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11/8/90

MEMORANDUM

~~CONFIDENTIAL/STADIS~~

TO: S/P - Dennis Ross  
ARA - Bernard Aronson

FROM: S/P - Val Martinez *2/1/91*

SUBJECT: Speech for President Bush in South America

I have looked at the draft themes submitted by the Desks for speeches by President Bush on his South American trip. They all look very good and provide some valuable detail. I remember, however, A/S Aronson observing some weeks ago that we needed to work on the more symbolic elements of the President's trip as well. I too think that this is very important. The Latins, I believe, will be expecting some words from the President on how we see the future of U.S.-Latin relations in the years ahead, a broader vision of how we view our shared hemisphere in these days of rapid international change.

To this end I have drafted a brief speech for the President outlining how we see our hemispheric relations. Given the President's call for trade, not aid, and given the Latins' own willingness to forswear blaming us for all of their problems, I think we should have the President speak with clarity and frankness on what we offer to and what we expect from our southern neighbors.

If such a speech is given, it should be given early in the visit, probably in Brazil. The attached draft reflects this.

~~CONFIDENTIAL/STADIS~~

DECLASSIFIED  
PER DOS WAIVER, November 6, 2015  
By lt NARA, Date 06/13/23

DRAFT SPEECH

PRESIDENT BUSH IN BRAZIL

The Legacy of the New World

Appropriate acknowledgments and thanks.

I am again very happy to be in Latin America, specifically, in this great country of Brazil. I am always impressed by the great cultural diversity and sheer physical beauty of the region. The New World, I think, has indeed been very good to us.

As we approach the 500th anniversary of Columbus' discovery of the Americas, it's a good moment to reflect on the legacy of this New World and our place in it. That legacy is richly diverse; after all, here I am addressing Portuguese-speakers in English, all because of an Italian sailing for Spain at the end of the 15th century.

We have now had half a millennium in this Hemisphere with which to form our nations, to find our way in the world. I will be the first to acknowledge that relations between the United States and its sister republics have not always been the best. Quarrels and misunderstandings have been all too frequent. I wish now to address you in complete frankness; the importance of our relations and our future merit it.

First and foremost, I firmly assert and sincerely believe that what we have in common far outstrips what we have let come between us in the past. All of us began as colonies, as dependencies of European princes and powers. But even as colonies one great principle was never far from the surface, one latent ideal could never be crushed -- that of the inviolable dignity of the individual and the absolute duty of the state to respect that dignity. Whether it was the courageous friar Las Casas arguing the rights of Indian peoples before the courts of Spain or our own Puritan forefathers seeking freedom of conscience, this ideal was always present. We cannot pretend that we have not stumbled in pursuit of this ideal, that it was often honored in the breach, if at all. After all, this ~~hemisphere's two largest republics -- the United States and Brazil~~ -- held human beings in chattel slavery until well past the middle of the last century.

So let us be clear. I do not wish to romanticize our past or offer utopias for our future. I do, however, wish to emphasize that, despite our numerous false starts, this entire hemisphere has represented the ideal of liberty to countless generations.

Further, just as individuals possess the God-given right of their dignity and their liberty, so do sovereign nations. This is what is meant by the rule of law, both within and among nations. This is the very principle that is being so sorely

tested now in the Gulf, but that idea will triumph because good men will see that it is not vanquished. But what does this principle mean in practice for our hemisphere?

o It means that all the nations of the New World must foster the liberty of their citizens in the social, political and economic spheres. This is our joint and solemn duty if we mean what we say about the value of democracy.

o It means that we must jointly -- and jealously -- guard our liberties and convince those few in our hemisphere that deny their citizens the most basic rights that change must come, that the dead hand of tyranny knows no home in the New World.

o It means that relations among our nations should cease to be based on false or distorted images of one another; we must begin to see each other as we are -- free nations in a free hemisphere with much to offer each other.

o It means that shared dangers -- the pestilence of narcotics trafficking, for example -- must lead to shared responsibilities in combatting them.

o It means that we must allow our productive citizens to trade with one another in as free an arena as possible.

o It also means that shared economic opportunities must be exploited on an equitable basis.

Again, let me be clear. We seek no advantage; nor do we offer miracle solutions to debt and poverty. We believe the sister republics of our hemisphere should instead cooperate with each other on the basis of shared principles and mutual respect. This was the spirit of my Enterprise for the Americas Initiative announced on this past June 27.

The Initiative makes it clear that we believe we have an obligation to foster investment where investment is valued and protected; we believe we have an obligation to try and help on the serious debt question in the spirit of equity and responsibility; we believe we have an obligation to promote the most liberal trade regime possible. I cannot emphasize enough the seriousness with which we hold these ideas.

I see the Enterprise for the Americas Initiative as but the first step toward an end to the First World/Third World dichotomy that has too often distorted our political and economic relations. Let us instead speak of the New World; let us look for common values, not transitory disputes.

Our cultures are all vibrant and astounding in their endless creativity and depth. We do not wish to "Americanize" the

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hemisphere. Such folly has no attraction, no logic. We do want to enter a new era of relations among nations in the New World. We have all watched the Old World undergo a whirlwind change; all of us need to change as well. We offer the hand of friendship and trade; we expect only the same in return.

I have met with many Latin and Caribbean leaders. I think all of us have been struggling for a way to express what we see as a new, more mature, relationship among Latin America, the Caribbean and the United States. Our wide range of recent talks with our hemispheric neighbors on everything from free trade to the environment to tariffs reflect this sense of possibility of a new dawn in the New World.

Friends, the Cold War, the East-West struggle, is nearing an end. I submit that, in this hemisphere, we should also end the rhetorical war between North and South. This New World has no cause to stand divided. There is no reason why the promise of mutual benefit cannot overcome the poison of needless recrimination.

Yes, too many North Americans in the past assumed Latin America was but an adjunct of the U.S. colossus, a ready ally in the larger struggle with the totalitarian East. Yes, too many Latins in the past assumed that North American actions and interests were always wrong and deserving blanket condemnation.

But we here know better.

For our part, we know that there can be no community of democratic nations in this hemisphere without the respect one such nation owes another. You know you have our respect, honestly held and sincerely expressed.

For your part, I believe that Latin America knows that the United States seeks neither fear nor favor.

How, then, do we express this sense of possibility, this birth of a new era in our relationship?

We do so by seeking the common heritage. Above all, the New World has been the land of frontiers. All of us are frontier nations. Most historians in the United States claim that our frontier "died" around the turn of the century as our Western plains were settled. This is true in one sense, but I would argue that all of us remain frontier nations. The horizon still holds great promise, the lure of timeless ideas and immutable principles.

We in the United States are genuinely excited as we view today's leaders in Latin America putting such ideas into practice, breaking down barriers that have held back the real strength and vibrancy of talented and industrious peoples.

Richard Weaver, a fine American essayist, once wrote a little book with the title "Ideas Have Consequences." We are already seeing the consequences of a revolution of mind as well as policy. The countries I plan to visit in the days ahead are all led by men of keen and far-reaching vision. They know, as do I, that bad ideas lead to dismal results, that to collectivize the will of the nation can only lead to the enslavement of its citizens.

This experiment has failed, and we have all witnessed its death throes over the last year.

I therefore propose that the United States, Latin America and the Caribbean embark on the joint project of making this New World the first entirely free hemisphere -- free men within nations and free commerce among them.

Let us strive to meet the 500th anniversary of the discovery of this fruitful land with the full flowering of its rightful legacy -- the resurgent and revived idea of individual liberty.

As I said on June 27 in announcing the Enterprise for the Americas Initiative:

"Our challenge, the challenge of this new era of the Americas is to secure this shared dream and all of its fruits for all the people of the Americas -- North, Central, and South."

Let us now strive to meet that challenge.

Let us now speak of the New World instead of First and Third Worlds.

Let us drop the hoary rhetoric of dependency theory and the stifling weight of protectionism.

Let us respect the social, cultural and religious values of our respective societies.

Let us always deal with one another on a basis of the respect one free republic owes to another.

It is only in this way can we solve the many problems that remain: debt, trade, investment, poverty, drugs, regional arms control, the environment, nuclear non-proliferation.

~~To those in this hemisphere still resisting the tide of freedom, especially Mr. Castro, we will welcome you to the party of liberty the moment in which you break the chains of your own long-suffering population. If you do not fear the heady sensation of freedom, then you need not fear us. If you do not fear testing the will of your own people, then you need not fear us. If you do not fear the spark of independence and dignity that even the cruelest dictator cannot extinguish, then you need not fear us.~~

I note that Mr. Castro is again rumbling about "socialism or death." He implies a threat from the United States. But this death threat does not come from us, it comes from the very system that Castro has imposed on Cuba, for the deadly totalitarianism of this system fosters the death of the soul, the crushing of the citizen's individuality in the name of the state. This is what we have always opposed and, again speaking frankly, this is what all of us should oppose.

As I noted as I began this brief talk, we will soon celebrate the 500th anniversary of the discovery of the Americas. This celebration will also launch us toward the 21st century, a frontier of promise and hope.

You have heard how we propose to enter that new century with our close and valued friends of the New World. We ask all of you to join us in ensuring that that new era be one of untrammelled freedom and mutual prosperity.

Thank you very much.

