mosbacher visited East Berlin, March 23.
2. Assistant Secretary Duesterberg attended the opening of the U.S. Business Facilitation Center at the Leipzig Spring Fair, March 10-12. 39 American companies participated.

B. Projects Under WayGENERAL

1. Eastern Europe Business Information Center (EEBIC) branches to be opened in Warsaw and Budapest in conjunction with existing Foreign Commercial Service offices. Secretary Mosbacher is tentatively scheduled to open Warsaw Business Information Office during his May 28-29 visit to Poland.

EEBIC will shortly publish the first issue of its new Eastern Europe Business Bulletin. Through the Bulletin, EEBIC seeks to

- 4 -

keep U.S. companies and trade associations advised of business opportunities available to them in Eastern Europe, as well as brief them on U.S. Government programs designed to assist them in exploring these markets.

In May, an EEBIC employee will travel to Budapest and Warsaw to gather from trade offices, research institutes, and government agencies the names of Hungarian and Polish companies interested in possible trade and investment ventures with U.S. firms. These leads, and others which the Center already has obtained, will be entered into a database and eventually made available to interested U.S. companies.

EEBIC personnel have been participating actively in many of the seminars and conferences on Eastern Europe which have been scheduled during the spring quarter. May and June will be particularly heavy months, with speaking engagements in Ohio, Oklahoma, New York, Rhode Island, and possibly Arizona and Washington State.

POLAND

1. Secretary Mosbacher will co-chair (with Deputy Prime Minister Balcerowicz) the 11th Session of the American-Polish Joint Trade Commission in Warsaw on May 28-29, 1990. Secretary Mosbacher will be accompanied by a small business mission, composed of 8-10 CEO-level executives of prominent U.S. corporations.
2. Secretary Mosbacher will kick-off an "Information Seminar" in Warsaw, May 29-30 for the Polish business community. The Seminar, requested by the Poles during the Presidential Economic Mission, is designed to inform the Polish private sector of the various USG programs and initiatives designed to encourage trade, investment and commercial cooperation. The Board of Directors of the Polish-American Enterprise Fund has agreed to send the Fund's chief executive officer to Warsaw to participate in the seminar. In addition to Commerce, other agencies invited to participate include: Eximbank, TDP, OPIC and AID.
3. U.S.-Poland Legal Seminar scheduled in Warsaw, May 8-9. U.S. delegation headed by Commerce General Counsel Wendell Willkie, and will include senior-level attorneys from major corporations, as well as SEC Chairman Richard Breeden (tentative), FTC Chairman Janet Steiger, Assistant Attorney General James Rill, and selected other USG senior-level attorneys. The seminar will focus on U.S. commercial laws; it is anticipated that the Poles will send a delegation to the United States later this year to give similar presentations on Polish commercial laws.

- 5 -

HUNGARY

1. U.S.-Hungary Legal Seminar scheduled in Budapest, May 11-12. (Same delegation as U.S.-Poland legal seminar). Topics for both seminars include U.S. presentations on securities law, corporate taxation, business organization, antitrust/unfair competition, government regulation/administrative law, intellectual property rights, and U.S. export control laws and regulations.
2. Budapest Spring Fair. Commerce will mount its annual exhibition at the Budapest Fair, May 23-31. More than 40 American companies will participate in this year's exhibit.
3. Telecommunications Trade Mission. Deputy Assistant Secretary Benetiz will lead a trade mission to Budapest in June, similar to the mission sent to Warsaw earlier this year.
4. Business and Economic Agreement negotiations. Commerce will participate actively in these negotiations, which are expected to begin shortly.
5. U.S.-Hungarian Joint Economic and Commercial Commission (JECC). We anticipate scheduling the JECC at some point in 1990, either in Washington or Budapest, but no dates have been proposed yet. The JECC is chaired at the Assistant Secretary/Deputy Minister level.

CZECHOSLOVAKIA

1. Telecommunications Trade Mission, to be led by DAS Benetiz, is scheduled to stop in Prague in June.
2. A U.S.-Czechoslovak Legal Seminar has been proposed for July, modelled after the seminars scheduled in Poland and Hungary next month. General Counsel Willkie again would lead the U.S. delegation.
3. Accounting Seminar is tentatively scheduled for October, 1990. Deputy Assistant Secretary Powers will lead a delegation composed of representatives of "Big 6" accounting firms to Prague to give presentations on U.S. accounting standards and practices.
4. The newly-established U.S.-Czechoslovak Joint Commercial Commission is expected to hold its first session in the fall; exact dates or location to be determined. Secretary Mosbacher likely will chair the U.S. side.
5. Commerce will sponsor a U.S. exhibition at the Brno Trade Fair in September; senior Commerce officials may open the U.S. exhibit.

- 6 -

GERMAN DEMOCRATIC REPUBLIC

1. A Foreign Commercial Service (FCS) post will be established in Berlin this summer.

C. Projects/Initiatives Under Discussion

GENERAL

1. District Office Seminars. Commerce is considering holding seminars on doing business in Eastern Europe in conjunction with the USDOC district offices located throughout the country.

2. Increased FCS Staffing. Commerce has submitted a NSDD38 request to State to increase FCS staff levels in the region as follows: Poland and Hungary -- one additional commercial officer and three additional FSN positions per country; Romania - one additional FSN.

3. Trade Missions. Commerce is considering trade missions in a variety of industry sectors for the remainder of 1990 including: pollution control, power generation, welding, computers, and food processing.



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

EASTERN EUROPE BUSINESS INFORMATION CENTER

On January 23, 1990, Secretary of Commerce Robert Mosbacher opened the Commerce Department's new Eastern Europe Business Information Center (EEBIC). EEBIC is designed to respond to the greatly expanded need for business information on new opportunities for trade and investment in Eastern Europe.

Since its inception, EEBIC staffers have been handling calls at a rate of more than 700 per week. The Center can be of assistance to a wide variety of inquiries: small and medium-sized companies interested in exporting or in joint ventures; firms with questions about financing, export licensing, or trade promotion opportunities; and foundations or individuals interested in providing various types of assistance to Eastern Europe.

To respond to these inquiries, the Center is stocked with a wide range of publications on doing business in Eastern Europe. Many are available directly from EEBIC; some are distributed through the National Technical Information Service (NTIS). These include information on:

- the economic outlook in Eastern Europe;
- lists of potential trade partners;
- Eastern European investment regulations and incentives;
- priority industry sectors in Eastern Europe;
- upcoming seminars and conferences;
- upcoming trade promotion events;
- other U.S. Government programs to support private enterprise, trade, and investment

EEBIC is also serving as a referral point for programs of voluntary assistance to the region. The Center is disseminating information on and encouraging the development of proposals for the Polish-American and Hungarian-American Enterprise Funds, announced by President Bush in 1989 to support the growth of private enterprise in Poland and Hungary.

The Department is also establishing branch Business Information Centers in Poland and Hungary. These facilities will enable our Foreign Commercial Service officers in Warsaw and Budapest to handle the upsurge in inquiries they too are experiencing. A prime objective of the Business Information Center branches will be to identify and develop information on specific business opportunities for U.S. exporters and investors in these emerging markets.

Inquiries for EEBIC may be directed to: Eastern Europe Business Information Center, Room 6043, U.S. Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D. C. 20230; telephone number: (202) 377-2645; fax number: (202) 377-4473.





U.S. Chamber of Commerce
1615 H. St., NW
Washington, DC 20062

Media Relations Department (202) 463-6882

NEWS

FOR IMMEDIATE RELEASE

CONTACT: Barry King

HIGH-LEVEL SYMPOSIUM PROMOTES BUSINESS OPPORTUNITIES IN EASTERN EUROPE

WASHINGTON, April 11 -- The U.S. Chamber of Commerce today convened a major symposium on business opportunities in Eastern Europe and the Soviet Union. Symposium participants, in addition to international experts from the Chamber and the U.S. government, include trade or economic ministers from Czechoslovakia, Poland and Romania, and senior officials from Bulgaria, the German Democratic Republic, Hungary and the USSR.

The two-day event brings top U.S. business leaders together for the first time with both Eastern European economic leaders and U.S. government policy makers to discuss challenges for business in that part of the world.

Speakers include U.S. Trade Representative Carla Hills, U.S. Deputy Secretary of State Lawrence Eagleburger, Export-Import Bank President John Macomber and Fred Zeder, president of the Overseas Private Investment Corporation. Other presenters are senior officials from international lending institutions, including the International Monetary Fund, the World Bank and the International Finance Corporation.

"The symposium is an unprecedented gathering of the business and political leaders who will shape trade, finance and economic policy in the region for many years to come," said William T. Archey, vice president, international, for the Chamber. "It is a unique opportunity for companies to get a clearer picture of the changing political and investment climate in the region, beyond the headlines," he said.

The U.S. Chamber has been a long-time advocate of private enterprise throughout the world, and more recently has focused that policy on Eastern Europe. Richard L. Leshner, president of the U.S. Chamber, visited students and leaders in Czechoslovakia and Hungary in October, just before the remarkable transformation in the governments there.

MORE

In addition to Leshner and Archey, Chamber officials who have visited the region include Richard W. Rahn, the Chamber's chief economist, and Donald J. Kroes, vice president for federation development, who gave practical advice on reforming monetary systems, macroeconomic change and structural improvements to help economies there become more free market oriented.

"Exporting capitalism to Eastern Europe is something that needs doing, and we know how to do it," Leshner said. "These countries have been set free, virtually overnight, but they are ill-equipped to exploit their sudden good fortune. It is imperative that we who believe in democracy and private enterprise reach out to these nations to help them take advantage of this extraordinary opportunity."

In the early 1970s, the Chamber sponsored bi-lateral trade councils with most of the nations of Eastern Europe. During the many ups and downs of East-West relations of the past two decades, these councils have worked to expand commerce, foster mutual understanding and advance the cause of peace.

Most recently, in response to a flood of requests for advice and assistance on how to adopt free market principles, the Chamber forged all its programs and activities related to Eastern Europe into the East European Trade and Technical Assistance Center. The Center's two basic objectives are to provide private sector advice and assistance to help Eastern European nations shift to market-oriented economies, and to help U.S. firms participate in the new trade and investment opportunities that ensue.

The East European Trade and Technical Assistance Center was formally launched at the Chamber symposium today.

The symposium is co-sponsored by the Chamber and the U.S. Department of Commerce.

###

90-86



OPIC FORM 87
Revised 8/89

FACSIMILE TRANSMITTAL COVER SHEET

DATE : 4/23/90

FACSIMILE NO. : 456-6218

TO : Peggy Dooley

COMPANY : _____

STATE/COUNTRY : _____

FROM : _____

OVERSEAS PRIVATE INVESTMENT CORP.

DEPARTMENT

NUMBER OF PAGES _____ INCLUDING COVER SHEET.

IN THE EVENT OF PROBLEMS IN RECEIVING THIS FACSIMILE TRANSMISSION, PLEASE CALL THE FOLLOWING NUMBER IMMEDIATELY:

(202) _____

COMMENTS: _____



1615 M Street, N.W.
Washington, D.C. 20527
(202) 457-7200
FAX (202) 331-4234

OPIC in Eastern Europe

The Overseas Private Investment Corporation (OPIC) is a self-sustaining, U.S. government agency whose purpose is to promote economic growth in developing countries by encouraging U.S. private investment in those nations. As a corollary, OPIC also helps American companies remain competitive in the international marketplace.

Because of the dramatic events now taking place around the world, particularly in Eastern Europe, the arena for OPIC activities now also includes "emerging democracies." This new definition embraces developing nations evolving toward democracy and free enterprise, and nations like those of Eastern Europe undergoing significant political and structural economic reform. No matter which, OPIC is playing a major role in encouraging American business investment in all those countries.

In April, 1989, President Bush announced the framework of American policy towards Eastern Europe. Congress then authorized OPIC to operate in Poland and Hungary. In October, OPIC signed bilateral agreements with those governments and in November led a mission of 29 U.S. companies to Warsaw to look at investment opportunities. Since then, some 110 American firms have applied for OPIC investment insurance or financing for projects in Eastern Europe. Investor demand remained so great that OPIC organized back-to-back investment missions for Hungary and Poland in April, 1990.

OPIC's key programs are its loan guaranties, direct loans and political risk insurance. For example, OPIC recently approved its first project in Eastern Europe -- insurance for the General Electric Company's \$150 million investment to purchase a Hungarian electric lighting products company. OPIC professionals are now working with American companies and Hungarian and Polish counterparts to structure scores of additional investment projects in Hungary and Poland.

Other OPIC programs applicable to Eastern Europe include: the Eastern European Growth Fund, designed to match OPIC funds with private venture capital to finance new business enterprises; the Small Business Loan Guaranty Program for Poland which will provide loans to U.S. small business investors; and an Environmental Investment Fund, which will invest in environmentally sound natural resource enterprises.

New legislation before Congress authorizes OPIC programs in Bulgaria, Romania, East Germany, Czechoslovakia and any other East European nation which the President might designate. Thus, 1990 will usher in a period of further expansion for OPIC as it consolidates its position within President Bush's Eastern Europe economic recovery policies.

For additional information on OPIC programs in Eastern Europe, please address your inquiries to James V. Hall, Director of Public Affairs, Telephone (202) 457-7093; FAX (202) 223-3514.

April, 1990

FRED M. ZEDER
PRESIDENT AND EXECUTIVE DIRECTOR
OVERSEAS PRIVATE INVESTMENT CORPORATION
THE CITIZENS NETWORK ANNUAL DIRECTORS LUNCHEON
MT. VERNON SALON B&C
MADISON HOTEL, 15TH & M STREETS, N.W.
12:30 P.M., WEDNESDAY, DECEMBER 6, 1989

THE MOMENT IS NOW

I HAVE JUST RETURNED FROM A LENGTHLY MISSION ABROAD. I HAVE TRAVELED TO THE CAPITALS OF FIVE OF THE G7 NATIONS OF THE WORLD --- TOKYO, BONN, ROME, PARIS AND LONDON -- BRINGING PRESIDENT BUSH'S MESSAGE OF INTERNATIONAL COOPERATION FOR ASSISTING THE ECONOMIC RECOVERY OF EASTERN EUROPE. THIS DOESN'T COUNT SEVERAL TRIPS I MADE TO WARSAW AND ONE TO MORROCO ON BEHALF OF OPIC TRADE INVESTMENT MISSIONS.

THE MAJOR TOPIC OF CONVERSATION -- EVERYWHERE, AS YOU MIGHT GUESS, WAS THE EVENTS IN EASTERN EUROPE. THIS STORY HAS TO BE THE BIGGEST STORY IN THE SECOND HALF OF THE TWENTIETH CENTURY. NOTHING ELSE CAN QUITE COMPARE TO THE UNBELIEVABLE CHAIN OF EVENTS NOW HAPPENING, NOT ONLY IN POLAND AND HUNGARY, BUT IN THE SOVIET UNION, THE BALTIC STATES, EAST GERMANY, CZECHOSLOVAKIA, AND JUST EVERYWHERE IN THE SOVIET BLOC.

THE FIRST HALF OF THE TWENTIETH CENTURY WAS DOMINATED BY THE TWO GREAT WORLD WARS... AND THE POLITICAL AFTERMATH OF THOSE TWO WARS. AT THE HALF CENTURY, COMMUNISM WAS ON TOP OF THE WORLD. IT WAS THEIR HIGHWATER MARK. IN 1949, THE COMMUNISTS PROCLAIMED THE PEOPLE'S REPUBLIC OF CHINA; IN EUROPE THE PEOPLE'S REPUBLIC OF EAST GERMANY WAS FORMED; THE CZECHS TOSSED OUT AMERICAN STATE DEPARTMENT OFFICIALS AND IN HUNGARY, CARDINAL MINDSZENTY WAS CONVICTED OF CONSPIRING AGAINST THE GOVERNMENT.

-- MORE --

- 2 -

THAT SAME YEAR, THE POLISH COMMUNISTS THREW OUT THE INTERNATIONAL RED CROSS AND SOVIET MARSHAL ROKOSSOVSKY BECAME THE POLISH COMMANDER IN CHIEF. IN THE SPRING OF 1949 THE BERLIN AIRLIFT ENDED AND MARKING THE FIRST SUCCESS OF THE AMERICAN POLICY OF CONTAINMENT AND RESISTANCE TO COMMUNIST EXPANSION. IN 1950, THE KOREAN WAR BEGAN AND THE COLD WAR WAS ON IN SPADES. DESPITE OCCASIONAL CULTURAL AND ATHLETIC EXCHANGES THERE NEVER WAS ANY SIGNIFICANT THAW UNTIL RECENTLY.

I MENTION THESE EVENTS IN HISTORY ONLY TO EMPHASIZE THAT FOR FORTY YEARS -- FOUR DECADES -- THE COMMUNISTS HAD TOTAL CONTROL OVER MORE THAN HALF OF MANKIND AND A SIGNIFICANT PORTION OF THE WORLD'S TERRITORY. NOW THIS VAST EMPIRE IS ALL COMING APART AT A PACE SO RAPID GOVERNMENT LEADERS AND OPINION MAKERS CANNOT CATCH THEIR BREATH. DURING THOSE FORTY YEARS WE RESISTED THEIR EXPANSION AT EVERY TURN. PRESIDENT KENNEDY'S INAUGURAL ADDRESS IN 1961 EPITOMIZED A LONGSTANDING AMERICAN ATTITUDE WHEN HE SAID "WE SHALL PAY ANY PRICE, BEAR ANY BURDEN, MEET ANY HARDSHIP, SUPPORT ANY FRIEND, OPPOSE ANY FOE TO ASSURE THE SURVIVAL AND THE SUCCESS OF LIBERTY." THINGS HAVE CHANGED SO MUCH THAT WE MUST DO OUR BEST JUST TO DODGE THE FALLING DOMINOS AND STRAY PIECES OF THE BERLIN WALL.

IN HAMTRAMCK, MICHIGAN, LAST SPRING, PRESIDENT BUSH ANNOUNCED A SERIES OF INITIATIVES TO ENCOURGAGE PRIVATE INVESTMENT IN POLAND. HE ANNOUNCED LATER THAT OPIC WAS GOING TO PLAY A FOREIGN POLICY ROLE IN RELATION TO BOTH THE HUNGARY AND POLAND INITIATIVES. WE'VE BEEN RUNNING AS FAST AS WE CAN JUST TO KEEP PACE.

-3 -

WE HAVE SPONSORED ONE INVESTMENT MISSION TO POLAND AND ARE PLANNING ANOTHER ONE. BUT WE, AT OPIC, FEEL THIS MAY BE ONLY THE BEGINNING. ANNOUNCEMENTS FROM MALTA SEEM TO INDICATE THAT SOMEWHERE ALONG THE LINE, OPIC MAY BE PLAYING A ROLE IN ENCOURAGING AMERICAN INVESTMENT IN THE SOVIET UNION -- OR -- WHO KNOWS -- IN ITS VARIOUS PARTS IN THE NOT TOO DISTANT FUTURE.

WHAT WE DO IN EASTERN EUROPE WILL HAVE CONSEQUENCES FAR INTO THE NEXT CENTURY. AFTER ALL, WE -- OR AT LEAST SOME OF US -- HAVE BEEN SAYING TO THE EASTERN EUROPEANS -- THROUGH THE VOICE OF AMERICA, RADIO FREE EUROPE AND SUCH SUBTLETIES AS CAPTIVE NATIONS WEEK --- THAT DEMOCRACY AND FREE ENTERPRISE ARE THE POLITICAL AND ECONOMIC SYSTEMS WHICH WILL BRING THE MOST REWARDS, SPIRITUAL AND MATERIAL, TO THE PEOPLES OF THE WORLD. NOW WE ARE FACED WITH HAVING TO PUT UP OR SHUT UP. WE CAN'T AFFORD TO DROP THE BALL NOW. IT'S NOT JUST A MATTER OF NATIONAL CREDIBILITY, IT'S A MATTER BRINGING FUTURE PEACE AND STABILITY OUT OF THE CHAOS WHICH IS GROWING ABROAD.

AFTER PROCLAIMING THE SUPERIORITY OF OUR SYSTEM SO PROUDLY AND SO LONG, THE CHITS ARE NOW COMING DUE. WE STILL OWE MUCH TO THOSE QUIET HEROES WHOM WE MADE BELIEVERS OF AND THEN ABANDONED BEFORE THE SOVIET TANKS IN PRAGUE, BUDAPEST AND WARSAW. WE MADE A LOT OF PROMISES THEN AND WE MADE OF LOT OF BOASTS. WE DIDN'T PRODUCE. NOW, WE'VE GOT TO MAKE IT WORK. HISTORY IS VERY UNFORGIVING. AS PRESIDENT GORBASCHEV SAID, HISTORY PUNISHES THOSE WHO ARE TOO LATE. AMERICA CANNOT AFFORD TO BE TOO LATE IN DOING WHAT IS RIGHT AND NECESSARY.

LECH WALESZA TOLD ME WHEN WE MET IN GDANSK, THAT THE PEOPLE OF POLAND WANT ACTION NOT WORDS. HE REITERATED THAT STATEMENT TO THE JOINT SESSION OF CONGRESS BY SAYING, "THE SUPPLY OF WORDS IS PLENTIFUL BUT THE DEMAND IS FALLING!" IN

SENT BY:Xerox Telecopier 7020 ; 4-24-90 ; 8:01AM ; OPIC WASH DC→ 2024566218;# 6
ESSENCE, HIS MESSAGE WAS: "THE TIME FOR ACTION IS NOW."