Grant/Cawley  
November 18, 1990  
12 noon  
A: BRAZIL.EMB

**PRESIDENTIAL REMARKS: EMBASSY GREETING  
BRASILIA, BRAZIL  
MONDAY, DECEMBER 3, 1990**

- o Ambassador Rick Melton, his wife Peggy, members of the Embassy staff, our foreign service nationals, and members of the American community. It is a pleasure to meet all of you, and to begin such an auspicious journey here in the great nation of Brazil.
- o Vice President Quayle gave me a great report on your Brasilia community. He says that he ably defended the Hoosier reputation of basketball prowess while at the American school. He also warned me not to venture onto the tennis court here, for I would suffer humiliating defeat at the hands of some of the aces on the Embassy staff. ((I should have brought Pete Sampras with me on the trip.))
- o Barbara and I both want to let you know of our great admiration for you, as you represent our country -- and I'm not just talking about those of you who work in the Embassy. I mean every one of you, because all of you are representative of the best that is America.
- o Your involvement with the Brazilian community -- supporting social welfare projects through the American Women's Club or your church, showing appreciation for Brazilian culture, and helping Brazilians learn about American culture -- has immense value.

- o Barbara and I had the privilege of similarly representing the United States a few years, ((a few grandchildren)) and a couple of jobs ago, when I was Ambassador to the People's Republic of China. As a result of that experience we have, I think, an enhanced appreciation for the amount of work that goes into a Presidential visit. We thank you for it.
- o Headlines are made when diplomatic breakthroughs occur, when important agreements are signed, and when dramatic events affect relations between states. The day-to-day work of the diplomat and of private Americans overseas, however, doesn't normally make headlines. To all the employees of the Embassy, I want you to know that so much of what is accomplished in U.S.-Brazilian relations is directly related to your knowledge and dedication. I thank you for that tremendous contribution to our common interests.
- o I envy you the peacefulness and beauty of Brasilia, although I know that every new capital takes time to develop its own special character. For our European friends, Washington was long viewed as a hardship post. I suspect that diplomats from Rio or Buenos Aires also had their misgivings. But isolation today is not what it used to be -- I understand you get CNN and some of you can even watch your favorite U.S. sports teams (( -- just as long as you watch those Texas Rangers, I'm happy.)) In fact, the spaciousness and clear skies of Brasilia remind me a great deal of the Texas to which I took my family after World War II.

- o All of you, Brazilians and Americans equally, have my full support in the important work ahead as we move to strengthen our already good relations. And I know that with Ambassador Melton at the helm, the task is in good hands. Once again **thank you** for your dedication and commitment. God bless the United States of America.

# # #

## Speech Inserts:

### A.

A decade from now we will enter the 21st century. Already, we see the outline of the new world to come. It is a world in which only those nations which can modernize, compete, and trade will enjoy the growth and prosperity on which their peoples' health and happiness depend. It is a world which will require unprecedented cooperation among nations to confront a new generation of challenges that know no borders or national identity--the scourge of drugs, new threats to the global environment, and the growing danger of the spread of nuclear or chemical weapons around the world.

Here in the Americas, we see a special vision coming to birth before our eyes: the world's first completely *democratic* hemisphere where trade is free from Alaska to Argentina, technology is shared, and the benefits of free enterprise and growth are harnessed for all. \_\_\_\_\_(country) is fortunate to have a leader with a vision of the 21st century who is guiding your nation soundly and wisely towards that new world whose shape we already beginning to see.

### B.

The changes taking place in Latin America are every bit as profound and dramatic as the changes reshaping eastern Europe. They are the product of a democratic revolution of the people's will expressed through the ballot box. That revolution is being led by leaders with courage and vision--men like \_\_\_\_\_ who grasp the meaning of a changing world and want your nation to play a part in it.

As neighbors, we look to the future together, because our destinies are one. As we stand on the threshold of the 21st century, we see possibilities that once were only dreams but today are within our grasp. We see a future for the Americas where democracy's roots are deep--where elections are regular and each new ballot gives each citizen a deeper stake in his country's future; a hemisphere in which economic competition is viewed, not as a threat to privilege, but as the key to prosperity and where men and women who wish to launch a new enterprise view the state as an ally, not an obstacle.

We see a future in which trade is free throughout the Americas--from Alaska to Argentina, where growing opportunity, the benefits of technology and the fruits of prosperity are shared by all. A future where there are no more lost decades, where, instead, we forge a permanent partnership between the United States and Latin America to confront a new generation of challenges that know no national boundaries: the scourge of drugs, new threats to the global environment, and the spread of nuclear or chemical weaponry. We have it in our power to build the world's first completely democratic hemisphere--a hemisphere that can serve as a model for the rest of the world of friendship and cooperation between developing and industrial nations. I am committed as President to work with you to realize that bold vision.

November 20, 1990

MEMORANDUM

TO: MARY KATE  
FROM: CAROLYN  
RE: BRAZIL BUSINESS LUNCHEON

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Notes on my conversation this a.m. with the US Commercial Counselor at the Brasilia Embassy.

--privatization

Don't tout this too loudly. Unlike Argentina, Brazil has not yet sold off companies -- they are still in the rhetoric.

--entrepreneurs

I will receive a fax with some entrepreneur stories. The economic changes under way in Brazil will enable Jose Doe to \_\_\_\_\_, etc.

--business areas

For an overview statement:

- o the industrial heartland: Sao Paulo
- o the main stretch of business, the Wall Street: Avenida Paulista
- o the commercial/banking center: Rio de Janeiro
- o the Silicon Valley: Sao Jose Dos Campos

EX: In the conclusion, "from Sao Paulo, to the Avenida Paulista...etc."

--thank you

[brrrreee - gaw - DU]

Brazilian business remarks are very formal affairs -- therefore, no jokes -- and they end ~~will~~ <sup>with</sup> a formal thank you. Can we get POTUS to say this??????

--Mosbacher

The Secretary made a big trade mission trip to Brazil in June -- he visited all three major business capitals and met the business elite of the country.

All of the luncheon guests have met with Mosbacher -- good to mention!

## CHILE SPEECH

### SETTING

- o The 1 st US President to visit Chile was Eisenhower, February 29-March 2, 1960.
- o History of friendship between two countries dates to Chile's struggle for independence. As Eisenhower noted, probably not coincidental that first Chilean Congress inaugurated on the fourth of July, 1811.
  - The next year, the first draft of Chile's provisional Constitution was written in the home of Joel Poinsett, the US Consular representative.
  - A US citizen served as chief of staff to Lord Cochrane in the battle which helped bring final victory to the Chilean patriots.
- o As Eisenhower said to a joint session of Congress on March 1, 1960, friendship between the two countries is based on shared philosophy of faith in God, respect for spiritual dignity of man, and the conviction that government must be the servant of the people.
- o Contacts between Bush and President Patricio Aylwin: Bush and Aylwin met for the first time at a bilateral meeting held at the White House on October 2. Aylwin was in the U.S. for the first time since his inauguration in March 1990 to attend the opening of the UNGA and the UNICEF Summit on Children.
- o Valparaiso: Bush will address the Congress in its new building located in the port city of Valparaiso. (Pinochet decided to have it built there as part of the effort to decentralize.)
  - It is Chile's second largest city, founded in 1536 by a member of the first expedition to Chile led by Diego de Almagro, one of Pizarro's band that conquered Peru several years earlier. It celebrated its 450th anniversary in 1986. It is a picturesque (but poor) city of sailors, dock workers and people employed in commerce and is situated on forty hills overlooking the harbor.

## KEY THEMES

### The Hemisphere

- o I am happy to travel to South America at the beginning of what should be one of the most important decades in the history of the continent. We are living in a time of ferment and are witnesses to profound changes not only in Eastern Europe and the Soviet Union, but in Latin America as well.
- o The emergence of new democracies in the region means more opportunities for the future. This is especially true if we work together as partners toward the goal of greater integration throughout the hemisphere in the ways I outlined in my speech last June on the "Enterprise for the Americas Initiative". Together we can expand trade and investment, both vital to the economic growth of all countries in the hemisphere. Growth is vital to the democratic undertaking. For these democracies to flourish, they must provide jobs and a chance for a better life for their people.
- o The process of change can be traumatic and sometimes requires sacrifice and tenacity. As the economies of the region move from a statist, protectionist model to a free-trade model that encourages private enterprise, sacrifices will be required. Chile has already been through some of the most difficult moments of that process and has demonstrated to the world the benefits of hard work and willingness to change.
- o President Aylwin said in his September speeches to the United Nations General Assembly and to the Council of the Americas in New York, Chile is a country "experiencing a political and economic process with few existing precedents. Emerging after more than 16 years of authoritarian rule, Chile is engaged in demonstrating that in the developing world, an expanding, stable and equitable economy is compatible with an open and democratic political system." These are his words and this is the great challenge that faces Latin America in the decade ahead.
- o As Chile continues the process of strengthening its economy while revitalizing its democratic traditions, Chile needs leaders of vision and courage. Chile has found one in the person of Patricio Aylwin.

### Return to democracy

- o Greatly honored to address your Congress in the year Chile is celebrating the 180th anniversary of its independence and in the same year the Chilean people are celebrating a return to their democratic tradition which is among the longest in the Western Hemisphere.

- o Chile is famous for the hospitality of its people, the beauty and variety of its land, its Nobel Prize-winning poets, and for the legacy of freedom handed down by Bernardo O'Higgins and the others who fought for Chilean independence 180 years ago.
- o Chile's proud democratic tradition has endured. You have set an example for the hemisphere -- indeed the world -- reclaiming your democratic heritage in an atmosphere of peace and harmony.
- o The people of Chile deserve high praise for their peaceful transition to democracy, starting with the October 5, 1988 plebiscite when they voted for free, multi-party presidential and congressional elections.
- o Chile's democratic government under the leadership of President Aylwin has already achieved a number of significant accomplishments:
  - the return to a relationship of open dialogue between citizens and their government.
  - the revival of the legislative process: the new Congress has voted legislation in the area of labor reform and the tax reforms designed to help fund social programs for the poor.
  - we have witnessed your example -- and we are filled with respect and pride.
- o As President Aylwin said in his State of the Nation Address on May 21, "Our first task is bringing about national reconciliation on a foundation of truth and justice." I commend the people of Chile for the efforts they have made to arrive at a peaceful national reconciliation after the painful experiences of earlier years.
- o This is a government that has shown itself dedicated to freedom of expression, tolerance for differences of opinion and to the protection of human rights.
- o IF DECISION MADE BEFORE TRIP: ((We have recognized the great progress that Chile has made in the area of human rights and the steps this government has taken to bring to justice those responsible for the deaths of Orlando Letelier and Ronni Moffitt, by lifting the Kennedy-Harkin sanctions. With the end of this embargo we are taking another important step toward building a new era in relations between our two countries.))