- MORE -

- 4 -

THERE ARE NOT GOING TO BE ANY OVERNIGHT MIRACLES IN EASTERN EUROPE. THE POLES ARE ATTEMPTING THEIR VERSION OF THE FIRST HUNDRED DAYS OF THE NEW DEAL IN 1933 WITH A FRENETIC ATTEMPT TO REFORM AND RESTRUCTURE THEIR ECONOMY SO AS TO ENCOURAGE OUTSIDE INVESTMENT. THEY HAVE ACCOMPLISHED MUCH BUT STILL HAVE A LONG WAY TO GO.

I LIKE TO SAY THAT WHAT HUNGARY AND POLAND NEED IS MOXIE NOT MONEY. ACTUALLY, THEY NEED LOTS OF BOTH. THE UNITED STATES OF AMERICA IS NOT IN A POSITION TO OFFER SOME SORT OF A MARSHALL PLAN BUT AMERICAN BUSINESSES, IF THEY SEE THE OPPORTUNITIES, CAN OFFER THEIR BUSINESS KNOW-HOW TO HELP REBUILD THE FALTERING ECONOMIES OF EASTERN EUROPE. HOWEVER, WHEN A CONSIDERABLE PORTION OF THE GLOBE WAKES UP AND DECIDES ITS TIME FOR A CHANGE, THE CHALLENGE CAN BE OVERWHELMING. THE ENORMITY OF THE NEED FOR NEW INVESTMENT DWARFS THE CAPACITY OF AMERICAN ENTERPRISE TO RESPOND BY ITSELF.

PRESIDENT BUSH RECOGNIZES THIS FACT VERY WELL. THAT IS PRECISELY WHY HE PROPOSED INTERNATIONAL COOPERATION FOR POLAND AND HUNGARY ASSISTANCE BEFORE THE PARIS ECONOMIC SUMMIT. THAT IS WHY HE WANTED ME TO MEET WITH OPIC'S COUNTERPART AGENCIES AROUND THE WORLD.

I STILL HAVE ONE NATION TO VISIT. I'LL BE MEETING WITH THE CANADIANS SHORTLY. BUT AS A RESULT OF MY TALKS TO DATE, I AM CONFIDENT THERE IS FULL AWARENESS AMONG THE INDUSTRIALIZED OF THE FUTURE IMPORTANCE OF WHATEVER ACTIONS THEY TAKE TODAY. NOWHERE DID I HEAR ANYTHING BUT ENTHUSIASM FOR THE PRESIDENT'S PROPOSAL. WE ALL WANT TO SEE THESE NATIONS AND THEIR PEOPLE SUCCEED IN THEIR GOAL OF CREATING A FREE SOCIETY.

- 5 -

IN ORDER TO MAKE THE TRANSITION FROM A STATE PLANNED ECONOMY TO A MARKET ECONOMY, AND IN ORDER TO MAKE THE TRANSITION FROM A ONE PARTY POLITICAL SYSTEM TO A FREE AND OPEN ONE, THE PEOPLE OF EASTERN EUROPE WILL HAVE TO UNDERGO MANY TRAUMATIC CHANGES IN THE WAY THEY ONCE LIVED. THERE WILL BE MANY DARK AND DIFFICULT DAYS AHEAD FOR THEM AS THEY STRUGGLE TO MAKE THE NEW SYSTEM WORK. WE MUST BE AT THEIR SIDE TO HELP THEM... NOW!

THIS IS ESSENTIALLY THE MESSAGE I BROUGHT TO OPIC'S COUNTERPART AGENCIES IN THE G7 NATIONS. AS PART OF THAT PRESENTATION, I SHOWED THEM A VERY BRIEF VIDEO TAPE WHICH GRAPHICALLY REINFORCED THAT MESSAGE. I'M GOING TO PLAY THAT TAPE FOR YOU TODAY AND AFTERWARDS I WOULD BE GLAD TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

A SINGLE STEP

Dec 1989

Fred M. Zeder
President and Chief Executive Officer
Overseas Private Investment Corporation

Having recently completed my third trip to Warsaw in three months where I found a deep sense of urgency and desire to move forward, I was disappointed to read so many overly pessimistic accounts of the Polish economy. I was pleased, however, to note that the many of the American investors who were interviewed gave a more positive view of the actual situation.

Pledges of assistance are coming from every quarter. To date, the 24 top industrialized nations of the world have offered a total of \$6 billion in loans, grants, financial guarantees and food assistance. This doesn't include the planned \$700 million IMF loan and the World Bank's proposed package of \$1.67 billion.

In addition, the most important ingredient necessary to help turn this situation around -- the will of the Polish people -- is already present. Commerce Secretary Robert A. Mosbacher, a veteran of several trips to Poland, has had nothing but praise for the efforts of the Polish government to make the reforms necessary to ease the way for a free market economy.

There is no doubt that the recovery of the Polish economy will be a long and difficult trip. However, there is an ancient Asian proverb which states, "A journey of 10,000 miles begins with but a single step." We need to take that step.

- 2 -

The success of the Polish experiment in its conversion from a state run economy to a free market economy is crucial to our own credibility and that of the entire free world. We, along with all the other industrialized nations of the world, have preached that democracy and free enterprise are the political and economic systems which will bring the greatest rewards, spiritual and material, to the peoples of the world. We need to make that conviction a reality.

In addition to my three trips to Warsaw, I have recently visited Tokyo, Bonn, Rome, Paris and London in order to discuss with OPIC's counterpart agencies in those nations President Bush's initiative for international cooperation. The response was uniformly the same -- they too know how important it is that the democratization of Eastern Europe succeed. They also realize that the key to lasting economic recovery is through private investment. They fully intend to encourage such investment.

As a businessman, I recognize that private corporations are under no obligation to lose money no matter how worthy the cause. OPIC's role is to encourage American investment in Eastern Europe by reducing potential risks. As a self-funded U. S. government agency we provide American investors with investment guaranties, direct loans, and political risk insurance. In over 100 developing nations our programs provide key elements to opening up and establishing successful American business ventures.

- more -

- 3 -

Early last month, in an event largely overlooked by the media, OPIC sponsored a week-long investment mission to Poland. Representatives of twenty-nine U.S. corporations, large and small, participated in that mission. A number of these corporations were already active in Poland and ready to do more business. As a matter of fact, some forty American companies are already doing business in Poland and 26 of them have corporate offices there.

Partly as a result of the OPIC investment mission, we have received applications for risk insurance from twenty-one American businesses. Should all of these projects actually come to pass, it would represent a total potential investment of \$1.15 billion. In addition, we have received a number of inquiries concerning the financing of projects in Poland from successful and qualified companies. This seems to me to be an indication that some American businesses are quite bullish about the investment possibilities in Poland.

The more recent administration trip to Warsaw, headed by Agriculture Secretary Clayton Yeutter, which included several other cabinet members and a number of leading businessmen and labor officials, demonstrated President Bush's determination to achieve the recovery of the Polish economy. He dispatched some of the best minds in our nation for the purpose of developing the best possible plan. In general, the members of that mission were encouraged with what they saw as well.

- more -

- 4 -

What Poland needs, more than cold cash, is a warm understanding of the problems they face. We have the expertise and experience they need. They have a willing and eager citizenry to heed our advice. In many respects, we have made those first few steps in the long journey towards economic pluralism for Poland with our pledges and actions to date. There is no turning back.

OPIC has sent a number of missions to Poland to evaluate the investment climate. We fully recognize the problems that the Poles face as well as the problems that potential investors will perhaps have to face. But we do believe that there are many potential investment opportunities available to enterprising American businessmen. As Lech Walesa told the American people through our Congress, "the supply of words is plentiful, but the demand is falling ...the time (for action) is now!"

THE WHITE HOUSE
WASHINGTON

Gary Cohen 955-2698
U.S. News

Chris delSesto
328-3285

Claire Viguerie

NED

grant making agcy to
priv orgs to promote
dem around world

priv sector recipient abroad

$\frac{46}{32}$ countries last
year - 200 grants

resp to requests recd. - types of
requests def. Aing (esp. EE)
no Nic. requests yet

Mgt Ferry 293-9072

NED Scott Day

Chamorro (La Prensa) Des? i.e.'s?

OPIC

Overseas
Private
Investment
Corporation



1615 M Street, N.W.
Washington, D.C. 20527
(202) 457-7200
FAX (202) 331-4234

March 15, 1990

EASTERN EUROPEAN GROWTH FUND

Informational Summary

PURPOSE

The Eastern European Growth Fund (Fund) is being created with financial guaranties from the Overseas Private Investment Corporation ("OPIC") to raise capital to finance productive business enterprises in Eastern Europe thereby generating vital new economic activity, private-sector growth and employment opportunities.

The following outline is one possible example of how the Fund could be structured and not necessarily a guideline for a Fund proposal.

STRUCTURE

The Fund will be a closed-end investment company with a target capitalization of \$200 million. It will be organized as a limited partnership or as a foreign or domestic corporation.

OPIC will provide long-term debt capital for up to one-quarter of total capitalization through promissory notes issued to qualified American institutional investors and guaranteed by OPIC. In addition, OPIC may offer political risk insurance coverage on the Fund's individual portfolio investments. OPIC guaranties and insurance are backed by the full faith and credit of the United States and by substantial cash reserves.

INVESTMENT STRATEGY/OBJECTIVES

The Fund will seek to achieve long-term appreciation and a current return on its capital primarily by investing in equity and debt securities of qualified companies. Investment projects will be chosen on the basis of their sound financial condition and attractive growth potential as

-2-

well as their positive developmental benefits. The Fund will acquire securities of both new and established companies that plan to expand as well as state-owned companies that are being acquired by private interests. Eligible projects must have significant involvement by U.S. private sector business interests which can include equity participation, technical and management agreements, or long-term supply or marketing arrangements.

INVESTOR PROFILE

Shares or participation interests of the Fund will be placed privately with a limited number of U.S. corporate and institutional investors.

In order to broaden participation, OPIC will explore the feasibility of inviting a number of its OECD counterparts to participate in the organization and operation of the Fund.

TARGET COUNTRIES

By statute, Congressional approval is required for OPIC to operate its programs in Communist countries. Currently, OPIC is authorized to operate in Hungary, Poland, and Yugoslavia. It is conceivable that in the near future OPIC will be authorized to operate its programs in other countries in Eastern Europe which are moving toward democratization and a free market orientation. Provisions will be made to allow the Fund to expand the scope of its operations to these countries.

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)

OPIC, a U.S. Government agency, will serve as guarantor of the Fund's senior debt and will participate in the management of the Fund's operations. Created by Congress in 1969, OPIC fosters economic growth in the world's developing nations by insuring U.S. business investments against political risks and by providing financing for such investments through direct loans, loan guaranties, and equity investments.

EASTERN EUROPEAN GROWTH FUND

Amount	Up to \$200 million paid-in capital over an initial three to five-year period.
Management	A company, or joint venture of compatible companies, with relevant experience and market acceptance.
Investment criteria	Invest for capital appreciation and/or income in new equity or equity-related securities of new, expanding, or modernizing companies that will manufacture goods or provide services in one or more countries in Eastern Europe. These companies will be subsidiaries of established, successful U.S. companies or joint ventures between U.S. and indigenous companies including newly privatized enterprises.
Countries	Hungary, Poland, Yugoslavia, and such other Eastern European countries where OPIC may be authorized to operate its programs.
Market for the Fund's equity	Major corporations that will gain a direct benefit from the Fund, for instance accessing capital for their own projects. It is unlikely that a secondary market will develop in the near future.
OPIC's participation	Guarantor of the Fund's issue of long-term notes in an amount not to exceed \$50 million. In addition OPIC may offer its political risk insurance coverage on the Fund's individual portfolio investments. OPIC guaranties and insurance coverages are backed by the full faith and credit of the United States and by a substantial cash reserve.
Other risk mitigation	In addition to OPIC's political risk insurance the Fund will diversify its portfolio (by country, industry, and the size of individual investments) to reduce its risk of loss. Preference will be for investments with limited currency risk.
Form of organization	Limited partnership or domestic or foreign corporation with minimum unit or share purchase in the range of \$5-10 million.
Fees payable	Placement agent, management, and OPIC fees to be negotiated.

* * * D R A F T * * *

**PROPOSAL FOR AN OPIC ENVIRONMENTAL INVESTMENT FUND
and
A NON-PROFIT AFFILIATE**

The Overseas Private Investment Corporation (OPIC) is proposing to establish a privately owned and managed investment company, ("the Fund") of up to \$100 million that would identify, invest in and support new or expanding business enterprises in developing countries which involve the utilization of natural resources on a sustainable basis or otherwise contribute directly to sound environmental management.

The Fund will be managed as a for-profit investment company. It will invest primarily in projects which hold the promise of a market return over the long term to private investors. Such projects already exist or can be developed in four primary sectors: sustainable agriculture, forest management, "ecotourism," and pollution reduction. Financial models developed by OPIC suggest that an internal rate of return of 20% for the Fund's equity securities is attainable over a 15-year term.

OPIC expects to invest its resources in a portion of the Fund's capitalization and to assist in the Fund's organization and funding.

To support the start up of the Fund and to help identify and develop through detailed feasibility studies, a strong portfolio of Fund projects on a continuing basis, OPIC proposes the establishment of a non-profit affiliate. OPIC is seeking initial contributions totalling at least \$1 million from public sector agencies and private, non-profit and for-profit organizations, to organize and incorporate the Fund and to operate the non-profit affiliate through 1990.

OPIC/D October 2, 1989

DRAFT - Not for quotation or release without permission.

I. Introduction: Purpose of the Fund

A variety of diverse factors have motivated OPIC[1] to explore, with the cooperation of other interested and experienced organizations, the creation of an environmental fund. These factors include:

1. The Bush Administration's strong commitment to an active international environmental policy for the United States;
2. OPIC's own successful environmental and developmental experience in supporting U.S. private investment in the Third World;
3. The development community's growing belief that their efforts are likely to succeed only if environmental considerations are incorporated in the project design;
4. Growing acceptance in the environmental community that developmental considerations must be incorporated in most conservation efforts; and
5. The recognition that the business community has a self-interest in sustainable development which, with appropriate incentives, can complement and further goals of both the environmental and development communities.[2]

In legislation passed in 1985, the Congress stipulated that OPIC assess the environmental impacts of projects it proposed to support and refrain from supporting environmentally unsound projects. Moreover, as a development agency, OPIC recognizes the primary role that biological and other potentially renewable natural resources play in the development process. During its twenty years of experience as an independent corporation, OPIC has evaluated, financed and insured numerous projects in the natural resource and energy sectors. OPIC is, therefore, familiar with the financial and commercial as well as the social and political risks associated with investing in such projects in developing countries. Furthermore, since 1985, OPIC has been subject to stringent environmental requirements, consistent with those applied by the U.S. A.I.D. and more recently, the World Bank, with respect to tropical forestry, biological diversity and industrial pollution control. This experience has sensitized OPIC to the environmental issues that the Environmental Investment Fund will address in the context of the needs and capabilities of developing countries.

The Fund will invest in projects selected to demonstrate that a positive, mutually reinforcing relationship can exist between profitable economic development and protection of the

-- Page 3

environment. This private sector approach to sustainable development is consistent with the high priority that the Bush Administration and Congress are giving to global environmental issues generally and in the context of U.S. foreign assistance programs. The Administration's international environmental policy was vigorously promoted at the economic summit held in Paris in July which called for "decisive action" to protect the earth's ecological balance with particular attention to such issues as tropical deforestation, desertification and protection of the atmosphere from ozone-depleting chemicals and other agents of climate change.

Within the Executive Branch, significant efforts are underway under the auspices of the Department of State, the Agency for International Development, and the Environmental Protection Agency with support from many other agencies, to address these problems in a creative and effective manner. OPIC believes that the U.S. private sector has an important and positive role to play in helping to promote sustainable development, particularly in developing nations.

In economic terms, the concept of "sustainable development" has been given a variety of definitions. The President of the World Resources Institute, James G. Speth, has noted:[3]

"Sustainable development has been defined variously as living on the planet's income instead of depleting nature's capital, as meeting the needs of today's population without compromising the ability of future generations to meet theirs, and as the management of natural, human and financial assets so as to increase long-term wealth and well-being."

Regardless of the preferred definition, sustainable development is clearly an important objective for all countries -- developing and developed. If economic development is to be sustainable, the ecological systems on which economic productivity ultimately relies also need to be sustained. Poorly managed -- or unmanaged -- development has already seriously undermined fragile ecosystems to some extent in nearly all developing countries. Yet, renewable resources -- including tropical forests, rangelands, agricultural soils, aquatic breeding grounds, and biofuels -- need not be depleted if the rate of use is maintained within the limits of natural growth and regeneration. Indeed, effective systems of resource management can ensure that renewable biological resources will maintain their vitality and consistent ability to produce and regenerate, thus providing the ecological basis for future development.[4]

-- Page 4

The development community in the last few years has generally accepted the need to include environmental impact assessments and mitigation measures in the design of development projects. Both national agencies and multilateral development banks have developed internal procedures for such assessments and have sometimes withheld their support for projects pending the resolution of environmental issues.

At the same time, within the environmental community, there is a growing realization that the conservation of important natural resources, such as biological diversity, requires economic incentives that acknowledge the development needs of growing populations who depend on such resources for their livelihoods. Conservation strategies that attempt to insulate a resource from any economic development have often failed because they did not take into account economic and demographic realities.

Implementing environmentally sound development requires expert management as well as financial and technical support. Many well-conceived environmental projects have failed for lack of effective, long-range management by those having a direct stake in their success. The for-profit private sector has not traditionally been deeply involved in sustainable development efforts in large part because host countries and funding agencies have not created economic incentives or removed disincentives so as to encourage private investors to take a long-term interest in natural resource and environmental management. However, OPIC's experience in financing private, for-profit development projects in developing countries leads it to the conclusion that with proper incentives, private investors will take a long-term interest in projects involving the sustainable development of natural resources and other forms of environmental management.

Environmental and developmental institutions increasingly recognize that the entrepreneurial resources of private capital, management, technology and know-how must be focused on natural resource management if such efforts are to succeed in the long-term. The goal must be to channel private investment into environmentally sound projects through the removal of disincentives and the provision of such incentives as funding for feasibility studies and long-term financing and political risk insurance.

OPIC, with more than fifteen years of experience in facilitating long-term U.S. private investment in developing countries and with a strong environmental mandate from the U.S. Congress, is prepared to make its resources available to

develop, in cooperation with other interested private and public sector organizations, a privately managed investment fund to facilitate sustainable development in the Third World.

II. Structure, Capital and Management

Pending a final decision on the selection of a Fund manager and a placement agent to sell subscriptions to the Fund, the following proposals regarding the Fund's structure, capital and management must remain tentative.

Structure. The Fund will be privately owned and managed. It will be organized as a limited partnership, with no single partner having a controlling interest. Limited partnership interests will be offered primarily to U.S. corporations and institutional investors, although foreign corporations and non-profit institutions may also be invited to participate.

Once organized and capitalized the Fund will be financially self-sustaining and will provide investors with a market rate of return.

For purposes of organizing and incorporating the Fund, and developing its initial and ongoing project portfolio, OPIC is seeking to establish a non-profit affiliate. It will be independent of the Fund and will have a separate staff, but their Boards of Directors will share many of the same individuals. It is envisaged that major environmental groups will be represented on the respective Boards.

Unlike the Fund, which will solicit investments primarily from private sector, for-profit sources, the non-profit affiliate will seek grant funding from public agencies and the non-profit private sector, as well as from corporations. OPIC is currently seeking at least \$1 million in grant support to finance its activities through 1990. (A preliminary budget is attached at Appendix A.)

Capital. The total capitalization of the Fund can only be estimated after a preliminary study gauging the size of the market for projects meeting the Fund's criteria. However, on the basis of some preliminary research and by making certain assumptions as to that market size and the average investment in each project, it is possible to estimate now that the Fund could start with an initial capital of \$60 to \$100 million.

Expansion of the Fund could take place by reinvesting, rather than distributing realized earnings, or by increasing the

FAS-008 (REV. 2-89)		U.S. DEPARTMENT OF AGRICULTURE FOREIGN AGRICULTURAL SERVICE		CONTROL NUMBER	
FACSIMILE TRANSMISSION COVER SHEET					

DATE SUBMITTED 4/24/90	DOCUMENT TITLE Request for Sentence on Eastern Europe	NO. OF PAGES 1
---------------------------	--	-------------------

TO:	NAME AND ADDRESS OF RECIPIENT (Agency & Div. or Post) Peggy Dooley White House Speech Staff	RECIPIENT'S TELEPHONE 456-7750	FACSIMILE TELEPHONE 456-6218
------------	--	-----------------------------------	---------------------------------

FROM:	NAME AND ADDRESS OF SENDER (Agency & Div. or Post) Eric Van Chantfort FAS Info. Div., Rm. 4638-S USDA	SENDER'S TELEPHONE NO. 202-382-9443	FACSIMILE TELEPHONE NO. 202-382-1727
--------------	--	--	---

COMMENTS:

Here is a sentence on USDA efforts in EE as requested--

We are using various USDA programs to respond to needs for food and credit in Eastern Europe, and also to provide management expertise to help Poland and other nations in the region restructure their economies and stand on their own feet.

*Chris Goldthwait
447-6301*

Duy Navilland

*Rita
477-3111*

*export credit guarantee
\$125m POLY SEED
\$80m Rom*

McGroarty/Dooley
April 23, 1990
2:30 pm
[comm.90]

PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE
CONSTITUTION HALL
APRIL 30, 1990
9:00 A.M.

*expanding to
Pres's
challenge to
business -
videotape*

Thank you. [Introductory remarks.] It's always a pleasure to meet with this high-powered group. I want to acknowledge outgoing Chairman of the Chamber, John Clendenin, for the leadership he's shown this past year. // Incoming Chairman James Baker -- and no, it's not a Cabinet shake-up: I'm talking about James K. Baker -- who will carry the Chamber's fine tradition forward into this new decade. // And of course, let me say hello to Dick Leshner, President [[-- I'm tempted to say President for Life --]] of the Chamber of Commerce. //

John Clendenin mentioned a few moments ago the whirlwind of change we've seen this past year. Last year, I spoke to you on May 1 -- May Day -- by tradition one of the great days of celebration in the socialist world. I said then that even the socialist world was coming to see that socialism wasn't just another economic system -- it was the death of economics.

That much was clear. What none of us could see on the eve of May Day '89 was how close we had come to the wholesale collapse of communism.

First in Poland, then across Eastern Europe -- one nation after another broke the stranglehold of the State, and embraced

democracy. Here in our own hemisphere, in Panama and Nicaragua, the day of the dictator gave way to the triumph of democracy. //

These transforming events brought freedom to tens of millions of people. And with that freedom, new challenges. Digging out from under the wreckage of ruined economies. Reclaiming rights and freedoms long denied. Everywhere from Prague to Panama City, the time had come to make a start in the difficult work of democracy-building.

It's that challenge that I want to talk about today. And it's a challenge that can engage every one of you -- because you and the institutions you represent are proof of the power of the private sector. Proof that democracy prospers best when it rests on the firm foundation of the free market.

Think about that. What it means is that one of the chief aims of our public policy must be to involve the private sector -- in all its diversity -- in the business of building democracy.

That's not to say that there is no work for government to do. Government-to-government aid is essential -- especially in the first days of democracy, when the institutions of free government are most fragile. // That's why I continue to urge Congress to pass our emergency aid to Nicaragua and Panama -- and that's why we've already put together aid packages for Poland and Hungary.

But as I've said many times, government aid alone is not the answer. And it's more than a matter of not having enough funds

in the federal treasury. It's a matter of principle -- of what we mean when we talk about building democracy.

The simple truth is this: Democracy -- and the freedoms it enshrines -- can never be a gift of government.

Democracy puts the focus not on government -- but on the freedom of the individual. Not on the State, but on society -- the private sector. Democracy thrives in direct proportion to the flowering of individual freedom and free enterprise.

There's no contradiction here: it is an enduring element of American policy to reach beyond government-to-government contacts, to independent organizations and even individuals. We do it every day, through our international broadcasts -- the VOA, Radio Free Europe, Radio and TV Marti. Through the exchange and information programs of the United States Information Agency. We do it through the National Endowment for Democracy -- \$25 million of the best-spent dollars in the federal budget -- to provide American expertise on building the institutions of democracy and its core values.

But today, I want to focus on government's ability to serve as a catalyst for free enterprise. I want to turn the spotlight on one of the best-kept secrets in town: an agency called OPIC - - the Overseas Private Investment Corporation.

OPIC's been around since the days of the Marshall Plan. Here's one fact I know this crowd will appreciate: OPIC is the only government agency that's ^{consistently} actually turns a profit. //

Today, after years of being overlooked, OPIC is coming into its

own -- as a key tool in our overall approach to help the world's emerging democracies sustain themselves.

Let me tell you what OPIC's doing to strengthen the free market foundations of democracy. I'll start with Panama. One month after Operation Just Cause, OPIC led an investment mission of 27 American businesspeople to meet with their counterparts in Panama. And in just one week's time, the investment agreements that came out of that mission should lead to the direct investment of more than \$70 million dollars in Panama, and 400 new jobs -- permanent jobs. And those projects are going forward right now -- creating jobs and growth in the U.S. and Panama.

Let me tell you about one American businessman who went on that mission. A small businessman -- a shrimp farmer from Coral Gables, Florida -- named Joe Thaggard. / During the days of Noriega, Joe Thaggard struggled to keep alive a small shrimp farm in Panama. Now with the return of democracy, already he's more than doubled his workers -- and today has more than 100 Panamanians on payroll. // He's making the most of a good business opportunity -- and he's helping provide the people who work for him in Panama, and their families, more than just a paycheck. He's providing them a chance to build a future. //

We're looking to create the same kind of opportunities for investment -- large and small -- in Nicaragua. OPIC will lead a matchmaking mission to that country in early June -- perhaps some of you will make that trip yourselves -- and I'm confident the

contacts made on that mission will make an immediate economic impact in Nicaragua.

Of course, beyond our own hemisphere, there is a need for this kind of private investment in the emerging democracies of Eastern Europe. // As we speak, OPIC's President, my good friend Fred Zeder, is leading an investment mission in Poland. OPIC's just completed a week in Hungary, playing matchmaker to 30 American corporations and a far larger number of Polish and Hungarian entrepreneurs. // Most of you know by now about the \$150 million dollar deal between General Electric and Hungary's largest electric enterprise, Tungstam -- what you may not know is OPIC's leading role in making that investment possible. //

I've been speaking today about ways that government can energize the private sector -- about the innovative ways we can maximize our investment in free markets. // That's why I'm announcing today the formation -- under OPIC's auspices -- of two growth funds. Magnets for the kind of investment capital that can create growth and responsible development in these new democracies I've been talking about, and around the world.

First, the Eastern Europe Growth Fund. Privately managed - - but capitalized in part by OPIC, and backed by its political risk insurance. With a total capitalization of \$200 million dollars, this fund can be a catalyst for growth -- can help channel Americans investment dollars into Eastern Europe's most promising economic ventures.

Second -- because the U.S. shares a responsibility with other nations for the environmental health of the planet -- I want to announce the creation of the Environmental Growth Fund -- backed by the same OPIC guarantees. This \$100 million dollar fund will help finance enterprises in developing nations that fight pollution, or contribute to the sustainable use of natural resources.

not make mistakes - uw did?

Our aim in both cases is the same: to use government resources as a catalyst to private sector development. These funds are an innovative means to maximize public funds -- and create self-sustaining private ventures. //

I know many of you are already involved in the economies of the countries I've been speaking about -- in fact, I've heard the Chamber of Commerce just opened its newest international office in Budapest. //

I know many of the countries I've mentioned have just begun the difficult process of jump-starting their stalled economies. Fundamental reform takes time. // All of them have farther to go to create a business climate -- a commercial infrastructure -- that will attract investment. But the potential for growth -- and the dividends for democracy -- are both great. // And I know I can count on the Chamber of Commerce to do its part in this historic work of democracy-building. ////

Before I close today, I want to speak for a moment to our special guests -- to all of you kids here today, sitting up front. [First, let me complement you on sitting still through

all these speeches. If they take longer than 10 minutes, I start to squirm, too. // I know you've been looking forward to today for a long time. After all, it's not every day you get to get out of math and spelling.]]

I know it's not easy to understand all the things we're talking about this morning. But one thing I'm sure you can understand. You're here this morning because you are important: because when you grown up, you might just run your own business. Or teach a classroom. Or maybe one day, run for President [[-- believe it or not, I was once 7 years old, just like you are now.]]

When you go back to your class, you and your teachers can take a look at a map of the world, and pick out those countries I've been talking about. //

They may have funny names, and they may seem far away, but you've got to learn all you can about them and the people who live there -- because the day may come when you visit or live or work in a place like Poland or Nicaragua or Panama. And that's possible because for the first time in many, many years the people in those countries are free -- free like we are here in America.

So to all you kids: thanks for your attention. Keep working hard in school -- and God bless each and every one of you. //

It's been my honor to speak to all of you today. // Thank you -- and may God bless the United States of America.

1ST STORY of Level 1 printed in FULL format.

Copyright (c) 1990 The New York Times Company;
The New York Times

February 22, 1990, Thursday, Late Edition - Final

SECTION: Section A; Page 14, Column 3; Foreign Desk

LENGTH: 1062 words

HEADLINE: UPHEAVAL IN THE EAST;
Excerpts From Czech Chief's Address to Congress

BYLINE: Special to The New York Times

DATELINE: WASHINGTON, Feb. 21

BODY:

Following are excerpts from an address by President Vaclav Havel of Czechoslovakia today to a joint meeting of Congress, as translated by an interpreter and provided by Federal News Service, a transcription company.

The last time they arrested me, on Oct. 27 of last year, I didn't know whether it was for two days or for two years. Exactly one month later, when the rock musician Mikhail Koscak told me that I would be probably proposed as a presidential candidate, I thought it was one of his usual jokes. On the 10th of December, 1989, when my actor friend Jiri Bardoska, in the name of the Civic Forum, nominated me as a candidate for the office of President of the Republic, I thought it was out of the question that the Parliament we had inherited from the previous regime would elect me.

Nineteen days later, when I was unanimously elected President of my country, I had no idea that in two months I would be speaking in front of this famous and powerful assembly, and that what I say would be heard by millions of people who have never heard of me. . . .

When they arrested me on Oct. 27, I was living in a country ruled by the most conservative Communist Government in Europe, and our society slumbered beneath the pall of a totalitarian system. Today, less than four months later, I am speaking to you as the representative of a country that has set out on the road to democracy, a country where there is complete freedom of speech, which is getting ready for free elections and which wants to create a prosperous market economy and its own foreign policy. It is all very extraordinary. ...

Century of Catastrophe

Twice in this century, the world has been threatened by catastrophe. Twice this catastrophe was born in Europe, and twice you Americans along with others were called upon to save Europe, the whole world and yourselves. The first rescue mission among other things provided significant help to us, Czechs and Slovaks. Thanks to the great support of your President Wilson, our first President, Thomas Garrigue Masaryk, could found our modern independent state. . . .

In the meantime, the United States made enormous strides. It became the most powerful nation on earth, and it understood the responsibility that flowed

(c) 1990 The New York Times, February 22, 1990

from this. Proof of this are the hundreds of thousands of your young citizens who gave their lives for the liberation of Europe and the graves of American airmen and soldiers on Czechoslovak soil. But, something else was happening as well. The Soviet Union appeared, grew, and transformed the enormous sacrifices of its people suffering under totalitarian rule into a strength that, after World War II, made it the second most powerful nation in the world. It was a country that rightly gave people nightmares because no one knew what would occur to its rulers next and what country they would decide to conquer. . . .

All of this taught us to see the world in bipolar terms as two enormous forces - one, a defender of freedom, the other, a source of nightmares. Europe became the point of friction between these two powers, and thus, it turned into a single enormous arsenal divided into two parts. In this process, one half of the arsenal became part of that nightmarish power, while the other, the free part, bordering on the ocean and having no wish to be driven into it, was compelled, together with you, to build a complicated security system to which we probably owe the fact that we still exist. ...

Breakdown of a System

And now, what is happening is happening. The totalitarian system in the Soviet Union, and in most of its satellites, is breaking down and our nations are looking for a way to democracy and independence. ...

This is, I am firmly convinced, an historically irreversible process, and as a result, Europe will begin again to seek its own identity without being compelled to be a divided armory any longer. Perhaps this will create the hope that sooner or later your voice will no longer have to stand on guard for freedom in Europe or come to our rescue because Europe will at last be able to stand guard over itself.

But that is still not the most important thing. The main thing is, it seems to me, that these revolutionary changes will enable us to escape from the rather antiquated straitjacket of this bipolar view of the world, and to enter at last into an era of multipolarity; that is, into an era in which all of us, large and small, former slaves and former masters, will be able to create what your great President Lincoln called the family of man. ...

Help From United States

I often hear the question, how can the United States of America help us today?

My reply is as paradoxical as the whole of my life has been. You can help us most of all if you help the Soviet Union on its irreversible but immensely complicated road to democracy. ...

Sooner or later, Europe must recover and come into its own and decide for itself how many or whose soldiers it needs so that its own security and all the wider implications of that security may radiate peace into the whole world. ...

Without a global revolution in the sphere of human consciousness, nothing will change for the better in the sphere of our being.

(c) 1990 The New York Times, February 22, 1990

We still don't know how to put morality ahead of politics, science and economy. We are still incapable of understanding that the only genuine backbone of all our actions, if they are to be moral, is responsibility -responsibility to something higher than my family, my country, my company, my success. ...

Political Responsibility

If I subordinate my political behavior to this imperative, mediated to me by my conscience, I can't go far wrong. If, on the contrary, I were not guided by this voice, not even 10 presidential schools with 2,000 of the best political scientists in the world could help me.

This is why I ultimately decided, after resisting for a long time, to accept the burden of political responsibility. I am not the first; nor will I be the last intellectual to do this. ...

When Thomas Jefferson wrote that governments are instituted among men deriving their just powers from the consent of the governed, it was a simple and important act of the human spirit. What gave meaning to that act, however, was the fact that the author backed it up with his life. It was not just his words; it was his deed as well.

GRAPHIC: photo: President Vaclav Havel of Czechoslovakia signing autographs for members of Congress after his address to a joint meeting. (The New York Times/Paul Hosefros)

TYPE: Text

SUBJECT: UNITED STATES INTERNATIONAL RELATIONS; CZECHOSLOVAKIA-INTERNATIONAL RELATIONS-US; UNITED STATES ARMAMENT AND DEFENSE

NAME: HAVEL, VACLAV (PRES)

GEOGRAPHIC: CZECHOSLOVAKIA; UNION OF SOVIET SOCIALIST REPUBLICS (USSR); EUROPE

2ND STORY of Level 1 printed in FULL format.

Copyright (c) 1990 The Washington Post

February 22, 1990, Thursday, Final Edition

SECTION: FIRST SECTION; PAGE A28

LENGTH: 3722 words

HEADLINE: TEXT OF HAVEL'S SPEECH TO CONGRESS

SERIES: Occasional

BYLINE: Reuter

BODY:

Dear Mr. President, dear senators and members of the House, ladies and gentlemen:

My advisers advised me to speak on this important occasion in Czech. I don't know why. Perhaps they wanted you to enjoy the sweet sounds of my mother tongue.

The last time they arrested me, on Oct. 27 of last year, I didn't know whether it was for two days or two years. Exactly one month later, when the rock musician Michael Kocab told me that I would be probably proposed as a presidential candidate, I thought it was one of his usual jokes.

On the 10th of December, 1989, when my actor friend, Jiri Bartoska, in the name of the Civic Forum, nominated me as a candidate for the office of president of the republic, I thought it was out of the question that the parliament we have inherited from the previous regime would elect me.

Nineteen days later, when I was unanimously elected president of my country, I had no idea that, in two months, I would be speaking in front of this famous and powerful assembly and that what I say would be heard by millions of people who have never heard of me and that hundreds of politicians and political scientists would study every word that I say.

When they arrested me on Oct. 27, I was living in a country ruled by the most conservative communist government in Europe, and our society slumbered beneath the pall of a totalitarian system.

Today, less than four months later, I'm speaking to you as the representative of a country that has set out on the road to democracy, a country where there is complete freedom of speech, which is getting ready for free elections and which wants to create a prosperous market economy and its own foreign policy.

It is all very extraordinary. But I have not come here to speak of myself or my feelings, or merely to talk about my own country. I have used this small example of something I know well to illustrate something general and important.

We are living in very extraordinary times. The human face of the world is changing so rapidly that none of the familiar political speedometers are adequate.

(c) 1990 The Washington Post, February 22, 1990

We playwrights, who have to cram a whole human life or an entire historical era in a two-hour play, can scarcely understand this rapidity ourselves. And if it gives us trouble, think of the trouble it must give to political scientists who spend their whole life studying the realm of the probable and have less experience with the realm of the improbable than us, the playwrights. The World in Bipolar Terms

Let me try to explain why I think the velocity of the changes in my country, in Central and Eastern Europe, and of course in the Soviet Union itself, has made such a significant impression on the face of the world today and why it concerns the fate of us all, including you Americans.

I would like to look at this first from the political point of view and then from a point of view that we might call philosophical.

Twice in the century, the world has been threatened by a catastrophe. Twice this catastrophe was born in Europe, and twice you Americans, along with others, were called upon to save Europe, the whole world and yourselves. The first rescue mission, among other things, provided significant help to us, Czechs and Slovaks.

Thanks to the great support of your President [Woodrow] Wilson, our first president, Tomas Garrigue Masaryk, founded our modern independent state. He founded it, as you know, on the same principles on which the United States of America had been founded, as Masaryk's manuscripts held by the Library of Congress testify.

In the meantime, the United States made enormous strides. It became the most powerful nation on earth, and it understood the responsibility that flowed from this. Proof of this are the hundreds of thousands of your young citizens who gave their lives for the liberation of Europe and the graves of American airmen and soldiers on Czechoslovak soil.

But something else was happening as well. The Soviet Union appeared, grew and transformed the enormous sacrifices of its people suffering under totalitarian rule into a strength that, after World War II, made it the second most powerful nation in the world.

It was a country that rightly gave people nightmares, because no one knew what would occur to its rulers next and what country they would decide to conquer and drag into its sphere of influence, as it is called in political language.

All of this taught us to see the world in bipolar terms as two enormous forces -- one a defender of freedom, the other a source of nightmares. Europe became the point of friction between these two powers, and thus it turned into a single enormous arsenal divided into two parts.

In this process, one half of the arsenal became part of that nightmarish power, while the other, the free part, bordering on the ocean and having no wish to be driven into it, was compelled, together with you, to build a complicated security system to which we probably owe the fact that we still exist.

So you may have contributed to the salvation of us Europeans, of the world and thus of yourselves for a third time. You have helped us to survive until

(c) 1990 The Washington Post, February 22, 1990

today, without a hot war this time but merely a cold one.

The totalitarian system in the Soviet Union and in most of its satellites is breaking down, and our nations are looking for a way to democracy and independence.

The first act in this remarkable drama began when Mr. [Mikhail] Gorbachev and those around him faced the sad reality of their country, initiated a policy of perestroika. Obviously, they had no idea either of what they were setting in motion or how rapidly events would unfold. We knew a lot about the enormous number of growing problems that slumbered beneath the honeyed, unchanging mask of socialism.

But I don't think any of us knew how little it would take for these problems to manifest themselves in all their enormity and for the longings of these nations to emerge in all their strength. The mask fell away so rapidly that, in the flood of work, we have literally no time even to be astonished. Europe to 'Seek Its Own Identity'

What does all this mean for the world in the long run? Obviously, a number of things. This, I am firmly convinced, is a historically irreversible process and, as a result, Europe will begin again to seek its own identity without being compelled to be a divided armory any longer. Perhaps this will create the hope that, sooner or later, your boys will no longer have to stand on guard for freedom in Europe or come to our rescue because Europe will at last be able to stand guard over itself.

But that is still not the most important thing. The main thing is, it seems to me, that these revolutionary changes will enable us to escape from the rather antiquated straitjacket of this bipolar view of the world and to enter at last into an era of multipolarity, that is, into an era in which all of us, large and small, former slaves and former masters, will be able to create what your great President [Abraham] Lincoln called "the family of man."

Can you imagine what a relief this would be to that part of the world which for some reason is called the Third World, even though it is the largest?

One, as you certainly know, most of the big wars and other conflagrations over the centuries have traditionally begun and ended on the territory of modern Czechoslovakia, or else they were somehow related to that area. Let the Second World War stand as the most recent example.

This is understandable: Whether we like it or not, we are located in the very heart of Europe and, thanks to this, we have no view of the sea and no real navy. I mention this because political stability in our country has traditionally been important for the whole of Europe. This is still true today. Our government of national understanding, our present Federal Assembly, the other bodies of the state and I, myself, will personally guarantee this stability until we hold free elections, planned for June.

We understand the terribly complex reasons, domestic political reasons, above all, why the Soviet Union cannot withdraw its troops from our territory as quickly as they arrived in 1968. We understand that the arsenals built there over the past 20 years cannot be dismantled and removed overnight.

LEXIS[®] NEXIS[®] LEXIS[®] NEXIS[®]
LEXIS NEXIS LEXIS NEXIS

(c) 1990 The Washington Post, February 22, 1990

consequences.

Such a conference would officially bring a future democratic Germany in the process of unifying itself into a new pan-European structure which could decide about its own security system. This system would naturally require some connection with that part of the globe we might label the Helsinki part, stretching westward from Vladivostok all the way to Alaska.

The borders of the European states, which, by the way, should gradually become less important, should finally be legally guaranteed by a common, regular treaty. It should be more than obvious that the basis for such a treaty would have to be general respect for human rights, genuine political pluralism and genuinely free elections.