Economic Growth and Development: Chile as a model for the region.

- o Chile's return to democracy means a government committed to expanded opportunities for all citizens of Chile. Chile now faces the challenge of providing education, health care and adequate housing for all its citizens while sustaining economic stability and growth.
- o In the area of economic policy, Chile has in recent years become in important respects a model for the region.
  - Chile has shown that a better life for oneself and one's children derives not from central planning and state enterprises, but the dynamism and energy of ordinary people.
- o President Aylwin said a few months back: "what differentiates us from the other countries, was the somewhat audacious decision to open our economy to foreign trade, free our imports, reduce the state apparatus, and privatize a large portion of the economic sector."
  - What has worked for Chile will work for others, if their resolve remains strong.
- o We applaud Aylwin's decision to keep the successful free-market model in place.
- o 1989 marked the seventh year in a row that Chile enjoyed real GDP growth.
- o The process of adjustment to high levels of growth may result in slower growth this year (only 1% increase in GDP is expected for 1990), but Chile has the basic economic strength to sustain solid levels of growth in coming years.
- o The U.S. is working with Chile in the Uruguay Round against those who subsidize agricultural exports. Our joint efforts stand to benefit both countries.
- o Chile is now ready to seize the future and move beyond its considerable achievements.
  - This means making further adjustments to integrate into the international economy, adjustments that will allow Chile to compete on an equal footing with Southeast Asia and mediterranean Europe, and to take advantage of the European Market after 1992.
- o Chile has succeeded in expanding markets throughout the world for its exports. Japan receives Chilean seafood, Peru buys Chilean forestry products, the European Community buys Chilean fruit, the U.S. imports Chilean fruit and wine and many other things. And Chilean copper is sold around the world. The U.S. alone takes about 16 percent of Chile's exports. This means farmers in San Fernando, agricultural workers in Valdivia and miners in Lota are better off.

- o Chile deserves high praise for its great strides in debt reduction in recent years. It has proved to be the most successful country in the region in this regard.
  - Chile leads the developing countries in creative voluntary debt reduction, retiring almost \$9 billion of her foreign debt from 1985 through 1989. The creative use of debt/equity swap arrangements have made this impressive achievement possible.
- o Liberal investment laws have also encouraged large amounts of domestic and foreign capital to be invested in Chile. Since 1985, about \$2.5 billion dollars have flowed into the country. Some of that amount represents returned capital flight which is essential for expanded domestic investment.
- o Chile's investment boom has been concentrated in the export sector with remarkable results: annual average export growth has been on the order of 15 to 20 percent for the past five years.
  - Present plans call for an even more impressive level of investment in 1990 through 1995: an estimated \$13.2 billion, the bulk of which will be concentrated in mining, industry, energy, and telecommunications--sectors that are key to Chile's future development.
- o The Aylwin government has elected to continue sound economic policies which encourage entrepreneurship, investment, low tariffs and export diversification. The results to date have been recognized throughout the world and we have every expectation that Chile's outstanding accomplishments will continue for the foreseeable future. Chile has earned and deserves its reputation as a model for other countries in the region and in the developing world.
- o In the area of protection of intellectual property rights--a key element in U.S. trade policy, I am happy to announce that with the passage of new legislation by the Congress, we can now restore our trade relations to their normal pattern. Chile has been reinstated in the Generalized System of Preferences (GSP). This will allow trade between the two countries to grow further in the future.

#### Enterprise for the Americas and what it means for Chile

- o In Washington last June 27 I spoke to a gathering of ambassadors from Latin America and the Caribbean to propose to them a new partnership to encourage growth in the Americas. I called it the Enterprise for the Americas Initiative. It is based on three core elements: trade, investment, and debt. In addition it is intended to address one of the foremost international issues of our day: protection and improvement of the environment. This latter issue, especially clean air, I know is one of mounting concern to the people of Chile.

- The EAI is a partnership that allows us to acknowledge the great strides made by countries like Chile in opening up their economy. As Eisenhower said when he visited Chile, it has always been the US tradition to give aid "to the people who want to work, who welcome some help, who are energetically working for themselves to raise their standards of living, not merely for themselves as individuals, but for every single individual in the nation."
- o I was especially pleased by the enthusiastic reception that my proposal got from Chileans representing a broad spectrum of interests. Their collective response has already yielded positive results. On October 1, Chile and the United States signed a bilateral framework agreement creating a consultative commission on trade and investment. The council held its first meeting in Washington just a few weeks ago.
  - o This agreement represents a very important step forward in strengthening trade ties between Chile and the United States. It will help strengthen Chile's already solid commitment to free trade policies. It will also serve as a vehicle for both governments to discuss mutual concerns regarding a wide area of trade issues.
  - o The U.S.-Chile agreement also furthers the goals of the proposal I outlined last June: My Enterprise for the Americas Initiative seeks to create a broad regime of free and fair trade throughout the hemisphere.
- I am pleased to announce that legislation establishing a program of debt reduction under the Initiative was introduced in the United States Congress in early September.
- These changes mean new market opportunities and a higher standard of living for the farmer in San Fernando, the agricultural worker in Valdivia or the miner in Lota.

#### US-Chile relations

- o Just as Chile has now entered a new era of democratic government, Chile and the United States together have entered a new era of cooperation. The United States and Chile have had diplomatic relations for almost 180 years.
- During this period, we have had our differences over a variety of issues. However, what we have in common has proved to be stronger than those differences. Today we can say that we continue to move in the direction of the shared goals of freedom and democracy.

- o The U.S. is Chile's largest trading partner. About 16 percent of Chile's exports go to the United States while about 22 percent of Chile's imports come from the United States. This is a significant volume of trade which we would like to see expanded in the future. Cooperative endeavors in the areas of trade, investment and debt should enable this to happen.
- o You are all aware of the discussions that have gone on in Washington in recent months regarding the restoration of GSP benefits to Chile.
- o Another area of shared concern involves narcotics trafficking and abuse. This is a long-standing problem that threatens all of us but especially our children.
- o We can work together to make our environments cleaner. Like you, we have problems with air pollution, contaminated drinking water and improperly-disposed of wastes. We can share our ideas and experience in responding to global environmental concerns.
- o An agreement to foster closer cooperation was recently signed by the Director's of the National Antarctic Programs of our two nations. The agreement encourages even greater cooperation between the United States and Chile in their scientific investigations in Antarctica.
- o We especially welcome the news that the Chilean government has requested that the Peace Corps return to Chile. We look forward to having volunteers working in Chile by April 1991 in forestry and the environment and in the development of small businesses.

#### Final Note

- o Thirty years have passed since a President of the United States cited Chile. This was Dwight D. Eisenhower in February 1960. Like Ike, I am delighted to be a guest in your beautiful country. I was delighted to be able to receive President Aylwin at the White House in October and hope we can meet again in the not-too-distant future.

- o I would like to conclude by recalling the language of the diplomatic note sent by the Government of Chile on March 11, 1811, initiating diplomatic relations with the United States.

-- The note spoke of the "community of ideas, of feelings and of needs" shared by the two republics at a time when the difficulties of travel separated the two by great distances. Today we continue to share those same ideas, sentiments and needs, but are not separated by such distances. In the world of today, we are and will remain close neighbors.

## Draft Input for the President's Opening Speech in Brazil

### ENVIRONMENT

#### General

-- Concern for the environment is sweeping across the Western Hemisphere, from endangered coral reefs in the Caribbean and ravaged forests along the Amazon, to urban pollution in Caracas or Mexico City, where levels of air pollution exceed health-based limits most of the year.

-- We know that the peoples and governments of Latin America want to protect your ecological heritage. And, we note, with pride and respect, the progress you are making.

-- Several Latin American nations have been playing leadership roles in international negotiations on climate change and depletion of the ozone layer. The Declaration of Brasilia in 1989 reflected the wisdom and dedication of this region to conserving your natural resources. You have built on the Treaty on Amazonian Cooperation to address several specific issues, including forest management.

-- Brazil itself has demonstrated global leadership by offering to host the United Nations Conference on Environment and Development in 1992. That conference will mark the twentieth anniversary of the landmark Conference on the Environment held in Sweden in 1972. It will provide an important opportunity to shape a new, comprehensive approach to environmental action and cooperation for the twenty-first century.

#### Economics and Environment

-- We in the United States know that there can be no sustained economic growth without respect for the environment. We know, too, that there may be no greater impediment to protecting the environment than poverty. The linkage is critical and it is real.

-- Partly for that reason, I have proposed the special environmental component of the Enterprise for the Americas. It is the first time that official bilateral debt relief has been associated with environmental protection.

-- Recourse to this relief could reduce a significant portion of the Latin American debt owed to the United States. The interest could be used for projects that protect the environment. The result? Bigger budgets to expand parks, protect forests, and fight pollution.

-- Latin American countries owe governments in Europe and Japan another \$38 billion, beyond the \$12 billion in public debt owed the United States. We hope that other creditor nations will move to convert a similar proportion of debt into funds for the environment.

-- If they do so, this major new commitment to debt-for-nature could serve to refocus the priorities of countries in Latin America so rich in forests and species of plants and wildlife and so burdened by debt.