Five, naturally we welcome the initiative of President Bush, which was essentially accepted by Mr. Gorbachev, according to which the number of American and Soviet troops in Europe should be radically reduced. It is a magnificent shot in the arm for the Vienna disarmament talks and creates favorable conditions not only for our own efforts to achieve the quickest possible departure of Soviet troops from Czechoslovakia but indirectly as well for our own intention to make considerable cuts in the Czechoslovak army, which is disproportionately large in relation to our population.

If Czechoslovakia were forced to defend itself against anyone, which we hope will not happen, then it will be capable of doing so with a considerably smaller army, because this time its defense would be, not only after decades but after centuries, supported by the common and indivisible will of both its nations and its leadership.

Our freedom, independence and our newborn democracy have been purchased at great cost, and we shall not surrender them.

For the sake of order, I should add that whatever steps we take are not intended to complicate the Vienna disarmament talks but, on the contrary, to facilitate them.

Sixth, Czechoslovakia is returning to Europe. In the general interest and in its own interests as well, it wants to coordinate its return, both politically and economically, with the other returnees, which means, above all, with its neighbors, the Poles and the Hungarians.

We are doing what we can to coordinate these returns. And at the same time, we are doing what we can so that Europe will be capable of re-accepting us, its wayward children. Which means that it may open itself to us and may begin to transform its structures, which are formally European but de facto Western European, in that direction but in such a way that it will not be to its detriment but rather to its advantage.

Seven, I have already said this in our parliament, and I would like to repeat it here in this Congress, which is architecturally far more attractive.

For many years, Czechoslovakia, as someone's meaningless satellite, has refused to face up honestly to its co-responsibility for the world. It has a lot to make up for. If I dwell on this and so many important things, it is only because I feel, along with my fellow citizens, a sense of culpability for our

(c) 1990 The Washington Post, February 22, 1990

former reprehensible passivity and a rather ordinary sense of indebtedness.

Eight, we are, of course, delighted that your country is so readily lending its support to our fresh efforts to renew democracy. Both our peoples were deeply moved by the generous offers made a few days ago in Prague at Charles University, one of the oldest in Europe, by your secretary of state, Mr. James Baker. We are ready to sit down and talk about them. A Long Way From 'Family of Man'

Ladies and gentlemen, I've only been president for two months, and I haven't attended any schools for presidents. My only school was life itself.

Therefore, I don't want to burden you any longer with my political thoughts, but instead I will move on to an area that is more familiar to me, to what I would call the philosophical aspect of these changes that still concern everyone, although they are taking place in our corner of the world.

As long as people are people, democracy, in the full sense of the word, will always be no more than an ideal. One may approach it as one would the horizon in ways that may be better or worse, but it can never be fully attained. In this sense, you, too, are merely approaching democracy. You have thousands of problems of all kinds, as other countries do. But you have one great advantage: You have been approaching democracy uninterruptedly for more than 200 years, and your journey toward the horizon has never been disrupted by a totalitarian system.

Czechs and Slovaks, despite their humanistic traditions that go back to the first millennium, have approached democracy for a mere 20 years, between the two world wars, and now for the three and a half months since the 17th of November last year.

The advantage that you have over us is obvious at once.

The communist type of totalitarian system has left both our nations, Czechs and Slovaks, as it has all the nations of the Soviet Union and the other countries the Soviet Union subjugated in its time, a legacy of countless dead, an infinite spectrum of human suffering, profound economic decline and, above all, enormous human humiliation. It has brought us horrors that fortunately you have not known.

It has given us something positive, a special capacity to look from time to time somewhat further than someone who has not undergone this bitter experience. A person who cannot move and lead a somewhat normal life because he is pinned under a boulder has more time to think about his hopes than someone who is not trapped that way.

What I'm trying to say is this: We must all learn many things from you, from how to educate our offspring, how to elect our representatives, all the way to how to organize our economic life so that it will lead to prosperity and not to poverty. But it doesn't have to be merely assistance from the well-educated, powerful and wealthy to someone who has nothing and therefore has nothing to offer in return.

We, too, can offer something to you: our experience and the knowledge that has come from it.

(c) 1990 The Washington Post, February 22, 1990

This is a subject for books, many of which have already been written and many of which are yet to be written. I shall therefore limit myself to a single idea.

The specific experience I'm talking about has given me one great certainty: Consciousness precedes being, and not the other way around, as the Marxists claim.

For this reason, the salvation of this human world lies nowhere else than in the human heart, in the human power to reflect, in human meekness and in human responsibility.

Without a global revolution in the sphere of human consciousness, nothing will change for the better in the sphere of our being as humans, and the catastrophe toward which this world is headed -- be it ecological, social, demographic or a general breakdown of civilization -- will be unavoidable. If we are no longer threatened by world war or by the danger that the absurd mountains of accumulated nuclear weapons might blow up the world, this does not mean that we have definitively won. We are, in fact, far from the final victory.

We are still a long way from that "family of man." In fact, we seem to be receding from the ideal rather than growing closer to it. Interests of all kinds -- personal, selfish, state, nation, group, and, if you like, company interests -- still considerably outweigh genuinely common and global interests. We are still under the sway of the destructive and vain belief that man is the pinnacle of creation and not just a part of it and that therefore everything is permitted.

There are still many who say they are concerned not for themselves but for the cause, while they are demonstrably out for themselves and not for the cause at all. We are still destroying the planet that was entrusted to us and its environment. We still close our eyes to the growing social, ethnic and cultural conflicts in the world. From time to time, we say that the anonymous megamachinery we have created for ourselves no longer serves us but rather has enslaved us, yet we still fail to do anything about it.

In other words, we still don't know how to put morality ahead of politics, science and economics. We are still incapable of understanding that the only genuine backbone of all our actions, if they are to be moral, is responsibility.

Responsibility to something higher than my family, my country, my company, my success -- responsibility to the order of being where all our actions are indelibly recorded and where and only where they will be properly judged.

The interpreter or mediator between us and this higher authority is what is traditionally referred to as human conscience.

If I subordinate my political behavior to this imperative, mediated to me by my conscience, I can't go far wrong. If, on the contrary, I were not guided by this voice, not even 10 presidential schools with 2,000 of the best political scientists in the world could help me.

This is why I ultimately decided, after resisting for a long time, to accept the burden of political responsibility.

(c) 1990 The Washington Post, February 22, 1990

I am not the first, nor will I be the last, intellectual to do this. On the contrary, my feeling is that there will be more and more of them all the time. If the hope of the world lies in human consciousness, then it is obvious that intellectuals cannot go on forever avoiding their share of responsibility for the world and hiding their distaste for politics under an alleged need to be independent.

It is easy to have independence in your program and then leave others to carry that program out. If everyone thought that way, pretty soon no one would be independent.

I think that you Americans should understand this way of thinking. Wasn't it the best minds of your country, people you could call intellectuals, who wrote your famous Declaration of Independence, your bill of human rights and your Constitution and who, above all, took upon themselves practical responsibility for putting them into practice? The worker from Branik in Prague that your president referred to in his State of the Union message this year is far from being the only person in Czechoslovakia, let alone in the world, to be inspired by those great documents. They inspire us all; they inspire us despite the fact that they are over 200 years old. They inspire us to be citizens.

[Speaking English]: When Thomas Jefferson wrote that "governments are instituted among men, deriving their just powers from the consent of the governed," it was a simple and important act of the human spirit. What gave meaning to that act, however, was the fact that the author backed it up with his life. It was not just his words; it was his deeds as well.

I will end where I began: History has accelerated. I believe that once again it will be the human mind that will notice this acceleration, give it a name and transform those words into deeds. Thank you.

GRAPHIC: PHOTO, VICE PRESIDENT QUAYLE LISTENS AS VACLAV HAVEL, CZECHOSLOVAK PLAYWRIGHT TURNED PRESIDENT, ADDRESSES CONGRESS MEMBERS. JAMES K.W. ATHERTON

TYPE: TRANSCRIPT

SUBJECT: CZECHOSLOVAKIA; U.S. CONGRESS; POLITICAL SPEECHES; FOREIGN HEADS OF STATE

NAMED-PERSONS: VACLAV HAVEL

Constitution Hall

NATIONAL SOCIETY DAUGHTERS OF THE AMERICAN REVOLUTION
Mrs. Eldred Martin Yochim, President General

FACSIMILE TRANSMISSION COVER SHEET

FAX CONNECTION: 202 - 628-2570

DATE APRIL 11 - 1990 TIME _____

TO FAX CONNECTION 456 - 6218

TO White House Speech WRITER

ATTN PEGGY DOOLEY

SUBJ CONSTITUTION HALL

FROM ROSE MAGRUDER

Total number of pages, including Cover Sheet: 2 . If you do not receive all pages or have a problem with the transmission, please call: 202 - 628-4780.

MESSAGE:

Miss Dooley
IF you need more information
PLEASE CALL me.

Rose Magruder



DAR Constitution Hall, a memorial to that immortal document the Constitution of the United States, was designed by John Russell Pope and erected by the National Society Daughters of the American Revolution. It was dedicated April 19, 1929, the 154th anniversary of the Battle of Lexington.

One of the largest (4001 capacity) and one of the most beautiful auditoriums of its kind in the world, this stately limestone building, whose main entrance is graced with proud Ionic columns and bronze doors, soon became the cultural center of the Nation's Capital. A host of famous artists, lecturers and distinguished figures have appeared on stage and in the audience, including every President since Coolidge. Washington's National Symphony Orchestra was organized on the stage in 1930. The Boston, Cleveland, Philadelphia and New York Philharmonic orchestras have shared its stage along with American and European artists, lecturers and humorists such as Efrem Zimbalist, Lowell Thomas, Burl Ives, Fritz Kreisler, Vladimir Horowitz, Maria Callas, Rod McKuen, Bob Hope, Louis Armstrong, John Charles Thomas, Mahalia Jackson, Van Cliburn, Maurice Chevalier, Helen Hayes, Marian Anderson, Victor Borge and many, many others.

Constitution Hall is considered "home" by the National Geographic Society which first presented its famed annual lecture series in 1933. Federal departments of the United States Government also use the Hall and other national organizations, such as the American Red Cross, Chamber of Commerce, Boy and Girl Scouts and medical groups have all held conventions or meetings in the Hall.

Architectural beauty, over-all decor, appointments and acoustics have each, in turn, received special praise. As big as a city block, this air conditioned and handsomely decorated auditorium, finished in a Federal blue and gold motif, has a 33 foot by 52 foot stage which can accommodate 150 chairs. Inconspicuously lodged at the foot of the stage is the three-manual Skinner organ's console. Centered over the stage is the Great Seal of the United States, flanked by twelve Revolutionary War battle flags, the designs of several of which were incorporated into the Stars and Stripes. Under the Seal are the names of the thirteen original colonies in geographical order.

On either side of the stage are graceful twin Ionic columns, each topped by a 3½ foot American Bald Eagle, finished in 14 carat gold leaf. More than five hundred yards of custom designed material were specially woven for the twenty-five foot long stage curtains, which feature gold stars and medallions on a blue background. Gold eagles, surrounded by a wreath, are woven into the valance, each separated by the torch of knowledge. Nestled high in the ceiling over the west tier are 16 mm and 35 mm motion picture projectors. The stage curtains conceal a portable movie screen.

Along with its beauty and comfort the auditorium is noted for its superb acoustics. Leopold Stokowski, conductor for many years of the Philadelphia Orchestra, placed Constitution Hall among the six leading concert halls in the United States. The outstanding American pianist of his generation, Van Cliburn, says enthusiastically: "It is a grand hall. The acoustics are splendid." The verdict of musicians who have performed in the Hall is backed by science. Constitution Hall was measured by sound engineers of the Bell Telephone Laboratories in 1936. It was considered the ideal hall for its size, an opinion later confirmed by acoustical experts of the United States Bureau of Standards.

Richly appointed throughout, Constitution Hall has received the acclaim of all who have attended its programs. Constructed and furnished at a cost in excess of \$2,000,000.00 and entirely financed by the National Society Daughters of the American Revolution, the primary purpose of Constitution Hall was to accommodate the delegates to the annual Congress, NSDAR, which had far outgrown the 1666 seats in the auditorium of Memorial Continental Hall. Continental Hall now houses the DAR Genealogical Library and 28 period rooms. Since it was built, Constitution Hall has been redecorated only twice — first in 1956 and later in 1968, at which time the Hall, as well as the Lobby corridors and Lounge, were refurbished, renovated and air conditioned.

Constitution Hall is solely owned and operated by the DAR. Public use as a cultural and educational center was authorized by the Society on a minimum "at cost" basis as a tangible contribution to life in Washington, D.C.

PATRON ENTRANCE:

Patron entrance to DAR Constitution Hall is on 18th Street, NW, between C and D Streets.
All advertising should use this address, or direct patrons to 18th & D, NW.

SERVICES INCLUDED WITH LICENSE OF USE:

Staff: Present for each event is the Constitution Hall Managing Director or Assistant Managing Director.

House Lights: A lighting engineer will operate all house and stage lights permanently installed in the Hall.

Check Rooms: Four clothing check rooms are available.

Dressing Rooms: Six dressing rooms are available.

Reception Area: Two rooms backstage are available for use by Licensee as a reception area.

Advertising: Space is available outside Constitution Hall for two three-sheet advertisements (42" X 78"). Available in the corridors are placements for window cards (14" X 22").

Seating: Box seats, 260; Orchestra, 1278; Tiers, 2208.
Total seating available, 3746.

Additional information may be obtained from:
Managing Director, Constitution Hall
1776 D Street, NW
Washington, D.C. 20006

2nd graders early childhood

ABC Literacy Plus May 1

Flux/Act initiative

Dept Ed 10th ann 5/4

5/15 Gov's Exec Comm

5/2 Dept Ed state Ed rank

Jeff Joseph
VP Dem Pol Feb.

Bob Martin late
Fed Rel
Liaison ^{and}
463-5525

Ed Daily

Education

150 7 yr. olds just 4 years

(Video) Videotape for (in) for working people
set up in front of microscope
Quality Education

9800 Ch of Learning - local money
Business Roundtable
Ed Kennedy - Chair



DECADE OF SUCCESS

**The U.S. Chamber
in the 1980s**





Chamber Mission Statement

To advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

LOOKING FORWARD

As we approach a new century, we have many new opportunities and responsibilities that must be met if we are to continue to keep America growing.

The Chamber believes in the right and obligation of business people to participate in the conduct of their government to the greatest extent possible. The U.S. Chamber of Commerce represents you in this effort. With your support, we will continue to fight to preserve economic freedom and continued strong economic growth through the private enterprise system.

DECADE OF SUCCESS

The U.S. Chamber in the 1980s



©U.S. Chamber of Commerce

The world's largest federation of businesses,
chambers of commerce, and trade
and professional organizations.

1615 H Street, N.W.
Washington, D.C. 20062
(202) 463-5330

The U.S. Chamber of Commerce

The last decade was one of achievement for business and the American economy. The U.S. Chamber and its members helped make that success possible by influencing the policies shaped in Washington and around the country.

As we entered the '80s, the situation was bleak. Runaway government growth accompanied the worst levels of inflation, taxation and regulation in post-war history. It was the most critical economic emergency this nation had faced since the Great Depression.

Change came from two significant trends. The first was the nation's growing movement toward conservatism. The second was a renewed commitment to the private enterprise principles that have created more wealth for more people than any other society.

The nation was realizing that big government, big spending and big tax bites threatened the American economy and the private enterprise system. Congress had become part of the problem. The Chamber seized upon these trends and prepared for the changes to come.

Just as it has since 1912, business needs a strong unified voice, one which earns confidence and reflects integrity. The U.S. Chamber of Commerce has proven that it is such an organization. By providing strong leadership in support of the private enterprise system, we have helped make this a better country. In fact, in the last decade, Americans have enjoyed the longest peacetime economic expansion in history.

The National Chamber Litigation Center (NCLC) is the only public-policy law firm that exclusively represents business in all the court systems and before federal agencies.

During the past decade, NCLC has participated in nearly 200 cases with over 60% resulting in decisions and settlements favorable to the business community. These cases represent efforts to protect business and the health of the private enterprise system.

The National Chamber Foundation (NCF), a public-policy research organization which works closely with the Chamber, continues to build its reputation for insightful analysis of vital business issues.

During the '80s, NCF anticipated many trends and conducted studies on emerging issues affecting the business community. Drawing well-deserved attention from Congress and others, the studies included: AIDS in the Workplace, Unemployment Compensation Overpayments, Tax Policy, International Trade and Business Ethics, Effects of Minimum Wage and many others.

Citizen's Choice was formed in 1975 to fight for lower tax rates and reform an unresponsive Internal Revenue Service. Thousands of American citizens participated in this effort and were victorious in 1986 when the Tax Reform Bill passed. The organization was dissolved in 1986 after achieving its goals.

In 1982, Ronald Reagan made a plea for America to help foster democratic development in foreign countries. An initiative proposed by a bipartisan group including the Chamber and the AFL-CIO answered that plea. The Center for International Private Enterprise (CIPE) was established as the business representative in the National Endowment for Democracy to encourage growth abroad of private enterprise organizations and principles. Since it began, CIPE has been involved in more than 120 projects in 34 countries around the world.

grams to help provide workers with the skills and training they need.

In 1988, the U.S. Chamber ConSern: Loans for Education program captured the imagination of our members. Under the ConSern program, the employees and families of Chamber member companies have access to low-cost, long-term educational loans.

Just two years after the program's launch, more than 11,000 companies have enrolled as sponsors, making the program available to more than 5 million American families with over \$125 million in loans disbursed.

"Enterprise for Young Americans" promoted understanding of the private enterprise system among high school students. More than 50,000 instructional kits were placed in classrooms reaching over 90% of the nation's secondary schools.

In 1989, a new nonprofit Chamber affiliate was established. The Center for Workforce Preparation and Quality Education will help local and state chambers of commerce identify and implement strategies for the newly adopted national education goals. It will also equip chambers with information on the education-reform activities of other chambers and businesses, analyses of public education reform issues, and results from surveys and studies.

AFFILIATES

To enhance our comprehensive efforts, the U.S. Chamber has separately-funded affiliate organizations working to strengthen the free enterprise system.

"When the history of our time is recorded, I believe that you, the members of the U.S. Chamber of Commerce, will occupy a place that few can match. I've heard talk over the years about a Reagan revolution, but in many ways I believe it would be better to call what we've done your revolution. You gave us your drive. You gave us your support. And... you have given us energy, wisdom, intellect, and leadership, and that's why we've come so far."

President Ronald Reagan



INFLUENCING ISSUES

The Chamber's pro-business record in the '80s speaks for itself—367 wins (74%) and only 129 losses (26%). We achieved this by pursuing nearly 500 economic and social issues vital to American business and national economic growth.

A diverse membership involved in our policy process lets the U.S. Chamber stand alone in the ability to influence members of Congress and other leaders in Washington.

The U.S. Chamber combines business' perspectives into one voice. With the largest research and lobbying staff of any business organization, we track current issues and identify emerging issues better than anyone.

In compiling this impressive record, the Chamber has proven its leadership role in the business community and in Washington.

INTERNATIONAL

The Chamber has established the East European Trade and Technical Assistance Center (EETTAC) to assist the pro-enterprise movement in Eastern Europe. The U.S. Chamber shares the belief that private sector involvement in Eastern Europe is essential to the successful evolution from one-party, totalitarian regimes to pluralistic, market-oriented societies.

In the '80s, the Chamber helped open markets for U.S. businesses by shaping regulatory policies at home and abroad. We led the way in business diplomacy by promoting U.S. private sector concerns abroad. And, we helped shape public policy worldwide with face-to-face visits. These services provided businesses with increased commercial opportunities around the world.

Bilateral and multilateral councils help foster U.S. economic relations with key countries in the international marketplace. We have established 58 American Chambers of Commerce Abroad (AmChams) to improve the environment for American firms abroad.

EDUCATION

The U.S. Chamber has a long-standing commitment to quality education. Recognizing that an educated workforce is crucial to America's competitiveness, the Chamber sponsors and promotes many pro-

The Business Advocate, our bi-monthly magazine, keeps members informed on legislative action and gives direction on how they can have influence on decisions made in Washington.

Recognizing the increasing importance of television communication, the Chamber built a telecommunications center that employs the most modern technology for radio and television production and satellite transmissions. We reach millions of Americans daily through programs produced at Chamber headquarters in our state-of-the-art multimedia center.

“It’s Your Business” is one of the most successful syndicated public affairs shows on TV today. Now in its 11th season, IYB reaches more than 82% of American television households. It presents lively debate on tough and timely business and economic issues with leading figures from business, labor and government.

“Nation’s Business Today,” our two-hour business news show, airs weekday mornings on ESPN, the nation’s largest cable television network, reaching 60% of all U.S. television households.

“First Business” is a fast-paced look at the upcoming business day with up-to-the-minute reports from Washington, Wall Street and around the world. Created in September 1989, it reaches more than 50% of all American television households and is transmitted to more than 100 countries worldwide.

THE 1980s: A WINNING TRADITION CONTINUES...

Over the past decade, the U.S. Chamber has fought anti-business initiatives and supported economic growth. For example, by defeating minimum wage legislation introduced in March 1987, American business saved approximately \$9.3 billion in additional labor costs in the subsequent three years. Below are examples of the Chamber’s successful efforts to keep your costs down and preserve your right to manage.