-- Swapping debt for protection of natural resources is part of a new wave of thinking about the relationship between development and debt and the environment. Such agreements can help us define and, ultimately, achieve sustainable economic growth. While they cannot be a cure-all for debt, they can make a real dent in degradation of the environment. For example, the interest alone from the debt-for-nature swaps in Costa Rica is several times more than the annual budget for that country's National Park Service. Such swaps have more than doubled Costa Rica's available resources for environmental programs.

-- Here in Brazil, a consortium of non-governmental organizations has presented a proposal to the government for such a debt-for-nature swap. Other Latin American countries are either in the process of developing such proposals or are implementing them. These are important undertakings. We support and applaud them.

#### Bilateral Cooperation

-- I take pride, along with President Collor, in our expanding partnership in behalf of the environment. We benefit from the commitment of this nation, as with other new governments in the region, to fight for the environment, not against it.

-- Just this last month, the U.S. Environmental Protection Agency signed a new Memorandum of Understanding with the National Secretariat for the Environment and the Brazilian Institute for the Environment and Renewable Natural Resources. This agreement will enable our two nations to put new vigor into our shared commitment to address problems that challenge the entire hemisphere.

-- The irreversible loss of wildlife -- of entire species -- is deeply troubling. Many people in this hemisphere depend on the forests for their livelihood. There is, of course, some short-term gain to felling trees. But, in much of the tropics, the soils thereafter erode under heavy rains that strip the land of its productivity and create yet another disappointed farmer and, all too often, an impoverished generation of environmental refugees.

-- The costs of the loss of plant and animal species and their derivative ingredients in agriculture, medicine, and industry are beyond calculation. Ninety-five plants (39 from tropical rain forests) yield chemical substances to produce 121 prescription drugs. Thus, the rewards from reforestation can be just as gratifying as the costs of deforestation are appalling.

-- Our two nations can help assure that we do not lose forever the plant that could help fight cancer or the species of perennial corn that can assure sustenance.

-- Our two nations, together, can provide international leadership to meet the challenges of urban environmental blight. We can create the models for preventing pollution, so that our cities, home to the majority of our people, are no longer repositories of hazardous waste and suffocating smog. They can, instead, become healthful havens, where you and I and our families enjoy our rightful claim to clean air and clear water.

*acknowledge  
Ambassador  
Charles Gillespie*

Grant/Dooley  
November 21, 1990  
2:00 p.m.  
A:CHILE.EMB

**PRESIDENTIAL REMARKS: EMBASSY GREETING  
SANTIAGO, CHILE  
FRIDAY, DECEMBER 7, 1990**

- o After my brief stay here, I can see why this is such a popular post -- this beautiful country, these majestic Andes, are hard to beat. But the biggest attraction of a posting in Santiago, I would think, must be the charm and warmth of the Chilean people.
- o At the same time, I know that you face considerable challenges and sometimes danger in strengthening U.S.-Chilean ties. I was saddened to hear that one of your security officers, Tom Collins, <sup>was seriously injured</sup> ~~lost his right eye~~ in a recent bombing. My sympathy goes to him and to other victims of such senseless, deplorable violence.
- o Barbara and I had the privilege of similarly representing the United States abroad, when I was Ambassador to the People's Republic of China. <sup>So we know</sup> ~~As a result of that experience we have, I think, an enhanced appreciation for~~ the amount of work that goes into a Presidential visit. We also know what it is like to be far from home, and that being apart from loved ones in the United States takes its toll. We thank you for your dedication and hard work.
- o A democracy in transition is a dynamic process, and it takes creative diplomacy to stay on top of it. A large part of our bilateral relations are based upon the hard work each of

you performs day-to-day. I want all the employees of this embassy -- Chilean and American alike -- to know to how grateful we are for your tremendous contribution to our common interests.

- o [If foreign service nationals are present: I also know how much an embassy depends on people like our Chilean colleagues. You are our institutional memories, our social guides, our friends. I want to thank you for all you do in building bridges between the United States and Chile.]
- o Over the last year, the languages of democracy have become even more numerous. But Chileans are speaking the same strong and vibrant language that we hear from Czechs, Hungarians, Bulgarians and Poles. America depends on you to interpret and faithfully convey what the citizens of these new democracies are trying to tell us.
- o Once again, each and every one of you has our appreciation and our thanks. Keep up the good work.

# # #

Grant/Dooley  
November 21, 1990  
12 noon  
A:CHILE.TOA

**PRESIDENTIAL TOAST: CHILE STATE DINNER  
LA MONEDA PALACE  
SANTIAGO, CHILE  
THURSDAY, DECEMBER 6, 1990**

President Aylwin, thank you for your hospitality and generosity during my visit to your beautiful country. We first met earlier this year at the White House, and I hope to see ~~him~~ <sup>you</sup> again when ~~he~~ <sup>you</sup> next visits the United States.

In accepting Ambassador Silva's credentials as Chile's representative in the United States, I said, "We are happy for Chile and optimistic about its future. Your country's deep democratic tradition, its strong economy, and the richly deserved reputation of the Chilean people for dynamism and creativity reinforce our confidence."

I shouldn't have been so restrained.

Now that I've had the opportunity to visit Chile, I am even more convinced that Chile's future is bright. You deserve your reputation as a model for other countries in the region and the world. Your recent economic growth is the envy of Latin America.

It's a pleasure to hear freedom spoken of as the recognized right of all people not only to elect their own government, but to control their own destiny and follow their dreams.

And it's a pleasure to listen to the language of optimism, to hear trade barriers spoken of as obstacles to eliminate -- and openness as the path to prosperity. Today, I've heard economic

growth and development discussed, not as ends in themselves, but as the means to raise the standard of living and to broaden opportunity for all Chile's citizens -- as the means to a better life for her people.

Earlier this year, Mr. President, you observed: "Chileans, with a tradition of democratic institutions, of respect for human rights, of the rule of law, have chosen to remake their society, based on those values which honored their country in the past ... at the same time we want to seek progress and economic development, based on an open and competitive system, in which all creative initiatives find space for expression."

And so it is with a noble spirit and honorable values that the Chilean people are remaking their society -- a society founded on democracy and economic liberty. To achieve this, the people of Chile need leaders of vision and courage. And in President Aylwin, they have found one.

To the bright future of this nation, to the freedom-loving people of Chile, and to you, Mr. President, I raise my glass in a toast -- May the renewed friendship between our two great nations remain as strong and healthy as it is tonight.

Thank you and God bless you.

# # #

Grant/Cawley  
November 18, 1990  
12 noon  
A: BRAZIL.EMB

**PRESIDENTIAL REMARKS: EMBASSY GREETING  
BRASILIA, BRAZIL  
MONDAY, DECEMBER 3, 1990**

- o Ambassador Rick Melton, his wife Peggy, members of the Embassy staff, our foreign service nationals, and members of the American community. It is a pleasure to meet all of you, and to begin such an auspicious journey here in the great nation of Brazil.
- o Vice President Quayle gave me a great report on your Brasilia community. He says that he ably defended the Hoosier reputation of basketball prowess while at the American school. He also warned me not to venture onto the tennis court here, for I would suffer humiliating defeat at the hands of some of the aces on the Embassy staff. ((I should have brought Pete Sampras with me on the trip.))
- o Barbara and I both want to let you know of our great admiration for you, as you represent our country -- and I'm not just talking about those of you who work in the Embassy. I mean every one of you, because all of you are representative of the best that is America.
- o Your involvement with the Brazilian community -- supporting social welfare projects through the American Women's Club or your church, showing appreciation for Brazilian culture, and helping Brazilians learn about American culture -- has immense value.

- o Barbara and I had the privilege of similarly representing the United States a few years, ((a few grandchildren)) and a couple of jobs ago, when I was Ambassador to the People's Republic of China. As a result of that experience we have, I think, an enhanced appreciation for the amount of work that goes into a Presidential visit. We thank you for it.
- o Headlines are made when diplomatic breakthroughs occur, when important agreements are signed, and when dramatic events affect relations between states. The day-to-day work of the diplomat and of private Americans overseas, however, doesn't normally make headlines. To all the employees of the Embassy, I want you to know that so much of what is accomplished in U.S.-Brazilian relations is directly related to your knowledge and dedication. I thank you for that tremendous contribution to our common interests.
- o I envy you the peacefulness and beauty of Brasilia, although I know that every new capital takes time to develop its own special character. ~~For our European friends, Washington was long viewed as a hardship post. I suspect that diplomats from Rio or Buenos Aires also had their misgivings. But~~ isolation today is not what it used to be -- I understand you get CNN and some of you can even watch your favorite U.S. sports teams (( -- just as long as you watch those Texas Rangers, I'm happy.)) In fact, the spaciousness and clear skies of Brasilia remind me a great deal of the TEXAS to which I took my family after World War II.

- o All of you, Brazilians and Americans equally, have my full support in the important work ahead as we move to strengthen our already good relations. And I know that with Ambassador Melton at the helm, the task is in good hands. Once again thank you for your dedication and commitment.  
God bless the United States of America.

# # #

Grant/Cawley  
November 19, 1990  
2 p.m.  
A: BRAZIL.BUS

MK wants  
to meet  
w/ you on  
this →

**BRIEF REMARKS: BRAZIL BUSINESS COMMUNITY  
AMBASSADOR'S RESIDENCE  
BRASILIA, BRAZIL  
MONDAY, DECEMBER 3, 1990**

((Acknowledgements))

I am delighted to be here today with some of this nation's most distinguished business leaders, to discuss our dynamic bilateral relationship and our relationship with the rest of the major trading nations of the world. The success of your economy -- the world's eighth largest -- is truly vital to the well-being of all nations in the Americas.