Taxation

- Largest tax cut in nation’s history provided relief of \$748.8 billion—1981
- Highest personal income-tax reduced to 50%, down from 70%—1981
- Estate taxes virtually eliminated for small-business owners—1981
- Capital gains taxes slashed to 20%, down from 28%—1981
- Defeated more than \$73 billion in tax increases—1983
- Extension of unemployment tax surcharge defeated—1986
- Tax Reform Act reduced tax rates drastically—1986
- Provided taxpayers with increased safeguards against abusive actions by the IRS (Taxpayer’s Bill of Rights)—1988
- Extended the 20% R&D tax credit—1988
- Extension of tax exclusion for amounts paid to an employee for educational assistance—1988

Budget

- Passed Gramm-Rudman-Hollings deficit reduction law to impose needed discipline in federal spending—1985
- Created “Fair Freeze” to adjust growth rate of federal spending downward slightly to bring it in line with the growth rate of revenues as tied to the rate of inflation—1989

Human Resources and Employee Benefits

- Defeated measure to establish tribunals to handle racial discrimination in housing cases—1980
- Defeated increase in unemployment compensation benefits—1980
- Defeated proposals to regulate competition in health care industry—1982
- Placed new ceilings on medicare payments to hospitals and doctors—1982
- Created National Summit Conference on Education—1983
- Defeated effort to limit cafeteria employee benefit plans—1984
- Repealed Section 89 legislation, nondiscrimination in benefit plans—1989

Business Regulation

- Renewed Paperwork Reduction Act targeting 25% cut in the amount of federal paperwork required—1980
- Defeated legislation to restrict pension reversions—1984
- Passed Small Business Competition Enhancement Act to ensure more opportunities for small business to compete for defense contracts—1984

WORKING FOR A PRO-BUSINESS CONGRESS

The political action affiliate of the Chamber, the National Chamber Alliance for Politics (NCAP), chalked up an outstanding win record of 73% in the '80s. These results, in difficult congressional races around the country, show that business provided solid research, organizational talent and plain hard work.

In 1989, the Chamber initiated the “Spirit of Enterprise Award” for members of Congress whose voting records show strong support of business. To receive the award, senators and representatives must compile a 70% or higher voting record on key business issues. In its first year, 192 Congressmen were honored.

COMMUNICATIONS

At the foundation of all we do is communication—communication to, from and for U.S. Chamber members. Through these efforts, we help keep business issues in the headlines and on the minds of policymakers and the public.

Nation's Business is the largest circulation monthly business magazine with circulation reaching over 850,000. NB offers advice on running a business and examines national trends and policies, and how they affect the decisions our members make daily.

LEGISLATIVE AND POLITICAL ACTION

In the '80s, the Chamber appeared before, or submitted statements to, congressional committees and subcommittees nearly 800 times. And, through more than 10,000 personal contacts with members of Congress and their staffs, the Chamber has given you crucial representation in Washington.

Meanwhile, members in every state and congressional district responded to hundreds of Chamber *Action Calls* on important business issues with letters, calls and visits to senators and representatives.

- Grass-Roots System—Nearly 3,000 Congressional Action Networks make up our member grass-roots lobbying program. These networks generated tens of thousands of letters and calls to senators and representatives when needed.
- Coalitions—The Chamber brought leadership, expertise and resources to over 350 issue strategy groups uniting many organizations and bringing together even diverse groups to present a unified front before policymakers. Because of our broad membership base and significant resources, others often look to the Chamber to take the lead in forming coalitions on issues ranging from mandated benefits to food safety.

- Reauthorized Small Business Innovation and Development Program to require certain federal agencies to dedicate a part of their funds for research & development to small business proposals—1985
- Defeated attempt to ban double breasting in the construction industry—1987

Labor-Management Relations

- Established Job Training Partnership Act (JTPA) to replace expired CETA Program—1982
- Defeated bill to amend Fair Labor Standards Act imposing excessive fines on employers—1982

International

- Passed bill to implement multilateral trade negotiation (MTN) agreements—1980
- Approved measure that allows Commerce Department, with Justice Department concurrence, to issue certificates of antitrust immunity—1982
- Provided President with tools to pressure foreign countries to protect intellectual property rights—1983
- Required Export-Import Bank to use a prescribed portion of its lending authority to finance export sales of small businesses and increase its outreach efforts toward small business—1984
- Passed legislation to implement the Canada-U.S. Free Trade Agreement—1988
- Approved comprehensive legislation reforming U.S. trade law to provide businesses with a stronger competitive position—1988

Agriculture, Energy and Environment

- Federal Crop Insurance Corporation consolidated with disaster payments to provide more equitable program costing less—1980
- Clean Water Act reauthorized with much-needed reforms—1981
- Reauthorized and strengthened Nuclear Regulatory Commission—1982
- Approved legislation establishing national program for nuclear waste disposal—1982
- Defeated costly asbestos regulations for owners of private and public buildings—1988
- Approved provisions to create a secondary market for farmland mortgages—1988

MULTIPLE VICTORIES

Many issues are repeatedly considered by Congress. The U.S. Chamber has demonstrated its determination and effectiveness with these multiple victories in support of American business. (Parentheses represent multiple victories in that period.)

Unemployment Compensation—Federalizing and extension of benefits.

Victories: 1980 (2), 1982, 1983-84 (4), 1985-86

Worker's Compensation—Federalizing this program.

Victories: 1980 (2), 1983-84 (3)

Comparable Worth—Mandating different jobs to pay equal salaries if they are judged “comparable”.

Victories: 1983-84, 1985-86, 1987-88

Anti-Double Breasting—Prohibiting dual shop operations and allowing *Common situs* picketing.

Victories: 1985-86, 1987-88

Mandated Employee Benefits: Family-Medical Leave—Dictating benefits regardless of cost to business.

Victories: 1985-86, 1987-88

Mandated Employee Benefits: Health Care—Requiring all employers to offer health care coverage as a condition of doing business.

Victories: 1980 (2), 1985-86, 1987-88 (4)

Tax: Health and Employee Benefits—Taxing health insurance and other employee benefits.

Victories: 1981, 1983-84 (2), 1985-86, 1987-88, 1989

Tax: Research and Development—Making tax credit permanent.

Victories: 1983-84 (2), 1987-88, 1989

National Endowment for Democracy

**BOARD OF
DIRECTORS**

William E. Brock III

Chairman

Charles T. Manatt

Vice Chairman

LeGree Daniels

Secretary

Jay Van Andel

Treasurer

Polly Baca

Zbigniew Brzezinski

Frank J. Fahrenkopf, Jr.

Dante B. Fascell

Orrin G. Hatch

Lane Kirkland

Henry A. Kissinger

John Richardson

Olin Robison

Albert Shanker

Sally Shelton-Colby

Charles H. Smith, Jr.

Eddie N. Williams

Carl Gershman

President

**Strengthening Democracy Abroad:
The Role of The
National Endowment for Democracy**

The National Endowment for Democracy, a private organization incorporated in the District of Columbia, was created in 1983 and has received an annual appropriation from the U.S. Congress. Governed by a bipartisan Board of Directors, the Endowment is a tax-exempt, nonprofit corporation as defined in Section 501 (c)(3) of the Internal Revenue Code.

For further information, please write:

Director of Public Affairs

National Endowment for Democracy

1101 Fifteenth Street, N.W., Suite 203

Washington, D.C. 20005

Telephone: (202) 293-9072

FAX: (202) 223-6042

political cultures. No amount of effort or investment of resources could be successful, however, if the idea of democracy were not intrinsically attractive to ordinary people throughout the world. We believe that the democratic idea has enormous appeal; that, indeed, it is an ideal that billions of people in all parts of the globe revere and aspire to. These people are our partners, or our potential partners. We hope that the Endowment's work will not only help them achieve the blessings of democracy, but will strengthen the bond between them and the people of the United States, a bond based on our common commitment to democracy as a way of life.

Indeed, the Endowment hopes that, despite the limited resources it can devote to research, it will be able to act as a catalyst to encourage greater academic attention to the issue of democracy and its role in the contemporary world. The Endowment staff will attempt to keep itself informed about all significant research that is being done in this field and to maintain contact with other organizations, in both the public and private sectors in the U.S. and abroad, that fund research. In this way it will be in a position to suggest possible alternative sources of support to those researchers whose projects it cannot itself fund. In short, the Endowment hopes eventually to become a clearinghouse for research on democracy.

V. International Cooperation

An important priority for the Endowment is to encourage regional and international cooperation in the building and strengthening of democracy. Thus the Endowment will consider making grants for programs aimed at promoting greater cohesion among the democracies and enhancing coordination among democratic forces. In particular, the Endowment will seek to coordinate its own activities with parallel efforts organized by other groups with similar objectives, such as the West German political foundations. Efforts will also be made to enlist the cooperation of private-sector groups in countries that have a special relationship with a particular region (e.g., Japan or Australia in Asia, France in Francophone Africa, etc.). Through such efforts, the Endowment hopes to foster a sense of common identity and purpose among democratic groups and democratic societies generally.

Conclusion

The effort to foster democracy is necessarily a long-range project. In most cases, results will not be attained quickly but will require long years of steady, persistent work. Democracy itself is hard work. It is not achieved through a single election or a particular reform, but consists of institutions, habits, procedures, and values that evolve over time and according to the needs and traditions of diverse

The National Endowment for Democracy is a new U.S. initiative to strengthen democratic institutions throughout the world through private, non-governmental efforts. It is a privately incorporated non-profit organization with a Board of Directors comprised of leading citizens from the mainstream of American political and civic life — liberals and conservatives, Democrats and Republicans, representatives of business and labor, and others with long international experience. The Endowment embodies a broad, bipartisan U.S. commitment to democracy. It seeks to enlist the energies and talents of private citizens and groups in the United States to work with those abroad who wish to build for themselves a democratic future.

The Endowment's objective of strengthening democratic groups and institutions in other countries not only reflects the hopes and ideals of the American people, but also is rooted in universally recognized principles of international law. The Universal Declaration of Human Rights and other United Nations agreements (including the Conventions of the International Labor Organization), as well as the Helsinki Final Act, commit governments around the world to honoring the fundamental human rights that are guaranteed to citizens of the United States and other free societies. It is therefore in keeping with established international law for the American people, through an institution such as the National Endowment for Democracy, to help others build democratic institutions and strengthen democratic processes that will promote individual rights and freedoms.

The expansion of private, voluntary initiatives to promote democracy internationally cannot be accomplished through governmental action alone. Indeed, the creation and structure of the Endowment reflect the view that the U.S. private sector is both a more appropriate and a more effective vehicle than government for working with private groups abroad to advance the democratic cause. The flexibility afforded by the Endowment's nongovernmental character gives it a crucial advantage in developing relationships of partnership and cooperation with foreign organizations. As a grant making agency, the Endowment will enhance the capabilities of American private-sector groups to assist and encourage their counterparts abroad. As an institutional reference

point for the effort to strengthen democracy, it makes possible the kind of sustained and coordinated support that can make a difference over time.

By its very nature, such support cannot be governed by the short-term policy preferences of a particular U.S. administration or by the partisan political interests of any party or group. The Endowment keeps the Executive branch fully informed of its programs and solicits the views of relevant U.S. officials in Washington and in embassies abroad. As stated in the National Endowment for Democracy Act (P.L. 98-164), the Endowment is of course also subject to appropriate Congressional oversight and review. But as a private nongovernmental organization it sets its own policies and make its own decisions.

The Endowment will be effective in carrying out its mission only if it stands apart from immediate policy disputes and represents a consistent, bipartisan, long-term approach to strengthening democracy that will be supported through successive administrations. While the Endowment must also be prepared to provide timely assistance in critical moments to foreign democrats, its decisions must be guided by the urgency of the need in the context of the Endowment's broad democratic objectives, not by the exigencies of government policy or the partisan concerns of a particular political viewpoint.

The Endowment recognizes the importance of ideas in the contemporary world and the need to nourish an intellectual climate in which democracy can grow and flourish. Fundamental to the democratic process is a lively competition among points of view, interest groups and independent institutions. The goal is not to steer other nations toward the adoption of any particular set of policies, but rather to help them evolve into stable and vigorous democratic societies.

The activities supported by the Endowment are guided by the six purposes set forth in the Endowment's Articles of Incorporation and the National Endowment for Democracy Act passed by the United States Congress. These six purposes are:

- to encourage free and democratic institutions throughout the world through private-sector

people for intellectual liberty and human rights not be ignored, and that they know they have the support of democrats throughout the world.

The Endowment ordinarily does not provide humanitarian assistance. In certain cases, however, where a state controlling a society's economic resources seeks to crush peaceful dissent or coerce nonviolent opposition through the denial of basic material needs, the democratic objectives of the Endowment may be advanced through the provision of carefully targeted humanitarian aid. Under these circumstances, the Endowment may provide, through appropriate grantee organizations, assistance that will enable individuals or movements peacefully working for democratic ends to maintain themselves and their activities.

IV. Research and Scholarly Cooperation

Although most of its grants are for support of action-oriented programs, the Endowment recognizes that well conceived and clearly targeted research can usefully contribute to the effort to promote democracy. Accordingly, it allocates a small portion of its resources to funding research. The Endowment will make occasional grants for studies that will both aid it in carrying out its mission and be of interest to a wider audience. These might include: (1) general or comparative studies on the pre-conditions and prospects of democracy; (2) studies focused on the problems of democracy in particular regions or countries in which the Endowment has a special interest; and (3) studies that evaluate the effectiveness of previous and existing efforts to promote democracy.

The Endowment staff intends to develop close ties with the academic and policy research communities. In addition to making a small number of research grants, the Endowment may also from time to time call upon research consultants or informally bring together small groups of experts to aid the staff in program planning. It also sometimes seeks the assistance of scholars in reviewing grant proposals.

Support for Democratic Education. Training in democratic habits and principles is most effective if it begins during youth. Hence the Endowment will fund programs aimed at improving civic education in schools, especially efforts to develop more effective democratically-oriented curricula. It will also consider assisting university-based or independent programs of education, research and discussion in situations where institutions devoted to intellectual liberty and the free exchange of ideas are being threatened by anti-democratic forces.

Support for Activities Directed at Strengthening Popular Understanding and Intellectual Advocacy of Democracy. The dissemination of books, films or television programs illuminating or advocating democracy is an activity deserving consideration for support. So are efforts to promote associations among pro-democratic intellectuals, writers, scientists and artists. Such contacts not only contribute to an enrichment and refinement of democratic ideas, but enhance the self-confidence and determination of advocates of freedom everywhere.

Efforts in the realm of culture and opinion assume special importance in closed societies, where other levers for promoting progress toward democracy are not available. The first and most essential step toward the opening of closed societies is the encouragement and sustenance of a degree of independent public opinion. Toward this end it is necessary to promote a freer flow of information to and from the people of such countries. This can be done both by making available outside sources of information and ideas and by assisting in the publication and dissemination of independent scholarly or artistic works produced within.

It is also important that worthy products of the unofficial (or "second") culture of closed societies be widely recognized in open societies, for the sustainability of an independent public opinion depends in large measure on the resonance and support it receives in free countries. Moreover, recognition abroad tends to provide "underground" scholars and artists, as well as human rights activists and political dissidents, with some protection against government repression. It is vital that the struggle of these brave

initiatives, including activities which promote the individual rights and freedoms (including internationally recognized human rights) which are essential to the functioning of democratic institutions;

- to facilitate exchanges between United States private-sector groups (especially the two major American political parties, labor, and business) and democratic groups abroad;
- to promote United States nongovernmental participation (especially through the two major American political parties, labor, business, and other private-sector groups) in democratic training programs and democratic institution-building abroad;
- to strengthen democratic electoral processes abroad through timely measures in cooperation with indigenous democratic forces;
- to support the participation of the two major American political parties, labor, business, and other United States private-sector groups in fostering cooperation with those abroad dedicated to the cultural values, institutions and organizations of democratic pluralism; and
- to encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of United States national interests and with the specific requirements of the democratic groups in other countries which are aided by programs funded by the Endowment.

In all its efforts to implement these purposes, the Endowment is guided by the following principles:

- that democracy involves the right of the people freely to determine their own destiny;
- that the exercise of this right requires a system that guarantees freedom of expression, belief and association, free and competitive elections, respect for the inalienable rights of individuals and minorities, free communications media, and the rule of law;

- that a democratic system may take a variety of forms suited to local needs and traditions, and therefore need not follow the U.S. or any other particular model;
- that the existence of autonomous economic, political, social and cultural institutions is the foundation of the democratic process and the best guarantor of individual rights and freedoms;
- that private institutions in free societies can contribute to the development of democracy through assistance to counterparts abroad;
- that such assistance must be responsive to local needs and seek to encourage — but not to control — indigenous efforts to build free and independent institutions; and
- that the partnership envisaged between those who enjoy the benefits of democracy and those who aspire to a democratic future must be based upon mutual respect, shared values, and a common commitment to work together to extend the frontiers of democracy for present and future generations.

The Endowment's programs are devoted to encouraging democratic *political* development. It generally does not fund projects aimed primarily at promoting economic and social development, for which substantial resources are provided by many other agencies, both governmental and private. Nonetheless, the Endowment recognizes the interdependence of sound economic development and real democracy, and is in full sympathy with the struggle of people throughout the world to overcome poverty and to achieve social and economic advancement. Indeed, we believe that political democracy is vital to the success of this struggle. It is a means whereby society can resolve social conflicts without debilitating violence and adjust peacefully to ever-changing conditions. It allows each individual the opportunity to realize his or her full potential and thereby contribute to the enrichment of society itself. And it ensures that government, in deriving its authority from the people, will be responsive to their needs. Only through democracy can all people, the poor included, genuinely participate in the decisions that will affect their lives and well-being.

The Military and Democracy. In many Third World countries, the attitude of the military to democracy may be decisive. A military that is committed to a professional as opposed to a political role, and which respects democratic processes, is a vital asset to any democratic system. Therefore, the Endowment is interested in programs aimed at fostering an increased appreciation of democratic values on the part of foreign military officers.

III. Education, Culture and Communications

A third vitally important aspect of the Endowment's work is in the realm of education, culture and communications. Democratic political institutions will not long endure unless they are buttressed by a strong civic culture and supported by a populace that is committed to such ideals as the rule of law, individual liberty, freedom of religion, free and open debate, majority rule, and protection of the rights of minorities. Nor will the demise of dictatorships give birth to genuine and lasting democracy where the citizenry has not already begun to understand and appreciate democratic values. Moreover, the general prospects for the advance of democracy in the world will depend in large part on the cogency and vigor with which its advocates can defend the case for free societies against their adversaries.

The Endowment's activities in this area include the following kinds of programs:

Support for Independent Newspapers, Journals, and Other Communications Media. The indispensability of a free press to democratic societies argues for an active Endowment effort aimed at encouraging democratically-oriented journalistic enterprises in the Third World. Programs that might be supported include professional training in news gathering and reporting; assistance to journalistic associations and other groups dedicated to promoting and defending freedom of the press; and aid to print and electronic media that serve as forums for free discussion and the advancement of democratic ideas.

individuals from the countries or regions involved, these centers could draw upon U.S. advice and assistance and also become the focal point for regular exchanges and contacts with U.S. counterparts. No Endowment funds, however, may be used to finance the campaigns of candidates for public office.

Election Participation and Administration. The Endowment will also seek to promote well organized and administered elections that ensure fair competition and thus encourage the acceptance of the results by all democratic parties. The Endowment will support programs that provide sound technical assistance in the design and administration of election systems, as well as efforts to increase voter registration and education, the training of poll watchers, and other measures that stimulate participation and enhance the legitimacy of the democratic electoral process.

Public Policy and Information. The emergence of public policy institutes in the United States and other Western democracies is serving as a model for the Third World. Independent and generally non-partisan centers for research and the development of alternative solutions to national problems have been established even in nondemocratic countries, where they can serve as forums for dialogue among the various political, economic and social forces. The Endowment is especially interested in assisting institutions of this kind. It will also consider supporting other programs that make informational resources available to public officials, in particular to legislative bodies.

The Rule of Law and the Administration of Justice. The fair and equitable rule of law is the foundation of a democratic system. It limits the authority of the state, protects the rights of individuals and groups, and makes possible the orderly and peaceful governance of society. The Endowment may support programs devoted to legal and judicial education and training, the modernization and increased independence of court systems, the codification of laws, the upgrading of law libraries and archives, the writing or reform of constitutions to encourage democratic governance and the rule of law, and other activities which support these objectives.

The programs supported by the Endowment not only have to take account of cultural and economic diversity, but must also be suited to the particular state of democratic development that obtains in different countries. In countries where democracy exists but is not securely established, the task is to enhance the credibility and efficiency of democratic governance and to strengthen the private-sector institutional and cultural framework. Where countries are in transition to democracy, it is the process of transition itself that should be assisted by measures to broaden confidence in the democratic process and to reinforce groups committed to democracy.

In countries where political democracy can only be a long-term goal, the Endowment concentrates on helping to build such institutions as independent business organizations, free trade unions, a free press, and an independent judiciary. In societies where even these independent institutions are prohibited or severely restricted, the immediate objective is to enlarge whatever possibilities exist for independent thought, expression, and cultural activity.

While the Endowment will concentrate the major part of its resources on situations that offer a realistic prospect for achieving progress toward democracy, it will not neglect those who keep alive the flame of freedom in closed societies.