In talking with President Collor this morning, I was impressed with his vision of a "Brazil Novo." He is determined that this great country will grow and prosper throughout the 1990s -- and he believes that, with a market economy, Brazil should soon be ready to take its rightful place at the "first table" of nations. I wholeheartedly share his view.

This morning, before your Congress, I spoke of the daunting task that awaits us: the construction of a new economic relationship for the Western Hemisphere. Our shared future is born of the triumph of democracy in this hemisphere and is directed towards the next necessary steps -- raising the standard of living and expanding the economic freedoms of all people in Latin America. I call this initiative an "Enterprise for the Americas," a vision of a community of the Americas free of barriers to trade and investment.

The United States is Brazil's largest investor and trading partner, and we are excited at the prospect of a growing market economy in Brazil. And we recognize that it is the private sector -- especially agriculture -- that is the locomotive for economic growth. As business leaders and entrepreneurs, your role in building a free market in Brazil has been a key part of our growing trade relationship.

Today in Brussels, trade ministers are meeting for the final negotiations of the Uruguay Round. The U.S. is aligned with Brazil on export and agricultural issues -- and, taken with our bilateral trade agreements, success at the table will represent new market opportunities and more profits for the farmer in Mato Grosso, the textile worker in Parana and the engineer in Sao Paulo.

You, more than most, know that the dead hand of state control must be lifted -- to unleash the creativity of entrepreneurs and business leaders such as yourselves -- and to give your businesses the flexibility to adapt to changing markets. The U.S. has already invested \$10 billion in this country, and Brazilians know what foreign investment can help produce: meaningful jobs for your workers and expanded goods and services for your customers.

The first steps to implement the Enterprise for the Americas initiative are already underway. The nations of Brazil, Argentina, Uruguay, Paraguay and the United States have started drafting a framework agreement to make its principles a reality.

I urge each and every one of you to stand with us in support of this Enterprise -- to stand with us on the side of the future -- and on the side of "ordem y progreso" (progress and order) in the changes to come.

And, while economic change will be difficult and painful for many, the results -- a growing economy and a sound currency -- will lead to new opportunities and a welcome sense of stability. Already, Latin American exports are rising, fiscal reform is underway, and in some countries, so is privatization. But Latin America will have to make further adjustments to integrate into the international economy -- and to take advantage of the European Market after 1992. We are confident that you will succeed.

Because as we approach the 500th anniversary of Columbus' encounter with the new world, it becomes increasingly clear that in 1992 -- if not sooner -- the rest of the world will rediscover the Americas. With hard work and determination, we can make this hemisphere, our common home, the first in the world entirely free of barriers to trade and investment.

This is what your President meant with his vision of economic growth for the "Brazil Novo." A great Brazilian poet, Jose Bonifacio, once said that "Brazilians are enthusiasts of a beautiful ideal." As we approach 1992 and the dawn of the new century, let us hold fast to the "beautiful ideal" of greater prosperity and freedom of choice for our peoples.

Thank you for welcoming me to your wonderful country, and  
God bless you all. Thank you.

# # #

BRAZIL: DRAFT REMARKS FOR BUSINESS LEADERS LUNCHEON

I am delighted to be able to get together with you, the business leaders of Brazil and the United States, and to share a few thoughts about our dynamic bilateral relationship, as well as our relationship with the rest of the major trading nations of the world.

In conversation with President Collor this morning, I was impressed with his vision of a "Brazil novo," and his determination that this great country, after the difficult decade of the 1980's, will grow and prosper throughout the 1990's. He sees this growth occurring on the principles of a market economy and integration with the world trading system. He believes that Brazil should soon be ready to take its rightful place at the "first table" of nations. I share his view.

The consolidation of democracy in Brazil is complete. The task of building a modern, dynamic market economy is underway. There is much that has already been accomplished and much still to do. The task is not easy, it does require time and profound economic adjustments, but the results -- for all of Brazilian society -- will be well worth the costs.

We in the United States applaud the efforts undertaken so far, not only because the United States is Brazil's largest investor and trading partner, but also because we know that the private sector is the engine of growth for all nations of free women and men. From the inventiveness of entrepreneurs and business leaders such as yourselves come the benefits of prosperity, technological advancement, and the multiplier

effects of services and trade flows.

Those who may have forgotten the teachings of Adam Smith and his successors need only look to the dramatic changes in Asia of the past decades or, more recently, developments among the emerging democracies of Eastern Europe for evidence. In this hemisphere the growing prosperity of Chile and Mexico show us what can be accomplished as the private sector is freed from inflation and unnecessary governmental controls. This is not to say that we in government do not have a role to play. We do. Today, for example, in Brussels, trade ministers are meeting for the final negotiations of the Uruguay Round. What governments are attempting to do is to free trade flows by providing a strengthened global framework in which our businesses and our peoples can prosper together. Brazil is participating in every forum of those negotiations, and shares many of our goals. The commitments which emerge for tariff reductions, for agriculture, elimination of non-tariff barriers, intellectual property, investment flows, and services will affect all of us directly as we prepare to enter the next millenium.

But there is more to do. In your Congress this morning, I outlined a vision of a community of the Americas free of barriers to trade and investment. I call this the "Enterprise for the Americas Initiative", and I am pleased to tell you that many leaders, including President Collor, have seized this vision also, and are working to make it a reality.

It is an ambitious vision, but one worthy of our peoples and the great hemisphere we share. It is complementary to the work in the Uruguay Round, not a substitute for it. With hard work and determination we can make this hemisphere, our common home, the first in the world entirely free of barriers to trade and investment. We would see business leaders like yourselves cementing alliances wherever market forces dictate, from Cape Horn to Cape Barrow, Alaska and from Salvador to Santa Fe.

The first steps to implement this great initiative are already underway. The nations of Brazil, the United States, Argentina, Uruguay and Paraguay have already started drafting a framework agreement which pledges our mutual efforts, sets the key principles, and outlines an action program that will make the Enterprise for the Americas a reality. I urge you to lend it your support, and help to implement this great liberating force of trade and investment in our hemisphere -- for ourselves, our children, and their children to come.

Finally, a word about our mutual responsibilities to society. Since the industrial revolution the capitalist system has evolved, just as our trading system has evolved. Capitalism today is no longer vilified, because it has espoused societal responsibility while still pursuing just profits. Good health care, fair wages, educational opportunity, good retirement benefits, pensions for spouses, child care, worker safety programs, flexible work hours, environmental concerns,

recreational facilities, and profit-sharing are just some of the evolutionary features of capitalism today. They are the standard of corporate behaviour in both of our great nations and in much of the free world. I mentioned Adam Smith earlier. We should recall that he was not only the author of the Wealth of Nations, but also of The Theory of Moral Sentiments. Mr. Smith recognized that wealth cannot be separated from responsibility for how that wealth is used.

Individuals and companies have also embraced something which I call the "points of light." It recognizes that we all have an obligation to return to society some of the benefits we reap from it in the form of volunteer efforts. Volunteers across the United States of America have sparked "points of light" through contributions of time and effort, and through care for the less-privileged members of society. They have been warmly backed by corporate sponsors every step of the way.

I am pleased to acknowledge that the "points of light" have spread far beyond the borders of the United States to Brazil and to many other parts of the globe. I warmly commend the work of the members of the National Association of American Chambers of Commerce in Brazil who are here today, in bringing much-needed help and material support to the communities in which they live and work. The "points of light" which you have lit through your hard work will never be extinguished, and will shine like a beacon of free enterprise in Brazil's continuing development and greatness. I salute you!

Brazil: Remarks for Bus Luncheon

Drafted: AmembBrasilia

11/15/90 SEARABR 4716 x-76541

Clearance:

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*Embassy of the United States of America*US AND FOREIGN COMMERCIAL SERVICETELEFAX TRANSMISSION

BRASILIA, BRAZIL

Date: November 16, 1990To: Carolyn Cawley Fax: (202) 456-2983From: Kevin Brennan  
(FAX: 061 - 225-3981 or international (5561) 225-3981)Subject: Suggested Remarks for the Business Leaders' Luncheon

Transmission consists of cover page plus 3 pages. If you do not receive all pages, please inform FCS Brasilia as soon as possible (telephone 5561 - 321-7272 extension 279 - telex 61 - 1091).

- SUGGESTED REMARKS FOR THE BUSINESS LEADERS' LUNCHEON

(COMPLIMENTARY SALUTATIONS TO GOB MINISTERS PRESENT),  
DISTINGUISHED AUTHORITIES, LADIES AND GENTLEMEN:

I AM DELIGHTED TO BE ABLE TO GET TOGETHER WITH YOU, THE BUSINESS LEADERS OF BRAZIL AND THE UNITED STATES, AND TO SHARE A FEW THOUGHTS ABOUT OUR DYNAMIC BILATERAL RELATIONSHIP, AS WELL AS OUR RELATIONSHIP WITH THE REST OF THE MAJOR TRADING NATIONS OF THE WORLD.

IN CONVERSATION WITH PRESIDENT COLLOR THIS MORNING, I WAS IMPRESSED WITH HIS VISION OF A "BRAZIL NOVO", AND HIS DETERMINATION THAT THIS GREAT COUNTRY, AFTER THE DIFFICULT DECADE OF THE 1980'S, WILL GROW AND PROSPER THROUGHOUT THE 1990S WITH EMPHASIS ON THE PRINCIPLES OF A MARKET ECONOMY AND INTEGRATION WITH THE WORLD TRADING SYSTEM. HE BELIEVES THAT BRAZIL SHOULD SOON BE READY TO TAKE ITS RIGHTFUL PLACE AT THE "FIRST TABLE" OF NATIONS. I SHARE HIS VIEW.

THE CONSOLIDATION OF DEMOCRACY IN BRAZIL IS COMPLETE. THE TASK OF BUILDING A MODERN, DYNAMIC MARKET ECONOMY IS UNDERWAY. THERE IS MUCH THAT HAS ALREADY BEEN ACCOMPLISHED AND MUCH STILL TO DO. THE TASK IS NOT EASY, IT DOES REQUIRE TIME AND PROFOUND ECONOMIC ADJUSTMENTS, BUT THE RESULTS ... FOR ALL OF BRAZILIAN SOCIETY ... WILL BE WELL WORTH THE COSTS.

WE IN THE UNITED STATES APPLAUD THE EFFORTS UNDERTAKEN SO FAR, NOT ONLY BECAUSE THE UNITED STATES IS BRAZIL'S LARGEST INVESTOR AND TRADING PARTNER, BUT ALSO BECAUSE WE KNOW THAT IT IS THE PRIVATE SECTOR THAT IS THE LOCOMOTIVE OF GROWTH FOR ALL NATIONS OF FREE WOMEN AND MEN. FROM THE INVENTIVENESS OF ENTREPRENEURS AND BUSINESS LEADERS SUCH AS YOURSELVES COME THE BENEFITS OF PROSPERITY, TECHNOLOGICAL CHANGE, AND THE MULTIPLIER EFFECTS OF SERVICES AND TRADE FLOWS. THOSE WHO MAY HAVE FORGOTTEN THE TEACHINGS OF ADAM SMITH AND HIS SUCCESSORS NEED ONLY LOOK TO THE DRAMATIC CHANGES IN ASIA OF THE PAST DECADES OR, MORE RECENTLY, DEVELOPMENTS AMONG THE EMERGING DEMOCRACIES OF EASTERN EUROPE FOR EVIDENCE. IN THIS HEMISPHERE THE GROWING PROSPERITY OF CHILE AND MEXICO SHOW US WHAT CAN BE ACCOMPLISHED AS THE PRIVATE SECTOR IS FREED FROM UNECESSARY GOVERNMENTAL CONTROLS.

THIS IS NOT TO SAY THAT WE IN GOVERNMENT DO NOT HAVE A ROLE TO PLAY. WE DO. TODAY, FOR EXAMPLE, IN BRUSSELS,

TRADE MINISTERS ARE MEETING FOR THE FINAL NEGOTIATIONS OF THE URUGUAY ROUND. WHAT GOVERNMENTS ARE ATTEMPTING TO DO IS TO FREE TRADE FLOWS BY PROVIDING A STRENGTHENED GLOBAL FRAMEWORK IN WHICH OUR BUSINESSES AND OUR PEOPLES CAN PROSPER TOGETHER. BRAZIL IS PARTICIPATING IN EVERY FORUM OF THOSE NEGOTIATIONS, AND SHARES MANY OF OUR GOALS. THE STANDARDS THAT EMERGE FOR TARIFF REDUCTIONS, FOR AGRICULTURE, ELIMINATION OF NON-TARIFF BARRIERS, INTELLECTUAL PROPERTY, INVESTMENT FLOWS, AND SERVICES WILL AFFECT ALL OF US DIRECTLY AS WE PREPARE TO ENTER THE NEXT MILLENIUM.

BUT THERE IS MORE TO DO. IN YOUR CONGRESS THIS MORNING, I OUTLINED A VISION OF A COMMUNITY OF THE AMERICAS FREE OF BARRIERS TO TRADE AND INVESTMENT, AND TRANSFORMING DEBT FROM AN IMPEDIMENT TO A MOTOR FOR DEVELOPMENT. I CALL THIS THE "ENTERPRISE FOR THE AMERICAS INITIATIVE", AND I AM PLEASED TO TELL YOU THAT MANY LEADERS, INCLUDING PRESIDENT COLLOR, HAVE SEIZED THIS VISION ALSO, AND ARE WORKING TO MAKE IT A REALITY.

IT IS AN AMBITIOUS VISION, BUT ONE WORTHY OF OUR PEOPLES AND THE GREAT HEMISPHERE WE SHARE. IT IS COMPLEMENTARY TO THE WORK IN THE URUGUAY ROUND, NOT A SUBSTITUTE FOR IT. WITH HARD WORK AND DETERMINATION WE CAN MAKE THIS HEMISPHERE, OUR COMMON HOME, THE FIRST IN THE WORLD ENTIRELY FREE OF BARRIERS TO TRADE AND INVESTMENT. WE WOULD RATCHET-DOWN DEBT TO WHERE IT WOULD NO LONGER STRANGLE DEVELOPMENT. WE WOULD SEE BUSINESS LEADERS LIKE YOURSELVES CEMENTING ALLIANCES WHEREVER MARKET FORCES DICTATE, FROM CAPE HORN TO CAPE BARROW, ALASKA AND FROM SALVADOR TO SANTA FE.

THE FIRST STEPS TO IMPLEMENT THIS GREAT INITIATIVE ARE ALREADY UNDERWAY. THE NATIONS OF BRAZIL, THE UNITED STATES, ARGENTINA, URUGUAY AND PARAGUAY HAVE ALREADY STARTED DRAFTING A FRAMEWORK AGREEMENT WHICH PLEDGES OUR MUTUAL EFFORTS, SETS THE KEY PRINCIPLES, AND OUTLINES AN ACTION PROGRAM THAT WILL MAKE THE ENTERPRISE FOR THE AMERICAS A REALITY. I URGE YOU TO STUDY THIS FURTHER, LEND IT YOUR SUPPORT, AND HELP TO IMPLEMENT THIS GREAT LIBERATING FORCE OF TRADE AND INVESTMENT IN OUR HEMISPHERE ... FOR OURSELVES, OUR CHILDREN, AND THEIR CHILDREN TO COME.

FINALLY, A WORD ABOUT OUR MUTUAL RESPONSIBILITIES TO SOCIETY. SINCE THE INDUSTRIAL REVOLUTION THE CAPITALIST SYSTEM HAS NOT REMAINED STATIC. IT HAS EVOLVED, JUST AS

OUR TRADING SYSTEM HAS EVOLVED. CAPITALISM TODAY IS NO LONGER VILIFIED, BECAUSE IT HAS ESPOUSED SOCIETAL RESPONSIBILITY WHILE STILL PURSUING JUST PROFITS. GOOD HEALTH CARE, FAIR WAGES, EDUCATIONAL OPPORTUNITY, GOOD RETIREMENT BENEFITS, PENSIONS FOR SPOUSES, CHILD CARE, WORKER SAFETY PROGRAMS, FLEXIBLE WORK HOURS, ENVIRONMENTAL CONCERNS, RECREATIONAL FACILITIES, AND PROFIT-SHARING ARE JUST SOME OF THE EVOLUTIONARY FEATURES OF CAPITALISM TODAY. THEY ARE BECOMING THE STANDARD OF CORPORATE BEHAVIOR IN BOTH OF OUR GREAT NATIONS AND IN MUCH OF THE FREE WORLD.

INDIVIDUALS AND COMPANIES HAVE ALSO EMBRACED SOMETHING WHICH I CALL THE "POINTS OF LIGHT". IT RECOGNIZES THAT WE ALL HAVE AN OBLIGATION TO RETURN TO SOCIETY SOME OF THE BENEFITS WE REAP FROM IT IN THE FORM OF VOLUNTEER EFFORTS. VOLUNTEERS ACROSS THE UNITED STATES OF AMERICA HAVE SPARKED "POINTS OF LIGHT" THROUGH CONTRIBUTIONS OF TIME AND EFFORT, AND THROUGH CARE FOR THE LESS-PRIVILEGED MEMBERS OF SOCIETY. THEY HAVE BEEN WARMLY BACKED BY CORPORATE SPONSORS EVERY STEP OF THE WAY.

I AM PLEASED TO ACKNOWLEDGE THAT THE "POINTS OF LIGHT" HAVE SPREAD FAR BEYOND THE BORDERS OF THE UNITED STATES TO BRAZIL AND TO MANY OTHER PARTS OF THE GLOBE. I WARMLY COMMEND THE WORK OF THE MEMBERS OF THE NATIONAL ASSOCIATION OF AMERICAN CHAMBERS OF COMMERCE IN BRAZIL, WHO ARE HERE TODAY, IN BRINGING MUCH-NEEDED HELP AND MATERIAL SUPPORT TO THE COMMUNITIES IN WHICH THEY LIVE AND WORK. THE "POINTS OF LIGHT" WHICH YOU HAVE LIT THROUGH YOUR HARD WORK WILL NEVER BE EXTINGUISHED, AND WILL SHINE LIKE A BEACON OF FREE ENTERPRISE IN BRAZIL'S CONTINUING DEVELOPMENT AND GREATNESS. I SALUTE YOU!



**INTERNATIONAL EXECUTIVE SERVICE CORPS**

8 STAMFORD FORUM, STAMFORD, CONNECTICUT  
TELEPHONE (203) 967-6000  
TELEX 4750174 (INTEXUI)  
FAX (203) 324-2531

MAILING ADDRESS P. O. BOX 10005  
STAMFORD, CONNECTICUT 06904-2005

FROM: CHARLES V. NEISWENDER

DATE: NOV. 21, 1990

NUMBER OF PAGES 1  
EXCLUDING COVER PAGE

TO: CAROLYN CAWLEY

COUNTRY: USA

COMPANY: WHITE HOUSE

CITY: WASHINGTON

TELEPHONE NO.: \_\_\_\_\_

FAX NO.: 202-456-6218

ARR. FAX CODE: ---

MESSAGE: DEAR MS. CAWLEY: IESC'S WASHINGTON REPRESENTATIVE,  
OSBORNE DAY, REQUESTED THAT I SEND THE ATTACHED INFORMA-  
TION TO YOU DIRECTLY. IF THERE IS ANYTHING THAT NEEDS  
TO BE DONE PLEASE CONTACT ME EITHER BY TELEPHONE AT  
203-967-6038 OR BY FAX AT 203-324-2531. MANY THANKS.  
CHARLES V. NEISWENDER-VICE PRESIDENT, LATIN AMERICA/  
CARIBBEAN - I.E.S.C.