The Endowment ordinarily funds programs on an annual basis. Some projects will be of a short-term nature, but because democratic development is a long-term process, some programs may require more extended assistance. In all circumstances, the Endowment will encourage efforts by its grantees to seek other sources of funding.

Many groups the Endowment will wish to support function under difficult conditions and may not be able to develop alternative funding. Such groups may face the additional challenge of well-funded anti-democratic rivals. In deciding whether to renew support, the Endowment will weigh such factors as a grantee's success in achieving what was intended with the initial support, the importance of its activities to the overall democratic effort in the country or region, and the value of continuing these activities in relation to the Endowment's overall priorities,

including its wish to help worthwhile new initiatives to get underway.

The Endowment is developing and funding programs in five substantive areas: pluralism; democratic governance and political processes; education, culture and communications; research; and international cooperation. Encouraging the development abroad of strong, independent private-sector organizations — especially labor unions and business associations — is one of the Endowment's top priorities. Of comparable importance will be non-partisan efforts to strengthen the political institutions and processes of unstable or newly emerging democracies. A third program category to which the Endowment intends to devote a significant portion of its resources is the area of education, culture and communications. Research and international cooperation receive much more modest funding, but are nonetheless critical to the Endowment's overall program.

The following pages provide a discussion of these five program areas:

I. Pluralism

An essential precondition of democracy is the existence of a variety of independent organized groups representing diverse interests. The authors of *The Federalist* argued that competition among a "multiplicity of interests" was both the very heart of democratic politics and the best security for the rights of individuals and minorities. Exercise of the basic right of freedom of association, recognized both in our own First Amendment and in many international agreements, enables individuals with common interests to combine into strong and independent organizations that can represent the views and protect the rights of their members. Where this kind of pluralism is allowed to flourish, it is likely that un-democratic political systems ultimately will have to accommodate to a process of free and fair competition for power. And in functioning democracies, vigorous private, voluntary institutions present powerful obstacles to unwarranted extensions of governmental authority. Moreover, these organizations serve as "schools of democracy," accustoming their members

II. Democratic Governance and Political Processes

Democracy requires a system of representative government in which leaders are chosen in freely contested, fair, and periodic elections, and the rights of individuals and groups are assured through the just and equitable rule of law. The Endowment will seek to strengthen that system in countries where democracy is newly established, fragile, or under challenge from anti-democratic forces of the left or right. The Endowment will also seek to facilitate and encourage a transition to democracy where there are opportunities for such a positive evolution. And even in non-democratic countries, it may be possible for the Endowment to work with certain official institutions (e.g., an independent judiciary) whose strengthening may facilitate an eventual emergence of democratic rule.

In its efforts to promote democratic governance and political processes, the Endowment will support programs in the following areas:

Political Parties. A democratic political system requires strong, stable political parties committed to the democratic process. The Endowment will seek to bolster the democratic political system where it still prevails and to help democratic forces to rebuild where they have been weakened by violent assaults or exclusion from the political process. The Endowment is especially interested in non-partisan programs that seek to promote democratic values among all parties in the democratic spectrum. It will not pick and choose among the democratic competitors in countries where such competition is possible or among democratic parties where they are excluded from political competition, but rather concentrate on strengthening the organizational capabilities and democratic convictions of all parties committed to the values of democracy.

One means for achieving this objective is the creation of nonpartisan centers for political education that could attract young leaders and activists from the entire range of democratic political parties. Such centers could provide training in campaign techniques and party organization, as well as education in the fundamental principles of democracy. While run by

- develop communications programs and materials for youth, employees, women's groups, academics, political leaders, and other audiences to encourage entrepreneurship and support for open market systems;
- establish an international research and demonstration effort to provide a central point of information on the efforts of business organizations;
- provide support for an effective international coordinating mechanism for business and encourage an active role for such a mechanism in international forums; and
- encourage local chambers of commerce in the U.S. to develop international exchange programs at the local level.

Other Private-Sector Institutions. Another significant private-sector economic organization is the cooperative. Groups of people uniting in cooperatives to carry out economic enterprises can acquire an invaluable grass-roots experience in democratic decision-making. The Endowment will consider funding programs that reinforce the democratic character of cooperatives and enhance their contribution to the democratization of developing countries.

Civic and social organizations are also eligible for Endowment assistance. These institutions can play an important role not only in developing organizational skills and democratic attitudes among their members, but also in bolstering the civic consciousness of the wider society to which they belong. The Endowment is especially interested in aiding the work of organizations dedicated to promoting political participation of women, youth, and ethnic minorities.

Finally, the Endowment may extend assistance to organizations whose aim is the protection of human rights, the promotion of religious tolerance, or the defense of victims of persecution.

to the free discussion, accommodation of differing views, and respect for procedural rules that are intrinsic to democratic politics.

The two largest and most important elements of pluralism in the economic sphere are business and labor. In recognition of their central role, Congress in the National Endowment for Democracy Act mandated a special relationship with the Endowment for the AFL-CIO's Free Trade Union Institute and the Center for International Private Enterprise, an affiliate of the U.S. Chamber of Commerce. These institutes, which have been designated recipients of the major portion of the Endowment's Congressional appropriation, each carry out a series of integrated programs aimed at strengthening the contributions to democratic pluralism of their counterparts abroad.

Trade Unions. Free and independent trade unions play an indispensable role in the process of democratization. In addition to protecting the job-related rights of individual workers, unions represent an organized force for representing the interests of common people in the political, economic and social life of a country. By giving democratic representation to working people and ensuring their inclusion in the processes by which decisions are made and power is distributed, unions help developing societies avoid the kind of sharp polarization that feeds political extremism and allows anti-democratic groups to exploit worker grievances. Unions also represent a major hope for the peaceful democratization of totalitarian societies. Independent trade unions thus constitute a fundamental part of the Endowment's effort to promote democracy.

Programs in this area, funded through the Free Trade Union Institute, seek to promote:

- **Institution-building.** Assistance will be given to national trade union centers and the international trade secretariats for strengthening the infrastructure of trade unions. Organizational support will also be given to regional trade union groups and to international labor organizations such as the International Confederation of Free Trade Unions (ICFTU). In addition, funds will be made available for emergency organizational support, to assist trade union exiles, and to help counter efforts by anti-democratic groups to subvert the union movement.

- **Exchanges.** Since the labor movement is built upon the principle of solidarity, an important part of any union building program is exchanges which strengthen international bonds among free trade unionists. Such exchange programs will be tied to other programs, especially comprehensive training, conferences, and educational seminars, thus ensuring that the exchanges reinforce the total effort to strengthen free unions.
- **Training and Civic Education.** Unions are complex, democratic organizations, and effective leadership therefore requires sophisticated skills. Programs in this area include training in the techniques of organization, servicing members, producing and disseminating written materials, organizing public demonstrations and rallies, and identifying and combatting anti-democratic groups. Educational programs will also train union leaders and members in parliamentary procedures and internal democracy, as well as in the philosophy of free trade unions.
- **Electoral Processes.** An important goal of unions is to strengthen the democratic process in the society at large and ensure that the political system is responsive to the interest of workers. Toward that end, programs will train union members in political skills, including registration and get-out-the-vote efforts, communicating with other union members to increase political participation, and communicating union views to the general electorate.
- **Democratic Pluralism.** In order to encourage the growth of pluralism, programs will be undertaken to assist free union movements in non-democratic societies. Pluralism will also be promoted through research and publications that emphasize the importance of democratic values to the existence of free trade unions and provide information about efforts by anti-democratic groups to subvert unions.
- **Democratic Development.** An important objective of free trade unions is development of democracy in the broader society. In this regard, programs will support labor-related projects such as land reform and community

development, which may be organized by local or regional union bodies or international bodies like the ICFTU.

Business. Independent associations representing the views of the business community are an essential component of a pluralistic society. But the role of the business organization is merely one dimension of the importance of an open economy to democracy. The experience of recent decades has confirmed that an open market economy is a prerequisite of an open political system. A dynamic private sector with an active small business community can supply a counterweight that effectively limits state power and enables democracy to thrive. And the private sector can remain healthy and independent only if it is genuinely free, which is to say, not beholden to a government that controls all the economic resources of society. Moreover, a market economy provides significant protection for political dissent: individuals who oppose government policy are not in danger of losing their livelihoods as they would be in a fully collectivized economy.

Through the Center for International Private Enterprise, the Endowment funds programs designed to:

- provide assistance to business communities abroad in strengthening their organizational capabilities as democratic institutions;
- create exchanges among business leaders throughout the world in the context of business associations to foster growth of democratic institutions and values, and to strengthen the international mechanisms of the open economic system;
- encourage participation of business leaders in democratic political processes and exposure of political leaders to open market economics to ensure political pluralism;
- provide leadership development and training for association executives and their voluntary leadership throughout the world to strengthen voluntary business institutions as supporters of democratic pluralism;



SEVENTY - FIVE YEARS OF ACHIEVEMENT

1 9 1 2 1 9 8 7

75

U.S. Chamber of Commerce

SEVENTY-FIVE YEARS
of
ACHIEVEMENT

1912-1987

U.S. Chamber of Commerce

Copyright© 1987 by U.S. Chamber of Commerce
Published by the U.S. Chamber of Commerce
1615 H St., N.W., Washington, D.C. 20062

To order write: Publications Fulfillment (RKVL)(Pub. #75)
U.S. Chamber of Commerce
1615 H St., N.W.
Washington, D.C. 20062
or call: (301)468-5128

Acknowledgements

This summary of the U.S. Chamber's 75-year history was made possible through the diligent and dedicated work of two long-time and well-respected Chamber employees.

Charles R. Armentrout, former director of our news department and an employee for 27 years, did much of the research on the early years of our rich history.

The formidable task of completing the history was recently taken over by former Senior Vice President William G. VanMeter, who continued the painstaking research and actually produced the summary you see here. Mr. VanMeter worked at the Chamber for 31 years, and thus provides a unique perspective to his work. The efforts of both men will eventually result in a full history of the Chamber.

Foreword

In its 75 years of service, the U.S. Chamber of Commerce has emerged as the largest and most effective voice of business in the country. Our mission is to advance human progress through an economic, political, and social system based on individual freedom, incentive, initiative, opportunity, and responsibility.

I can think of no important issue affecting the free enterprise system that the U.S. Chamber is not deeply involved in, expressing the views of businesses of every size and description, as we work to obtain legislation and policies that will foster economic growth and opportunity for all of our citizens.

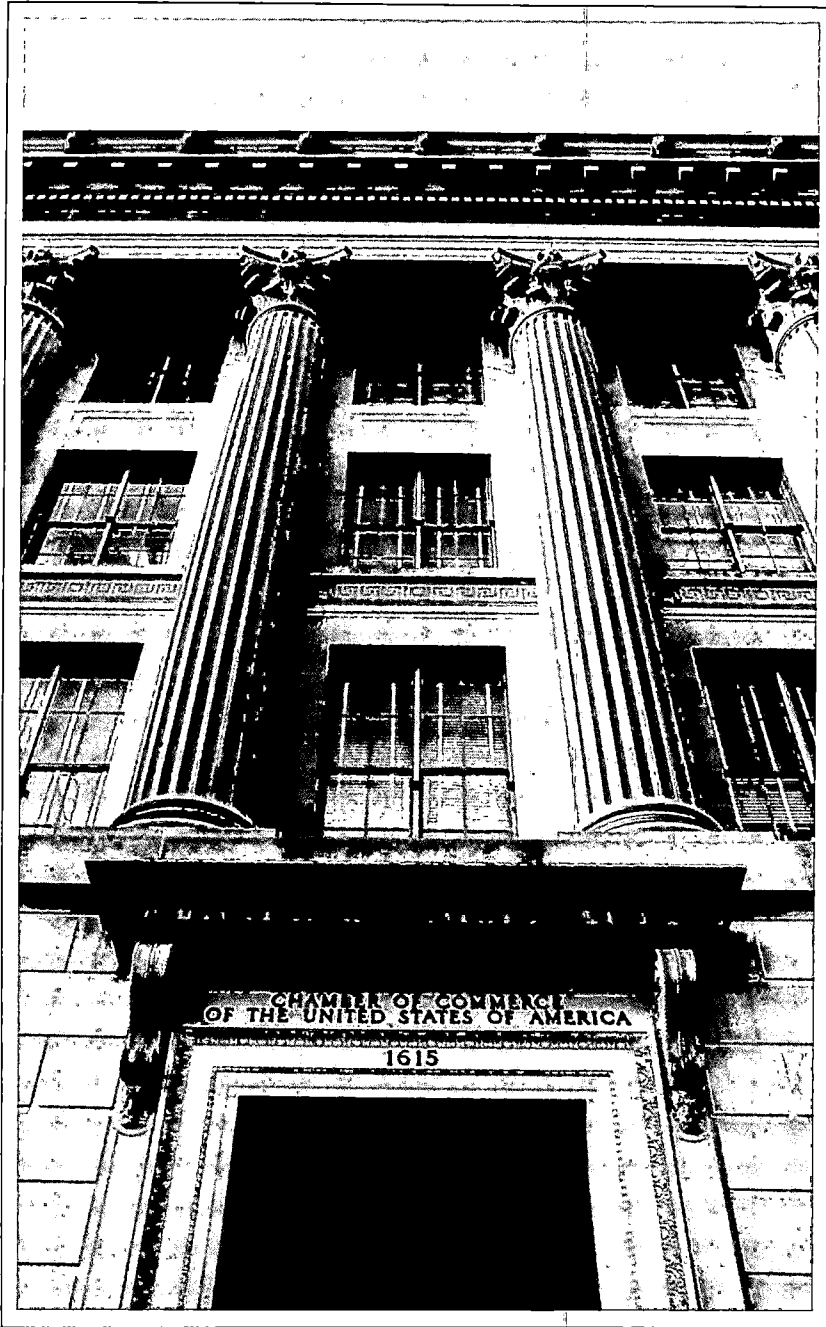
Through our media outreach effort, we are able not only to influence the decisions of legislators and other government officials, but also to inform the public at large about important issues, providing a balanced perspective that would not otherwise be available to them. Ours is a serious and solemn responsibility, and one we pursue with energy and zeal.

The fundamental basis of the U.S. Chamber's strength and influence is the breadth and depth of our membership. Our umbrella is a large one, encompassing literally thousands of companies, trade and professional associations and state and local chambers of commerce throughout the country that work together to advance the cause of freedom, free enterprise and opportunity.

When the U.S. Chamber speaks, it speaks with the authority of this overwhelming grass-roots movement. Our voice reflects the wisdom and experience of the millions of businessmen and women who have created the most marvelous and powerful economic machine the world has ever seen. It reflects also the values that undergird our country's abiding strength—integrity, morality, patriotism, charity, decency, ambition, and—perhaps most important of all—resolve in the face of adversity.

I hope and trust it will reaffirm for you, as it has for me, that we are doing valuable work that has contributed greatly to our country's progress. We enjoy a rich and magnificent legacy that endows us with the conviction and faith we will need in years to come as we encounter the challenges and opportunities of the future.





Seventy-Five Years Ago

Murmurs of "Good Morning, Mr. President" could be heard from the sidewalk crowd as the large touring car pulled up to the Pennsylvania Avenue entrance of the "New Willard Hotel" on that bright sunny day.

The ever affable President William Howard Taft smilingly acknowledged the greetings, crossed the sidewalk, and entered the hotel lobby. It was shortly before 10:30 a.m. on April 22, 1912.

In the lobby, others greeted the President, for he was an easily recognized figure. He crossed the lobby and entered the elevator, which carried him to the 10th Floor and the entrance to the "Large Hall." There he was greeted by a welcoming committee that included his Secretary of Commerce and Labor, Charles Nagel, and Harry A. Wheeler, a man who was to play a major role in the early history of the Chamber.

In the Hall, more than 700 delegates who had assembled at the President's invitation awaited his message. The badges they wore told much of the story. The gold lettering on the red, white and blue ribbons of the badges read:

"DELEGATE—Conference of Commercial Associations—called by the Secretary of Commerce and Labor to discuss the establishment of a National Commercial Organization—New Willard Hotel, Washington, D.C.—Beginning April 22, 1912."

President Taft's interest in such a national organization had been sparked in a conversation

with Secretary Nagel the previous year. The President had been so intrigued with the idea of combining the various business organizations and associations then existing in the country that he proposed, in a message to Congress on December 7, 1911, that a national business conference be held.

The need for a national business organization was emphasized on the floor of the Senate a month later when Senator Knute Nelson of Minnesota stated:

"I received this morning a telegram from a chamber of commerce in my state, urging me to vote against the bill before us. This afternoon I received a telegram from another business organization, asking me to vote for it. What does business really think?"

On March 1, 1912, President Taft called for a conference in Washington of commercial and trade organizations, and directed Secretary Nagel to make the arrangements. April 22 was the date set for the conference, which the Washington press described as "the most representative of the kind ever held in this country."

President Taft Welcomes Founders

The 700 delegates who came from every state in the Union and from Alaska, the Philippines, Puerto Rico, and the American Chambers of Commerce of Paris, Brussels, and Constantinople broke into applause as President Taft entered the Hall and stepped to the

podium to deliver his greetings and challenge to the delegates to create a new national body of businessmen to serve the nation.

The President kept his remarks brief, but quite to the point: "We want your assistance in carrying on the government in reference to those matters that affect the business and the business welfare of the country, and we do not wish to limit your discretion in that matter. We wish that your advice should be as free and unrestricted as possible, but we need your assistance and we ask for it."

The President turned the conference over to Secretary Nagel, who expressed the hope that the conference would establish "the basis for a national chamber of commerce that will represent the entire country actively and intelligently."

He then called for nomination for a conference chairman. Harry A. Wheeler, vice president of the Union Trust Company of Chicago and president of the Chicago Association of Commerce, was elected. J.A. Arnold of Fort Worth, Texas, was named temporary secretary.

Organization moved swiftly and, by the end of the next day, the U.S. Chamber had been established. *The Washington Post* heralded the event in these headlines:

"BUSINESS PUT THROUGH IN FORTY-EIGHT HOURS — GOVERNMENT WILL RECEIVE POWERFUL AID IN SOLVING HARASSING COMMERCIAL PROBLEMS — BODY FORMED AT THE SOLICITATION OF PRESIDENT TAFT AND SECRETARY NAGEL"

Harry A. Wheeler, First President

The new officers were: Harry A. Wheeler, president; John Joy Edson of Washington, D.C., treasurer; and three vice presidents—J.N. Teal of Portland, Ore., representing the "Pacific Slope," A.G. Chandler of

Atlanta, representing the South, and A.B. Farquhar of York, Pa., representing the East. The "Central West" was represented by Mr. Wheeler.

President Wheeler immediately won the respect of Washington journalists. The *Boston Transcript* carried a dispatch from its correspondent that read in part:

"Mr. Wheeler is a strikingly handsome man of 47: tall, erect, with a short brown moustache and a voice of the most pleasing quality, which nevertheless can carry to every corner of a great hall. He is diplomatic to the last degree, yet firm and full of resources. Hence, it is no wonder that he captured the conference with his remarkable skill as a presiding officer."

Mr. Wheeler was born in Brooklyn on May 26, 1866. When he was 21 years old, he moved to Minnesota to enter the insurance business. In 1894 he settled in Chicago as district manager and subsequently became president of the Credit Clearing House. Later he joined the Union Trust Company. In 1911 he was named president of the Chicago Association of Commerce.

On April 24, 1912, the Chamber's first Board of Directors was in session when a special delivery letter arrived from the Board of Trade of Frederick, Md. It was the first membership application to be filed and before the day was over, Frederick had received Membership Certificate No. 1.

First Staff Engaged

The next step was to locate an office and employ a staff. The executive committee decided on an office in the Riggs Building on 15th and G Streets, Northwest, on the recommendation of Treasurer Edson, a Washington banker, and Director John Fahey of Boston.

The executive committee was fortunate when it came to engaging the first staff for the Chamber.

David A. Skinner had been assistant chief of the

Bureau of Manufacturers of the U.S. Department of Commerce and Labor, and had participated in the founding conference as well as the preliminary meetings that had preceded that conference. He had also been serving as acting secretary of the Chamber without pay.

The executive committee, therefore, on July 11, 1912, named Skinner as assistant secretary, recognizing his "valuable service" in connection with the early organization of the Chamber.

On that same date they also appointed their staff leader—Dr. Elliot H. Goodwin—who was given the title of general secretary.

An 1874 graduate of Harvard, Goodwin held a Ph.D. from the University of Leipzig, Germany. Until his appointment to direct the Chamber, Dr. Goodwin had been secretary of the National Civil Service Reform League in New York. In 1920, his Chamber title was changed to resident vice president. He served the U.S. Chamber until 1926, then joined the Massachusetts Civil Service Commission.

In May 1913, John M. Redpath, a former college instructor, lawyer, and commissioner of Indian Affairs of the U.S. Department of the Interior, was employed as head of the new research department.

Mr. Skinner later became secretary of the Chamber, and Mr. Redpath became chief operating officer.

On September 2, 1912, the first issue of *Nation's Business* appeared. It was printed in newspaper form. Editor G. Grosvenor Dawe told its readers in the first editorial:

"The Nation's Business will set forth periodically affirmative information and thought regarding our progress as a nation. Its columns will not be controversial. It will not touch partisan politics. It will assume that each public servant is well-intentioned and that he is entitled to that assumption until proved unworthy. The Nation's Busi-

ness will not muck-rake, denounce or defame."

The masthead invited the reader "to be a correspondent regarding local, state, or national facts of agriculture, mining, manufacturing, transportation, distribution, finance, education, the professions, the government, altruism."

Headlines in those early issues told a story of a growing America:

"MILLION ALIENS REACH COUNTRY IN LAST YEAR"."SOUTH DAKOTA BUILDS HIGHWAYS CONNECTING WITH NATIONAL ROADS". ..."ERIE CANAL TERMINALS GIVE IMPROVED SERVICE TO THE EMPIRE STATE". ..."OREGON TO ELECTRIFY NETWORK OF RAILWAYS COVERING NEW COUNTRY". ..."SOUTH AMERICA EXPECTS CANAL TO BOOM TRADE". ..."DETROIT LURING MANUFACTURERS BECAUSE LIVABLE."

In 1916 Merle Thorpe was named editor of *Nation's Business* and set about transforming it from a house organ to a magazine. It was made available to readers outside of the Chamber's membership. By the end of 1916, circulation had risen to 1,000 paid subscribers.

The first advertisements were carried in 1917. By 1920, *Nation's Business* had a 60,000 paid circulation and 22,000 Chamber member subscriptions.

On its 25th Anniversary in 1937, *Nation's Business* had a circulation of 300,320. Today its circulation figure is in excess of 850,000.

First Annual Meeting Held

On January 21, 1913, the Chamber held its first Annual Meeting. Among those appearing on the 1913 program were President Taft, Rep. Champ Clark, famed as Speaker of the House of Representatives, Virginia's renowned Senator Carter Glass, and Dr.

Charles W. Eliot, president emeritus of Harvard.

On the social side, there was a Tuesday afternoon "automobile ride" for the ladies; a Wednesday morning trip to Mt. Vernon; and an afternoon White House reception for the 901 delegates and "the ladies accompanying them." The Annual Banquet was attended by 329 people, with receipts totaling \$2,217.

The Chamber had survived its first year in a solvent condition with the treasurer's report showing a bank balance of \$101. It was proudly reported that the Chamber's membership totaled 878.

President Wheeler was reelected at that first Annual Meeting. By 1914, when Mr. Wheeler was succeeded as president by Director John A. Fahey of Boston, membership totaled 2,258.

Before and After World War I

The years before World War I moved quickly, both for the country and the Chamber. When hostilities began in Europe, American business read the news dispatches carefully. The national business federation proposed an international court or council of conciliation, and recommended a conference of neutral nations to formulate rules for the protection of life and property from submarine attacks at sea.

President Wilson addressed the 1915 Annual Meeting and later both he and former President Theodore Roosevelt publicly congratulated the Chamber on its efforts to bring the views of business on national issues to the attention of the government.

During those years, the Chamber studied national issues, sent out member questionnaires, and prepared pro-and-con reports for members of Congress and government leaders. "Teddy" Roosevelt said the Chamber's "referenda are both educative and useful," and expressed "my hearty

belief in what the Chamber of Commerce of the United States is doing."

America's businessmen approved, too; Chamber membership illustrated it. By 1918, membership topped 8,400.

R.G. Rhett, president of the Peoples State Bank of South Carolina in Charleston, was in his second term as Chamber president when America entered the war. The Chamber organized more than 400 war service committees to assist the Council of National Defense, and Chamber members supported an increase in taxes to lessen government borrowing and to avoid inflation. They also favored an excess profits tax.

As the war entered the second year for America, the Chamber's first president, Harry A. Wheeler, was called back into office. He was the only Chamber president to serve intermittent terms, 1912-14 and 1918-19.

The end of World War I brought new problems for business. The Chamber was in the forefront of efforts to resolve those problems and to expedite the return to a peacetime economy. Less than a month after the Armistice was signed, the Chamber called a Special Reconstruction Conference for December 3-6, 1918, to consider the lifting of wartime restrictions on industry, and to consider shipping questions, labor problems and issues arising out of the cancellation of war contracts.

The first full years of peace, 1919-1920, were important ones for business. Homer L. Ferguson, president of Newport News Shipbuilding and Dry Dock Company, Newport News, Va., served as president through most of 1919. He was succeeded by Joseph H. DeFrees, an attorney with DeFrees, Buckingham and Eaton, Chicago, Ill., in April 1920.

Plagued by labor unrest, the country sought to cope with postwar strikes. The Chamber, by a referendum vote of its members, supported collective bargaining and the right of employees to join unions. It also urged the prohibition of strikes against public utilities and opposed compulsory arbitration.

There were major transportation problems in the immediate postwar months, and the Chamber played a leading part in contributing to their solution. The Chamber's Transportation Committee saw its policy proposals win approval from the general membership. Some of the Chamber's policies were embodied in the U.S. Transportation Act of 1920.

Major Growth in the 1920s

The 1920s were years of major growth for the U.S. Chamber, just as they were for all America. The number of business members, firms, corporations, and individuals in the Chamber rose from 13,106 in 1920 to 16,257 in 1929.

For the first time, "suitable agricultural organizations" were invited to join the business federation. In 1923, Chamber President Julius H. Barnes, president of the U.S. Grain Corporation in Duluth, Minn., and Resident Vice President Goodwin created an "Agricultural Bureau," which eventually became the Agriculture Department of the Chamber.

The membership went on record in favor of doing everything possible to encourage the fast-growing "flying industry." In 1926 the U.S. Department of Commerce created a Bureau of Aeronautics.

But continued growth of the Chamber as the voice of American business did not cause the organization to lose sight of its national purpose: to create a better understanding of the philosophy of competitive enterprise, and to work to strengthen the voluntary organizations of the country.

New Chamber Headquarters Planned

By this time, the Chamber had outgrown its rented quarters and plans were made for a Chamber headquarters building. A centrally located site was chosen, fac-

ing the northwest corner of historic Lafayette Square across the park from the White House. The land was the location of a mansion built in 1822, which later served as the home of Daniel Webster when he was Secretary of State in the cabinet of President Tyler. In that house in 1842, Webster had negotiated the Webster-Ashburton treaty, settling the Canadian-Maine boundary. Webster's huge, mahogany desk now occupies a prominent place in the Chamber's library.

After the mansion was razed, the cornerstone for the Chamber's \$3,000,000 limestone building was laid. The date was May 22, 1922.

The building was the gift of 13,500 American businessmen and organizations from more than a thousand cities and towns in all parts of the country. Its classic design was the work of Cass Gilbert, a prominent New York architect who had drawn the plans for Manhattan's Woolworth building, and who was later to design the building now housing the Supreme Court of the United States.

The Chamber staff moved into its new quarters in October 1924. The following May, the magnificent new building was formally dedicated.

Former President Taft was present for the dedication address. Now he was Chief Justice of the United States, the only American ever to hold the two top governmental posts of President and Chief Justice of the United States.

In a single sentence, Chief Justice Taft praised the efforts of American business and the U.S. Chamber. He said: "With small beginnings...you have builded [sic.] a center of influence that has made, and will continue to make, for the great good of this country."

Chamber President Richard F. Grant, vice president of M.A. Hanna Coal Company in Cleveland, Ohio, said at the ceremony that the new edifice stood as a symbol to the commitment of the American businessman to service. He explained that it was a service built on the great ideal "that the American businessman owes to his country something of himself."

And the memory of the great Daniel Webster was also present. Around the open courtyard, as a frieze on the walls of the new building, were the engraved words of the Yankee statesman:

“LET US DEVELOP THE RESOURCES OF OUR LAND, CALL FORTH ITS POWERS, BUILD UP ITS INSTITUTIONS, PROMOTE ALL ITS GREAT INTERESTS, AND SEE WHETHER WE ALSO, IN OUR DAY AND GENERATION, MAY NOT PERFORM SOMETHING WORTHY TO BE REMEMBERED.”

In 1925 the National Chamber inaugurated its National Inter-Chamber Fire Safety Contest to encourage cities to improve their fire protection and to reduce fire loss of lives and property in this country. And in 1926 and again in 1927, John W. O’Leary, president of National Bank of the Republic, Chicago, Ill., was chosen to lead the Chamber.

New Publication Begins

In September 1926 the Chamber launched a new publication called *The Week’s Work*—the grandfather of the present monthly *The Business Advocate*.

The Week’s Work was a newsletter to Chamber members, interpreting current national issues and containing news of Chamber plans and activities. In 1933 it became *Washington Review and Week’s Work*—and concentrated on information about national issues affecting business. In 1944 it was changed to *Business Action*. In 1951 it became *Washington Report*, a tabloid newspaper. In 1957 it was changed to a newsletter format dealing with national affairs and Chamber action. It retained this format until 1979 when it was given its present newspaper format. Its title was changed to *The Business Advocate* in 1983. Circulation of *The Business Advocate* in late 1986 exceeded 228,000.

Chamber Affirms Free Enterprise Views

In 1927, floods inundated wide areas in Arkansas, Mississippi and Louisiana, and the Chamber, during the presidency of Lewis E. Pierson, chairman of Irving Trust Company in New York, acted to meet the emergency. The Chamber organized aid for the stricken states from large industries and banks to supplement amounts raised locally by agricultural credit corporations formed in those states, and earned a “well done” from President Coolidge.

When the stock market crashed in 1929 and the Great Depression came, President Hoover called on Chamber President William Butterworth, chairman of Deere & Company, Moline, Ill., to organize an Executive Committee of the nation’s business leaders to minimize the effects of the economic disaster. The Chamber worked closely with the government in an effort to bring the country out of the Depression.

In the 1930s the Chamber — under the administrations of Presidents Silas H. Strawn, attorney with Winston, Strawn & Shaw, Chicago (1931-32); Henry I. Harriman, chairman of New England Power Association, Boston (1932-35); and Harper Sibley, a farmer in Rochester, N.Y. (1935-37) — vigorously opposed the drift toward increased federal intervention and control. The Chamber reinforced its traditional position that “the relation of government to industry is primarily that of preserving equality of opportunity for all.”

In a speech he made more than 10 years later, Chamber President Earl O. Shreve, who held office from 1947 to 1949, commented on the Chamber’s determination during the Depression years to maintain its principles of human and economic freedom, and of limited government.

Mr. Shreve explained that the Chamber always believed that people deserve security, pensions and the good things of life. But, he said, in the legislative contrivances of the 1930s, which brought more and more government into the life

of the average citizen, "we saw inherent dangers of clamping ourselves into a socialized beneficent government, certain to be regretted later on."

In its pronouncement on the social legislation of the 1930s, the Chamber did not swerve from its underlying belief that the general welfare is forever best served through free institutions, freedom of opportunity, and freedom of movement.

At its 20th Annual Meeting, May 17-20, 1932, the Chamber warned against mounting public expenditures, a warning that was to be voiced with great consistency and urgency for the next half-century. It also called for a balanced federal budget.

Federal Reserve System Supported

The Chamber supported the Federal Reserve System, but declared against congressional tinkering with credit policies and price maintenance. On February 19, 1934, its membership urged that "immediate steps should be taken to produce a balance of expenditures and revenue by the fiscal year ending June 30, 1934."

In April 1937, George H. Davis, president of Davis-Noland-Merrill Grain Co. in Kansas City, Mo., was elected president of the Chamber. The following year he was reelected—and John W. O'Leary of Chicago, who had served as Chamber president from 1925 to 1927, was called back to the Chamber as chairman of the Executive Committee.

World War II Presents Challenges

The news of "little wars" in Europe was beginning to hit the front pages of the newspapers. Mussolini had taken over Ethiopia, Spain was enmeshed in a civil war,

and Hitler had invaded Poland in 1939. World War II had begun.

In the early years of the war, W. Gibson Carey, Jr., president of Yale & Towne Mfg. Co. in New York (1939); James S. Kemper, president of Lumbermen's Mutual Casualty Co. in Chicago (1940); and Albert W. Hawkes of Congoleum Hairn, Inc., in Kearney, N.J. (1941) presided over the work of the Chamber.

In 1942, Eric A. Johnston, a retailer from Spokane, Wash., became the 19th president of the Chamber. He served for four terms — 1942 to 1946 — the longest tenure of any of the elected volunteer leaders of the Chamber. He also was the only elected head of the Chamber to come from the West Coast in its 75-year history.

Ralph Bradford was named general manager of the Chamber in 1942. Mr. Bradford had been in chamber of commerce work since 1924 when he was employed to manage the Corpus Christi, Texas, Chamber. He joined the staff of the U.S. Chamber in 1928 as assistant manager of the Commercial Organization Department, now the Office of Chamber of Commerce Relations. In 1938 he was named secretary of the Chamber, under the chairman of its Executive Committee, Mr. O'Leary.

Arch Booth Joins Staff

In 1943 Arch N. Booth joined the Chamber staff. He left his position as general manager of the Wichita, Kansas, Chamber of Commerce to become assistant general manager of the U.S. Chamber. Mr. Booth had been in chamber of commerce work for 14 years — five years as general manager of the Wichita Chamber and nine years as assistant general manager of the same organization.

Life in Washington during World War II has been described by one writer as "those mad-house years." Again the Chamber steadfastly resisted any attempt to use the war as a screen for an

invasion by government of business and property rights. When controls were necessary, the Chamber urged that they be limited and that they be strictly emergency in nature and duration.

The defense and war agencies of the government repeatedly turned to the Chamber for advice and assistance in recruiting, streamlining procurement procedures, registering aliens, and securing local cooperation for reporting suspected sabotage and espionage. Chamber aid was also sought in salvaging industrial scrap, spreading information about selective service, arranging regional clinics on priorities, and promoting the sale of government war bonds.

Post World War II Growth

September 2, 1945, saw the end of the war. As the country buckled down to reconversion, the leadership of the Chamber was under William K. Jackson, vice president of United Fruit Company, Boston (1946-47); Earl O. Shreve, vice president of General Electric Company, New York (1947-49); and Herman W. Steinkraus, president of Bridgeport Brass Company, Bridgeport, Conn. (1949-50). Along with reconversion and a lessening of — and finally an end to — most wartime government controls, new and unprecedented problems turned up. To cope with them, the Chamber revised its activities and strengthened its staff.

From its beginning, the Chamber had always taken a great interest in foreign trade. Then World War II catapulted the United States into a position of world leadership. Chamber management recognized this development, and perceived that it should prepare the Chamber to play a key role not only in foreign trade matters, but in all international matters of concern to business.

Accordingly, in 1947 the Chamber assigned an observer to follow the work of the United Nations in New York and, within three years, the Chamber was accorded full consultative status.

Continuing this concept during the administra-

tion of President Richard L. Bowditch, president of C.H. Sprague & Son Co. in Boston, the Chamber in 1953 expanded its work in the international field by establishing an International Relations Service Department, which evolved ultimately into the present International Division.

From the late 1940s to the mid-1970s the Chamber also participated in the work of the International Labor Organization by nominating employer delegations to the conferences of that organization. Three of the Chamber's elected leaders—Richard Wagner, Edwin Neilan, and Charles H. Smith—served as employer delegates to the ILO Conferences during this period.

The decade of the 1950s began under the presidency of Otto A. Seyferth, president of West Michigan Steel Foundry Co., Muskegon, Mich., and with a new chief operating officer directing the activities of the U.S. Chamber. Arch Booth, who had been serving as manager of the Chamber, was appointed executive vice president on October 1, 1950. Ralph Bradford was named international vice president. In 1951, Dechard A. Hulcy, president of Lone Star Gas Co., of Dallas, was elected Chamber president.

This same year, 17 district managers were employed for the first time to assist the six division managers with the Chamber's work in the grass roots of the country. The Chamber's division offices are now located in New York City, Atlanta, Chicago, Minneapolis, Dallas, and Burlingame, Calif., outside of San Francisco. In July 1987 the Atlanta and Minneapolis offices will be merged, respectively, with the Dallas and Chicago offices.

A labor relations department and an education department were created, the activities of which are now centralized in the Employee Relations Policy Center. A new state chamber of commerce service department also was added, and is now known as the Office of Chamber of Commerce Relations.

Washington's Constitution Hall opened its doors to the Chamber's Annual Meeting for the first time in 1952, the year in which Laurence F.

Lee, president of Peninsular Life Insurance Co., in Jacksonville, Fla., was elected Chamber president.

When Congress enacted the Atomic Energy Act of 1954, American industry got the opportunity to participate in the development and application of atomic energy. The Chamber recognized the value and importance of having an advisory committee on atomic matters, and President Clem D. Johnston, president of Roanoke Public Warehouse, Roanoke, Va., set up the Committee on Commercial Uses of Atomic Energy, which held its first meeting in the spring of 1955.

Five years after the creation of its Atomic Energy Committee, the Chamber established its Committee on Science and Technology to help make a positive contribution in the exploration of the best uses for the country's resources.

Federal Spending a Major Concern

In response to a growing grass-roots concern over increased federal spending, the Chamber in 1956 set up a Government Operations and Expenditures program to study and analyze the federal budget, and to show where and how non-essential spending could be eliminated. A. Boyd Campbell, president of Mississippi School Supply Co. in Jackson, Miss., was Chamber president at this time. This marked the beginning of a concerted, massive effort by the Chamber to meet the problem of eliminating non-essential and excessive federal spending. Since then, the problem has received constant and unwavering attention of the Chamber which has continued the warnings its founders had voiced many years earlier against permitting this insidious practice to go unchecked.

In 1957, Philip M. Talbott, senior vice president of Woodward and Lothrop Department Stores in Washington, D.C., was elected Chamber president. Mr. Talbott took office at the annual meeting at which two future presidents of the

United States—Richard Nixon and John Kennedy—were speakers on the same platform.

The number of business members for the first time topped the 25,000 mark, reaching 25,386. The number of organizations affiliated with the Chamber passed the 3,300 mark. This, too, was a record.

Grass-Roots Meetings Inaugurated

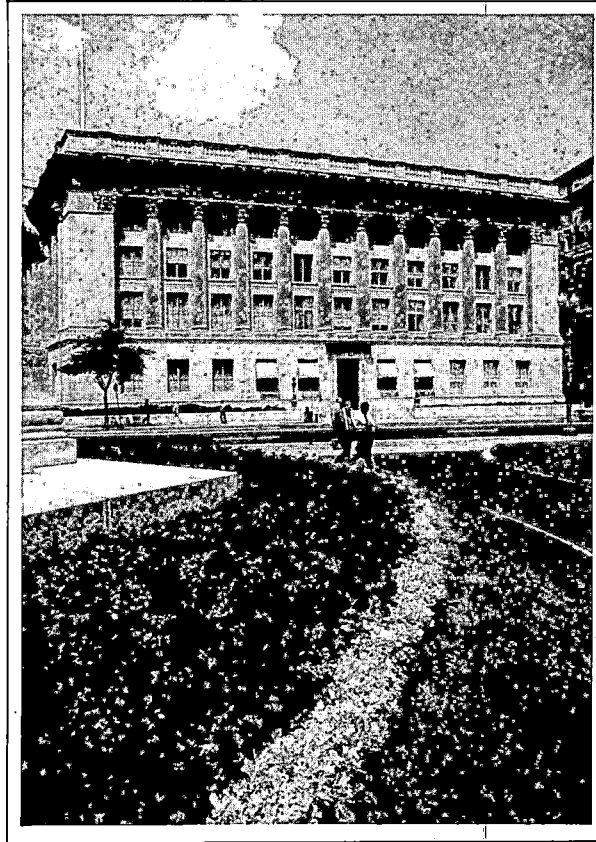
Recognizing a need to equip and encourage its members to become more responsible citizens and to take a greater part in representative government, the Chamber embarked on an ambitious series of face-to-face informational, action-getting meetings in key cities throughout the nation.

Called "Aircades for Citizenship Action," these events were held annually for eight years from 1957 to 1964, and again in 1966 and 1971. Chamber President John S. Coleman, president of Burroughs Corporation in Detroit, Mich., along with Executive Vice President Arch Booth, led the first Aircade team across the country. An Aircade would reach 15 different cities in a three-week span, and would carry the story of national issues to thousands of businessmen in the audience.

After the Aircades had run their course, other meetings with essentially the same purpose but with different names, such as Leadership Forums, Action Assemblies, and Urban Action Forums, were conducted from 1965 through 1969. Each stressed, among other things, the urgent necessity for controlling excessive federal spending.

In 1957 the U.S. Chamber's Congressional Action Program was revitalized and extended. The purpose of this program was to keep key local businessmen fully informed about what was happening in Congress—and to equip them to express to their elected representatives in Washington personal, well-reasoned views on legislative proposals of concern to business.

The number of local Congressional Action



Committees has steadily increased to the point where more than 2,600 congressional action committees serve in the chamber's legislative action network, with a total membership of over 30,000. This network is supported by Chamber-based issue strategy groups, in which the resources of business groups are coordinated, and the clout of business organizations are maximized in legislative activities. Eighty-seven such groups were in existence in 1986, with the Chamber taking the lead role in most of these groups.

Upgrading Leadership Skills of Members

While working to increase greater interest in national affairs by business people and others, the U.S. Chamber moved also to equip organization executives of its affiliated members with leadership skills needed to perform their duties more effectively.