90 OCT 21 P 1: 05

## INTERNATIONAL EXECUTIVE SERVICE CORPS IN BRAZIL

The President refers often to "a thousand points of light" in regard to volunteers in the United States and elsewhere around the world.

An outstanding example of volunteerism is the work performed by retired American businessmen and women who have carried out more than 13,000 assignments in 93 different countries in the 26-year history of IESC. Of the 13,000 assignments, 1,200 have been in Brazil. It should be noted that based on an average number of man-days per assignment in Brazil, the 1,200 volunteers have given more than 65,000 days of service to assist every phase of business and industry in all part of Brazil, from Amazonas to Rio Grande do Sul.

And IESC continues to maintain representation in Brazil to this day, and in 1990 it is forecast that 25 additional volunteers, again devoting many days each, will be working in continued support of the betterment of individual businesses and industries and to contribute to the overall betterment of the Brazilian economy.

The President then might add: "Mrs. Bush and I have personal knowledge of the excellent work of IESC. Some years ago, her father, Samuel Pierce, was among the earliest volunteers of IESC."

It would be very nice if the President could make a comment such as "I am very proud of the International Executive Service Corps and its thousands of volunteers who truly exemplify my belief that much can be accomplished by American men and women who are devoted to volunteer service through IESC and other outstanding organizations who seek to give something back in return for the many rewards of working and living in a free society."

As we move toward expanded free trade agreements in our hemisphere the role of IESC, rather than diminish, should expand to allow for further assistance from the experienced volunteers available from IESC in Brazil and elsewhere.

10 AM

Grant/Cawley  
November 29, 1990  
2 p.m.  
A: BRAZIL.BUS

**BRIEF REMARKS: BRAZIL BUSINESS COMMUNITY  
AMBASSADOR'S RESIDENCE  
BRASILIA, BRAZIL  
MONDAY, DECEMBER 3, 1990**

((Acknowledgements))

I am delighted to be here today with some of this nation's most distinguished business leaders, to discuss our dynamic bilateral relationship and our relationship with the rest of the major trading nations of the world. The success of your economy -- the world's eighth largest -- is truly vital to the well-being of all nations in the Americas.

In talking with President Collor this morning, I was impressed with his vision of a "Brazil Novo." He is determined that this great country will grow and prosper throughout the 1990s -- and he believes that, with a market economy, Brazil ~~should~~ <sup>will</sup> soon be ready to take its rightful place at the "first table" of nations. I wholeheartedly share his view.

This morning, before your Congress, I spoke of the daunting task that awaits us: the construction of a new economic relationship for the Western Hemisphere. Our shared future is born of the triumph of democracy in this hemisphere and is directed towards the next necessary steps -- raising the standard of living and expanding the economic ~~freedoms~~ <sup>opportunities</sup> of all people in Latin America. I call this initiative ~~an~~ <sup>the</sup> "Enterprise for the Americas," a vision of a community of the Americas free of barriers to trade and investment.

The United States is Brazil's largest investor and trading partner, and we are excited at the prospect of a growing market economy in Brazil. And we recognize that it is the private sector -- especially agriculture -- that is the locomotive for economic growth. As business leaders and entrepreneurs, your role in building a free market in Brazil has been a key part of our growing trade relationship.

Building stronger ties in the rapidly expanding communications and information field can also be valuable to both Brazil and the United States. Today, we wish to invite a delegation of Brazilian government and communications industry leaders to visit Washington in the early months of 1991 to discuss policy with our communication leaders and to set an agenda for future cooperative activities. As for the U.S. side, this will be a joint effort involving the Department of State, Trade Development Program, the Department of Commerce, the Federal Communications Commission and private industry. Together, we look forward to your visit and the benefits it will bring to the people of both our nations.

Also today, in Brussels, trade ministers are meeting for the final negotiations of the Uruguay Round. The U.S. is aligned with Brazil on export and agricultural issues -- and, taken with our bilateral trade agreements, success at the table will represent new market opportunities and more profits for the farmer in Mato Grosso, the textile worker in Parana and the engineer in Sao Paulo.

You, more than most, know that the dead hand of state control must be lifted -- to unleash the creativity of entrepreneurs and business leaders such as yourselves -- and to give your businesses the flexibility to adapt to changing markets. The U.S. has already invested <sup>VI</sup>\$10 billion in this country, and Brazilians know what foreign investment can help produce: meaningful jobs for your workers and expanded goods and services for your customers.

The first steps to implement the Enterprise for the Americas initiative are already underway. The nations of Brazil, Argentina, Uruguay, Paraguay and the United States have started drafting a framework agreement to make its principles a reality. I urge each and every one of you to stand with us in support of this Enterprise -- to stand with us on the side of the future -- and on the side of "order and progress," as the flag of Brazil reads, in the changes to come.

And, while economic change will be difficult and painful for many, the results -- a growing economy and a sound currency -- will lead to new opportunities, <sup>and a better quality of life for the people of Brazil</sup> and ~~a welcome sense of stability.~~ <sup>and the rest of the Hemisphere.</sup> Already, Latin American exports are rising, fiscal reform is underway, and in some countries, so is privatization. But Latin America will have to make further adjustments to integrate into the international economy -- and to take advantage of the European Market after 1992. We are confident that you will succeed.

Because as we approach the 500th anniversary of Columbus' encounter with the new world, it becomes increasingly clear that in 1992 -- if not sooner -- the rest of the world will **rediscover the Americas**. With hard work and determination, we can make this hemisphere, our common home, **the first in the world entirely free of barriers to trade and investment.**

This is what your President meant with his vision of economic growth for the "Brazil Novo." In the nineteenth century, Brazilians declared their independence from the Old World and founded their republic. In the twentieth century, Brazilians have begun to build the "new world in the tropics" foreseen by Gilberto Freyre. And now, as we approach 1992 and ~~the dawn~~<sup>a</sup> of the new century, Brazilians are leading the way toward greater prosperity and freedom of choice for the people of this hemisphere -- *toward a new dawn for the New World.*

Thank you for welcoming me to your wonderful country -- truly "the land of the future." God bless you all. Thank you.

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INTRODUCTION

Latin America matters, and in the next 5 to 10 years it will require still greater attention.

Latin America owes us more money, sells us more cocaine, and buys more of its imports from us than any other part of the world.

As East-West tensions/competition around the world seems to diminish, threats close to home move to the fore.

- o Drugs. All of the cocaine consumed in the United States originates in South America. Coca, the raw product used to produce cocaine is grown in the Andean countries of Peru, Bolivia, and Colombia.
- o The largest foreign sources of marijuana are Colombia, Mexico, and Jamaica.
- o Debt. Economic disarray in South America causes a decline in the value of loan assets in U.S. banks. It also reduces by tens of billions of dollars American exports to a once thriving market.
- o Terrorism. U.S. interests remain the prime foreign target of Latin American terrorists -- accounting for 3/4 of the region's nearly 150 international terrorism incidents in 1988.
- o Strategic/Security Concerns. Almost 1/2 of U.S. imports and exports and 55% of our crude oil imports pass through the Caribbean Basin.
- o 2 of every 3 ships transiting the Panama Canal carry goods to or from the United States.

Support for democracy is our best bet for realizing our interests and objectives in the region: from protection of human rights to security.

- o Democratic states offer their citizens a say and a stake in their future and thus tend to be more resistant to subversion. (E.g. in El Salvador, in a period which has seen 6 nationwide elections, guerrilla strength has declined by 1/2; the November offensive was a last-ditch, desperation effort by an insurgency without popular support; it failed, as previous such offensives have, without that support.)

- o Where economic freedom works hand-in-hand with political freedom, the results are impressive: economic growth with opportunities and benefits for all. (E.g. Mexico, Costa Rica, Bolivia, Uruguay)
- o Finally, democratic states offer an environment protective and supportive of human rights. The transition to democracy has brought a marked improved in human rights performance. (E.g. In Argentina and Uruguay, where disappearances, torture, and political killings were once commonplace they are virtually nonexistent.)

Partnership describes the approach we intend to take in our dealings with the other countries of the hemisphere.

The President described it this way: "a partnership built on mutual respect and mutual responsibility . . . rooted in a common commitment to democratic rule." (Bush)

Partnership is a 2-way street. (Following is drawn from Baker Atlanta speech.)

- o If we ask countries to undertake economic reform, we must be ready to lend a helping hand (the U.S., the industrial democracies, the IFIs, and the banks).
- o If we ask for trade liberalization, we must confront protectionism in the United States.
- o If we ask Latins to confront drug cartels, we must confront the demand that exists here.
- o If the Latin and Caribbean states ask us to forgo unilateral initiatives and to support democracy in a cooperative effort, they must show the resolve to turn commitments into reality (E.g. Esquipulas).

#### CURRENT SITUATION AND TRENDS

The 1980s saw both progress and deterioration in Latin America.

On the positive side, a decade-long move to democracy has put all but 2 of the 33 countries of the region in the democratic column; elections in Paraguay this May gave that country a democratically-elected government after 35 years of military rule under General Stroessner. Conclusion of elections in Chile put all of South America under democratic government. Panama now finally on the road to recovery.

On the down side, economic growth has barely kept up with population increases -- where once growth rates were 2 - 3 times our own and second only to the East Asian NICs'.

This stagnation imposes

- o a human cost in underdevelopment,
- o an "opportunity cost" in markets lost to American exports, and
- o a political cost to elected leaders who attempt needed but difficult policy reforms.

Across a wide front, the region has experienced regression.