As a step in this direction, the U.S. Chamber, in 1957, assumed full responsibility for the opera-

tion of the Institute Training Program for Organization Management. This program had been established originally in 1921 under the co-sponsorship of the U.S. Chamber, the American Chamber of Commerce Executives, and the American Trade Association Executives. Today, Institutes for Organization Management are held for one week each summer at six U.S. universities and in two foreign countries. The program offers the organization executive a sequential program of self-improvement over a period of six years. Several thousand organization executives attend Institute classes each year. This program now operates under the auspices of the National Chamber Foundation.

Headquarters Building Enlarged

The Chamber's increasing number of projects, programs and activities made additional office space an imperative. In 1958, during the presidency of William A. McDonnel, president of First National Bank in St. Louis, the Washington headquarters building was enlarged by adding additional floors on the rear

section of the building, and by creating a new basement under the courtyard. This was done without interfering with the architectural appearance of the building. The new building, again to be altered in 1981, contained twice as much office space as the original 1924 structure.

Political Action Programs Begun

For two years in succession — in 1959 and 1960 — the elected head of the Chamber was a journalist. In 1959, Erwin D. Canham of Boston, editor of *The Christian Science Monitor*, served as president of the Chamber, and in 1960, Arthur H. "Red" Motley of New York, president of Parade Publications, succeeded Canham.

During these years, the Chamber laid the groundwork for more intensive political activity to follow in the late 1970s and early 1980s. Its well-known "Action Course in Practical Politics" led the way. This training program, released in the late 1960s, was used extensively by thousands of business people in the ensuing years and created an awareness of the role that business people could play in the political process. The Action Course consisted of a series of nine workshop and discussion sessions—step-by-step guides through the political maze. This course has now been updated in the form of a game, "See How They Run," illustrating the political process, and while the original course is still relevant and in use, the new course enjoys much popularity.

Economic Education Stressed

The Chamber has not neglected economic education and, to assist in the process of creating a better understanding of economics by business people, has prepared, maintained, and kept up-to-date, in-depth materials to do just that. In 1953 a full textbook course of 17 booklets, entitled "The American Competitive Enterprise Economy," was published, followed in 1966 by a 10-booklet series called

"Understanding Economics." This was then updated in 1971 by the highly regarded "Decisions for the Seventies," an eight-booklet series.

The award-winning "Freedom v. Communism" program, an eight-week discussion course contrasting the American economic system with the Communist system, also was a popular, widely used and acclaimed program in the Chamber's effort to spread sound economic thought.

Films were also important tools in telling the business story. For more than 30 years, "It's Everybody's Business" was distributed and became an all-time best in the film world of animation in telling the story of the American economic system. Other films and slide shows complemented this presentation, and helped spread the news of the American free market system.

Perhaps the most dramatic of the economic education programs was the "Economics for Young Americans" program, which reached over 30,000,000 school students with the help of over 30,000 business people. This program, begun in 1974, has gone through several phases. It is distributed throughout the country to schools by local business leaders willing to become resource voices within classrooms to explain how their businesses are operated and how they are a part of the free enterprise system.

But apart from the above, sound economics has been and is being constantly voiced in Chamber speeches, testimony, publications, and communications.

Chamber Answers President's Call for Assistance

In 1961, the Chamber began its 50th year as it began its first year by electing a Chicagoan as its leader—Richard A. Wagner, chairman of the Executive Committee of the Champlin Oil & Refining Company. The following year, H. Ladd Plumley, chairman of the board and president of the State Mutual Life Assurance Company of America of Worcester, Mass., was elected president of the Chamber.

As a result of specific requests from President Kennedy in May 1961, Mr. Plumley appointed a special committee of business leaders to study the acute balance of payments problem, and in June he appointed another special committee to look into the matter of how federal budgetary procedures might be improved. Reports of these committees were delivered to President Kennedy, following study and preparation of detailed reports by the special Chamber committees.

International Activities Expanded

Significant expansion into the area of international relations occurred during this period. Regular sessions with Japanese business leaders led to the creation of a bilateral trade and investment council of Japanese and American businessmen. This council has met regularly throughout the ensuing years. Similar councils were subsequently formed with Egypt, India, Czechoslovakia, Hungary, Poland, Nigeria, Brazil, Rumania, Turkey, Canada, the ASEAN nations, the U.S. European Agricultural Council, and the International Insurance Advisory Council. A special committee handles relations with our neighbor, Mexico.

In 1963, Edwin P. Neilan, chairman of the board and president, Bank of Delaware in Wilmington, was elected president of the Chamber, and was followed in 1964 by Walter F. Carey, president of Automobile Carriers-Dealers Transit, Inc., in Flint, Mich.

Response to The Great Society

As the Great Society got under way in Washington with its ambitious commitment to wipe out poverty, the Chamber responded by suggesting it would be preferable to understand the nature of the poverty problem before enacting massive federal subsidy programs in a dubious effort to solve it. In line with this concept, the Chamber created a Task Force on Economic Growth and Opportunity consist-

ing of the chief executive officers of 100 major corporations.

The Task Force was asked to examine poverty in its various dimensions and to seek a better comprehension of the nature of the problem in order that public policy could be founded upon a solid base. The Task Force was chaired by former Chamber President Erwin D. Canham, and was supported by distinguished panels of academics, scholars, economists, sociologists, and experts who participated in various stages of the Task Force studies. These studies proved to be valuable contributions to the thinking of the times on the questions of poverty.

New Chamber Bodies Created

In 1967 the Chamber created, as an affiliated corporation, a foundation to undertake independent research, and to provide a forum for private sector expertise and analysis in public policy decision making. The foundation's research efforts rely on interaction between nationally respected research firms and private sector task forces.

In its desire to anticipate the issues before they presented themselves on the national scene, to forecast what issues would be critical in the months and years ahead and to prepare for those issues, the Chamber in 1966 created a Council on Trends and Perspective to search out new ideas, and to spot and examine business, economic, and social trends with which American business would have to deal in the future. The Council is under the auspices of the Chamber Foundation.

In 1967 the former governor of Texas, Allan Shivers of Austin, was elected Chamber president, and in 1968 he was followed by Winton M. Blount, president and chairman of the board of Blount Brothers Corporation in Montgomery, Ala. Mr. Blount did not complete his term as he was selected by President Nixon to serve in the Cabinet as Postmaster General. Another newspaperman, Jenkin Lloyd Jones, editor

and publisher of *The Tulsa Tribune* in Oklahoma, was chosen as the Chamber's president in 1969.

Chamber Faces Many Issues

During these years the Chamber staff was hard at work trying to keep abreast of all the problems that were flooding the business community. Consumer issues in particular were developing to the point where a Consumer Issues Committee was created in order to follow all of the consumer legislative issues then surfacing in the Congress.

The modernization of state and local governments was becoming a problem of major proportion for the Chamber's membership. The Chamber responded by establishing expert panels to assist in working on the complex problems of modernizing government. Forums for the discussion of economic and social problems were established, and the ultimately successful drive for uniform Monday holidays was begun, a drive in which the Chamber played a dominant role.

A special committee was appointed to study the economic impact of peace in Viet Nam, and an Urban Affairs Committee was created to consider the growing and acute problems of municipalities. A special review and study of the "problems of the dollar" were undertaken and resulted in a White House initiative to educate the general public on the dangers of inflation. An advisory Council on Crime Prevention was also created and a nationwide, closed circuit telecast featuring many of the Cabinet members of the newly elected Nixon administration in 1968 was staged with 28 participating cities throughout the country.

In 1970, F. Ritter Shumway, chairman and chief executive of Sybron Corporation in Rochester, N.Y., was elected as the Chamber's leader, followed in 1971 by Archie K. Davis, chairman of the board of Wachovia Bank and Trust Company, Winston Salem, N.C. William S. Lowe, president and chief executive officer of A.P. Green Refractories Co. in Mexico, Mo., succeeded to the Chamber presidency in 1972.

International Activities Continue

Special missions to Western Europe and Asia were undertaken in 1972 and 1973 to discuss with business and government leaders international economic issues and, in particular, trade and investment matters. In 1972 the mission covered 10 European cities in seven countries, followed in 1973 with a similar mission to Asia that covered 12 cities in nine nations.

In the meantime, regular liaison with the established Councils of Amchams in the European area, the Latin American continent, and the Asian region was maintained. The councils, known respectively as the Euro-Med Council of American Chambers of Commerce, the American Association of Chambers of Commerce in Latin America (AACCLA), and the Asian Pacific Council of American Chambers (AAPCAC) have become strong Chamber outposts in those parts of the world and are staunch defenders of the private enterprise system. Recently a new regional Amcham Council known as MENA (Middle-East North Africa Association of American Chambers) was formed. In all, there are American Chambers of Commerce in 54 countries.

Meeting the Attacks on the Business System

Just before his nomination as Associate Justice of the U.S. Supreme Court, Lewis F. Powell of Richmond, Va., submitted a lengthy memorandum to his neighbor and friend, Eugene Sydnor, a Chamber director and committee chairman, detailing what, in Powell's opinion, the U.S. business community should do to counteract broad attacks being made upon our economic system.

The document, which came to be known as the "Powell Memorandum," provided a broad blueprint for business action in the educational world, in the political arena, and in the court system.

Many of the recommendations of this memorandum found their way into Chamber programming. "Economics for Young Americans" and its Latin American counterpart, "Empressa," along with political seminars, encouragement of PAC activity, and intensive participation in judicial proceedings through creation of a Litigation Center were among the organization's responses to the memorandum recommendations.

A Committee on Goals and Priorities was also created to examine thoroughly the work and aims of the Chamber, paralleling the type of reassessment that successful, growing corporations regularly undertake.

Bylaws Changed

In 1973, Edward B. Rust, president and chief executive of State Farm Insurance Companies in Bloomington, Ill., was chosen as the Chamber's president. This was the last time the chief elected officer was to bear the title "president," as a change in the bylaws provided that "the chairman of the Board of Directors shall become the principal elective officer of the Chamber." The new bylaws also provided for the election of a vice-chairman of the Board, who, following his term as vice-chairman, has traditionally been elevated to the position of chairman.

The new arrangement became effective at the 1974 Annual Meeting at which Charles H. Smith, Jr., chairman of SIFCO Industries in Cleveland, Ohio, was elected chamber chairman. Arch Booth, who had served as executive vice president since 1950, continued as the chief of operations and was given the title of president. A few years later the bylaws were again amended to eliminate the Policy Committee, which had become superfluous, its duties having been performed by the Board of Directors. Another bylaw change created a Board Committee on Compensation and Employee Benefits, something new to Chamber salary and benefits administration.

Richard Lesher Becomes Chamber President

In 1975, Arch Booth retired from Chamber service after a long and distinguished career. He was succeeded by Dr. Richard L. Lesher, who assumed the presidency at the 1975 Annual Meeting. Dr. Lesher had served as president of the National Center for Resource Recovery, and as an assistant administrator at the National Aeronautics and Space Administration before joining the Chamber. A native of Chambersburg, Pa., he also brought a teaching and consulting background to his new position.

Elected as Chamber chairman in 1975 was Clinton Morrison, vice chairman of the Board and chairman of the Trust Committee, First National Bank of Minneapolis, Minn.

In 1976, Herbert S. Richey, president and chief executive officer of The Valley Camp Coal Company in Cleveland, was elected chairman, followed in 1977 by William K. Eastham, president of S.C. Johnson & Son., Inc. in Racine, Wis.

Many New Programs Started

These years were marked by intensive activity designed to increase the effectiveness of the federation with new, imaginative programs and approaches to meeting the challenges faced by the business world.

To harness individual citizen power, the Chamber created a subsidiary corporation known as "Citizen's Choice," a grass-roots, taxpayers' lobby that operated until 1987. To protect business interests in the courts, the National Chamber Litigation Center was formed, a direct outgrowth of the Powell Memorandum.

To provide business leaders with tools needed to speak out more effectively on economic, political, and social issues, the "Communicator Workshop" program was established. This program demonstrated techniques for handling hos-



tile reporters, platform speaking, conduct of news conferences, congressional testimony, and television and other public appearances. It is conducted by professionals skilled through years of experience in television and news media work.

The Corporate Executive Development Program offers business executives a five-day session dealing with Washington and how its agencies operate. It helps them to become "Washington-wise." The program shows how labor unions and other influence groups interact with the federal government and its agencies and what a business person needs to know to get around the complex and intricate federal government structure. The program also offers sessions for corporate specialists in energy, natural resources and the environment, employee benefits, taxation, and labor relations.

Staff members from the Office of Corporate Relations visit headquarters of many companies during the course of a year to discuss Chamber services and resources that can help them achieve corporate objectives and, at the same time, seek opinions of the members on policy matters. Advice is also provided on establishing legislative and political programs within the corporate structure.

Still another program created to provide assistance to the business executive is the Chamber's Briefing Center, which provides specialized

briefings to corporate and association groups, covering a wide range of legislative and regulatory issues in custom-tailored presentations. The Center also helps business leaders prepare for visits with their congressmen.

The National Chamber Alliance for Politics, the Chamber's political action committee, was founded in 1978 and has seen victories for 69% of the candidates it has endorsed. Endorsements are given regardless of party affiliation to candidates who can be expected to support business objectives.

The Chamber's Association Department and Office of Chamber of Commerce Relations also conduct many seminars and workshops throughout the nation to assist the association and chamber membership with day-to-day problems in the organization management field, and provide advice and assistance on a continuing basis to these executives through individual communications, consultation and publications.

An accreditation program has been created for local chambers of commerce. Administered by an Accreditation Board under the direction of the Chamber's Board of Directors, this is a self-guidance program for defining, reaching, and maintaining superior performance standards in local chambers of commerce. To date, more than 500 chambers have received accreditation, which expires after five years. Many chambers have been reaccredited.

To serve the needs of smaller firms better, a Center for Small Business was created in 1976 along with a Small Business Council. This Center is the "nerve center" through which the U.S. Chamber coordinates its efforts to strengthen and unify the voice of small business in the United States. The Center testifies for small business before Congress and the regulatory agencies; builds coalitions with other small business groups; mobilizes members in every congressional district to action; and keeps small businesses updated about issues that affect them.

During this same period, significant victories were recorded in the Congress, foremost among which was the defeat of legislation to create a federal consumer protection agency, common situs legislation, and labor law reform legislation — all strongly supported by organized labor.

In 1978, Shearon Harris, chairman of Carolina Power and Light Company in Raleigh, N.C., was chosen to lead the Chamber, and he was followed in 1979 by Jay Van Andel, chairman of the Board of Amway Corporation, U.S.A., in Ada, Mich.

In 1980, C. William Verity, chairman of the Board of Armco, Inc., in Middletown, Ohio, was chosen as Chamber chairman, followed in 1981 by Donald A. Kendall, chairman and chief executive officer of Pepsico, Inc., in Purchase, N.Y.

Let's Rebuild, America

In 1980, the Chamber launched its "Let's Rebuild, America" program proposing to combat inflation through federal spending restraint; encouragement of industrial expansion and job opportunities through overhaul of tax and regulatory policies that deter economic growth; and adoption of international trade policies that will help restore America's rightful place in global trade. "Let's Rebuild, America" focused business attention on the efforts needed to successfully implement those proposals.

Vast Communications Network Created

Chamber programs and activities are given powerful support through a comprehensive communications network encompassing a sophisticated radio and television broadcast center; one of the nation's best-selling business magazines, *Nation's Business*; and a monthly newspaper, *The Business Advocate*.

Dedicated in 1982, the Chamber's new Telecommunications Center was acclaimed as the finest of its kind in the nation. Built over the courtyard, the Center did not alter the exterior appearance of the building. The complex has enabled the Chamber to produce all of its television and radio productions as well as conduct video conferences sponsored by the Chamber's network called BizNet.

The flagship for the communications program is the highly popular weekly television series "It's Your Business." Begun in 1979, this half-hour program is viewed over 160 commercial television stations and presents hard-hitting debates on business and economic issues. The show has the potential of reaching 89 percent of American TV households.

But before "It's Your Business" was launched, other ventures into the television world had paved the way for the more ambitious IYB series. "Enterprise," a 30-minute program that aired over 600 cable systems, was a valuable introduction to the field of televised presentation of controversial public issues. It covered current, tough issues in depth.

The Chamber's American Business Network—BizNet—of which "It's Your Business" is the main component, is the first voluntary business association satellite television network in history. It combines regularly scheduled programming with special videoconferencing.

Its "Nation's Business Today," begun originally as "BizNet News Today" in 1982, began airing on

the ESPN cable network in November 1985 and has the potential of reaching 42 percent of the nation's television market. Created as a fast-paced news program, it has the business person in mind in its programming.

"Ask Washington," a daily one-hour show, permits viewers to call in and question guests who are in BizNet's Washington studios.

A new technique in telecommunications is the use of international videoconferences with business leaders from many foreign countries. BizNet hosts these live, face-to-face, two-way audio and video conferences featuring open dialogues between leaders of the United States and other nations as far away as Korea and Japan.

In addition to its television series, the Chamber's print communications continue to lead the field in the business magazine world. *Nation's Business* is not only the oldest business monthly, but it also has the largest circulation.

The Business Advocate, mentioned earlier as the successor to *Washington Report*, is issue-oriented and keeps the Chamber's membership informed on the activities of the Chamber in Washington.

Many Foreign Contacts Made

Just as the communications activities of the Chamber burst forth into full-scale operation, so, too, did foreign activity grow by leaps and bounds.

The period of the late 1970s until now was marked by several missions to the Peoples' Republic of China, the creation of a new Chamber subsidiary dealing with international business development, and the expansion of contact with foreign officials including many heads of state.

Two special missions to the Peoples' Republic of China, led by Dr. Leshner in 1980 and by Chairman Frank Morsani in 1985, have led to improved of trade and investment opportunities between

the United States and China as well as the possibility of more formal relationships with the chamber in the future. A return mission from China took place in 1986.

A new Chamber subsidiary, the Center for International Private Enterprise, has joined the other Chamber affiliates. CIPE is the business representative in President Reagan's National Endowment for Democracy that operates under congressional mandate. To date, CIPE has sponsored a variety of projects geared to strengthening business groups in other countries, a recent example being its grant to the Philippine Chamber of Commerce and Industry to assist its work in strengthening free enterprise in that country shortly after the change of government in 1986.

Of significance is not only the willingness, but the desire, of heads of state to visit the Chamber and the U.S. business leaders they could meet through these visits. Among those who have been received by the Chamber in recent years include President Sadat of Egypt and his successor, President Mubarak; Prime Minister Begin of Israel; President Mitterrand of France; Prime Minister Rajiv Gandhi of India; Prime Minister Ruud Lubbers of the Netherlands; Prince Bertil of Sweden; President Jose Sarney of Brazil; President Miguel de la Madrid of Mexico; and President Corazon Aquino of the Philippines. This list, far from complete, gives an idea of the importance of the visitors who come to the Chamber. These visits pay great dividends in fostering good will and improved understanding for better commercial activities with the United States.

Membership Growth Continues

Membership growth of the Chamber has been little short of astounding. From 11,620 in 1943 to 21,600 in 1950 to 47,800 in 1973 to over 180,000 in 1986, the support of the business community for the work of the Chamber and its subsidiary corporations has been demonstrated clearly.

Spirit of Enterprise Fund

A fund-raising campaign known as "The Spirit of Enterprise Fund" was approved by the Board of Directors in 1983 to raise a \$35 million capital fund to modernize the 65-year old headquarters building, replenish cash reserves, provide essential working capital, and expand international activities. Headed by former Chairman Jay Van Andel, this drive will guarantee the Chamber's continued effectiveness and preeminence as the world's premier advocate of the enterprise system.

In 1982, Paul Thayer, chairman of the Board and chief executive officer of the LTV Corporation in Dallas, was elected chairman of the Chamber. Before completing his term, however, Thayer was appointed assistant secretary of Defense by President Reagan and was therefore unable to serve his full term. He was succeeded by Robert T. Thompson, senior partner at Thompson, Mann, and Hutson in Greenville, S.C., to fill the unexpired term.

Mr. Thompson was succeeded in 1983 by Edwin D. Dodd, chairman, Owens-Illinois, Inc., in Toledo, Ohio.

Van P. Smith, chairman and president of Ontario Corporation in Muncie, Ind., was elected Chamber chairman in 1984, and was followed by Frank Morsani, president of Precision Enterprises, Inc., in Tampa, Fla., in 1985.

In 1986, Edward Donley, chairman and chief executive officer of Air Products and Chemicals,

Inc., in Allentown, Pa., became the last chairman in the Chamber's first 75 years of existence.

Seventy-Five Years of Achievement

As the Chamber completes its diamond jubilee, it can look back with justifiable pride on its accomplishments, and it can look forward with anticipation and hopeful expectation to the future.

The Chamber has been called "the most effective lobby in Washington," but it cannot rest upon that laurel. It must push ahead into the future with the dedication and the integrity it has displayed in the past.

Seventy-five years ago, the first president of the Chamber said:

"...It is possible that history will be made and a force created that shall endure throughout the years as a beneficent influence upon our national life."

The Chamber's mission statement provides the direction for sustaining that force:

"To advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility."

U.S. Chamber of Commerce
1615 H St., N.W.
Washington, D.C. 20062