- o Drug traffickers net an estimated \$8 billion annually. Area cultivated grows by some 10% a year. Three of the region's seven billionaires are drug traffickers.
- o Debt has risen to over \$400 billion, up from \$330 billion in 1982.
- o Insurgencies persist in Peru and Colombia, Guatemala and El Salvador. Violence -- political, social, and criminal -- traditionally high, has escalated in recent years. Now murder is the leading cause of death for male adults (18-40) in Colombia (where the government estimates some 140 groups engage in extra-judicial killings).

Democratic gains are not absolutely fixed. In Peru, Guatemala and Argentina, coup rumors have surfaced from time to time even as elected leaders work to consolidate democratic government. In Argentina three barracks rebellions took place since April 1987.

A perception that democratic leaders are unable to cope or that democracy is unable to "deliver the goods" puts democracy at risk and could produce an antidemocratic reaction.

To be sure, the problems are not insurmountable.

- Mexico, Bolivia, Costa Rica, and Uruguay have done considerably better than average economically.
- Concerning drugs, debate over who's to blame is largely over and cooperation has begun. The Cartagena Summit laid out a comprehensive framework for cooperation. The Latins are beginning to take political risks (herbicide use, eradication campaigns) and deploy their best assets (the military in Colombia).
- Gaining momentum in the late 80s, has been a trend to greater pragmatism and eagerness to dialogue.

## CURRENT POLICY, OBJECTIVES

Support for democracy is the keystone of our policy and offers an enduring basis for bipartisan policymaking in the U.S.

- o To directly further democracy, the U.S. provides direct support for free and fair elections (e.g. Nicaragua), vigorously opposes coup attempts (Argentina, Guatemala, Peru), and is quick to encourage openings when they occur (Paraguay).
- o Material support for democracy aims at long-range institution-building.
  - Technical/legal assistance to judicial systems in Argentina, Bolivia, Chile, Colombia, Peru, and Uruguay are being initiated; administration of justice programs in Central America have shown the way (the investigative capacity of the Special Investigative Unit in El Salvador -- supported by U.S. assistance -- was critical to the progress on the Jesuits case.
  - A legislative management program will start up in Chile.
  - Our aim is strengthen the building blocks of a healthy pluralism -- courts, legislatures, a free press and trade unions. With some exceptions, these institutions tend to be weak throughout the region.

Democracy/Nicaragua. The elections of February 25th which ended 10 years of Sandinista rule mark the beginning of Nicaragua's transition to democracy.

- o The democratically elected government of Violetta Chamorro faces major challenges in consolidating democracy in Nicaragua.
  - The opposing sides in Nicaragua's civil conflict must work a reconciliation.
  - The Nicaraguan Resistance must be re-integrated in the political, economic, and social of the country.
  - 10 years of Sandinista economic mismanagement have left the economy in a shambles; economic reconstruction which lays the basis for long-term economic growth is in order.
- o The United States supports the consolidation process and is endeavoring to assist the Nicaraguan democracy bilaterally and multilaterally.

- The United States is cooperating with the UN and the OAS in the demobilization and reintegration of the Nicaraguan Resistance.
- We have lifted the economic sanctions intended to pressure the Sandinistas to fulfill their promises to democratize and are working to provide economic assistance to Nicaragua.
- We are encouraging other countries -- in the hemisphere and outside -- to provide assistance to Nicaragua.

Panama -- Years of mismanagement and corruption by the Noriega regime wreaked havoc on the Panamanian economy, shattered the public sector, and destroyed confidence in the country's justice system.

- o Events finally led to a Panamanian declaration of a state of war, attacks on US personnel, and the U.S. military response in December, 1989.
- o For Panama to recover significant U.S. aid will be required.

#### Economic Aid

- o By the start of FY 91 we expect to have assisted Panama in responding to the most immediate short-term needs for economic recovery and political stability -- including solving the political/humanitarian problem of re-housing residents made homeless by the fighting, repairing damage to infrastructure, and providing technical assistance to government ministries.
- o Significant, but one-shot economic assistance (a FY 90 supplemental of \$500 million has been requested) will be required to "jump-start" a fundamentally sound economy and assure that it returns to a sustainable growth pattern.
- o The supplemental FY 90 assistance package will continue to be used in FY 91 to promote sustained economic recovery and to strengthen the administration of justice.

#### Military Aid

- o Panama had available some \$6 million in prior-year military assistance grant funds as well as \$3.8m in FMS Credit. Most of these funds have been spend to by nonmilitary basics for the public forces (uniforms, trucks, small arms, etc.)
- There are no plans to implement military assistance (other than a modest International Military Education and Training (IMET) program to give a select group of

Coast Guard and public forces infrastructure-support training).

-- Other kinds of military aid will be depend on GOP decisions on the organization and mission of the non-police components of the public forces -- including specialized units.

- o The Endara Government has made clear that the new public forces will have primarily a police/public order mandate -- fully responsive to civilian authority, and with strictly limited military functions and equipment.
- o It recognizes, however, need for the capability to combat terrorism and insurgency -- and Panama will consider formation of small "specialized units" to deal with these.
- o U.S. aid to the public forces is currently limited to the development of a civilian law-enforcement assistance program, to be implemented immediately upon the removal of Congressional restrictions on aid to Panama.

The National Drug Control Strategy lays out -- among other things -- our priorities in the international war against drugs.

- o Disruption and dismantlement of drug-trafficking organizations.
- o Reduced cocaine supply.
  - Law enforcement, military, and economic assistance will be provided to the three Andean cocaine-producing countries to (a) isolate major growing areas, (b) block delivery of chemicals for processing, (c) destroy processing labs, (d) dismantle trafficking organizations.
  - Efforts in transit areas will be improved
  - And, Joint Intelligence Collection Centers have started to operate in the Caribbean Basin.
- o Reduced heroin supply through efforts to convince other countries to exert influence on opium growers and reduce heroin processing and distribution.
- o Reduced marijuana supply through strengthened foreign law enforcement and eradication, and through efforts to discourage minor producing nations from becoming major producers.

- o U.S. assistance and encouragement for multilateral efforts aimed at source country and transit country production and distribution.
- o Other international objectives:
  - Elevation of drugs as a bilateral foreign policy issue.
  - U.S. ratification of the UN Convention Against the Illicit Traffic in Narcotic Drgus and Pyschotropic Sustances.
  - Support for the foreign aid certification process.
  - Bilateral and multilateral efforts against money-laundering.

Some recent achievements

- o By far the most notable, the Cartegena Drug Summit.

Not just a photo-op or protocollary, the Summit ended the fruitless debate over supply and demand, who is to blame.

It laid out a comprehensive framework for dealing with the problem -- to which the principal coca-producing countries and key consuming country agreed.

- o In Colombia, the fifteenth extradition since August of last year took place March 28.
- o CICAD (the OAS body on drugs) approved, due in part to the leadership of Chile and the U.S., model legislation on precursor and essential chemicals that is more restrictive than the 1988 UN Convention. CICAD's model legislation will be submitted to the hemisphere's drug ministers in Ixtapa.
- o On March 24, Bolivian forces destroyed a large cocaine production complex not far from the Brazilian border. This is one of the largest labs destroyed to date in Bolivia and the biggest success yet for the riverine program.
- o The Bahamas signed an Extradition Treaty Signed on March 9 which should remove some of the obstacles we have previously faced when attempting to prosecute drug traffickers arrested in the Bahamas.
- o As of March 28, Bolivia's eradication efforts have have almost equalled last year's total. In 1988, Bolivia, which has adopted sweeping anti-narcotics legislation, exceeded its eradication targets.

Regarding debt and development, the Brady proposals incorporate key elements of the Baker Plan

- o Economic growth through market-based economic reform;
- o Voluntary action by creditor banks -- no "taxpayer bailout" for banks or debtors; and,
- o Case-by-case negotiation of debt agreements.

To this approach, the Brady proposals add

- o Voluntary debt and debt-service reduction. The precise amount and terms of debt or debt-service reduction will depend on negotiations between the banks and debtors.
- o The idea is that in return for a reduction of debt, banks will be guaranteed repayment on remaining debts.
- o Here is where the international financial (i.e. lending) institutions (IFIs) come in. They can serve as guarantors in specific debt reduction arrangements.
- o For its part, the United States has helped to enhance the resources of the IFIs to enable them to play a greater role. (We contributed to an increase in capitalization of the World Bank last year; this year we are working on an increase in our IMF quota.)

Debt is a problem, but debt, quite frequently, is also the symptom of a larger problem: restructuring economies to support sustained growth, with benefits widely shared.

- o QUOTE. Carlos Andres Perez (addressing international labor leaders in April) said, "If we say, for the sake of argument that the debt disappears and if we continue managing our economies as we have managed them in the past, inevitably we would continue in the same situation of unemployment and disaster."
- o If debt relief, all by itself, were a magical solution to the problem then countries which have declared moratoriums would be growing today. They are not. (E.g. Peru; temporarily, Brazil)
- o Leaders know that market-based economic reform is essential. In Argentina, the new government working to sell off state-owned monopolies, lower barriers to foreign investment, and end subsidies for sheltered private industries. Argentines realize that while others can be supportive, they must make the fundamental changes that will make the most difference.

- o Where such measures have been pursued vigorously the results have been impressive. E.g. Costa Rica.
  - It has slashed deficit from 13.7% of GDP ('81) to 0.3% ('87);
  - It has privatized state-owned companies, liberalized banking system, maintained realistic exchange rate;
  - Inflation fell from 82% ('82) to 15% ('87).
  - Unemployment down from 9.5% ('82) to 5.6% ('87).
  - Nontraditional exports have increased 182% in 4 years to 1987.
  
- o Similar efforts and results in Mexico prompt us to view favorably efforts by Mexico, the banks, and the IFIs to work out a debt reduction/payment scheme. When debt relief goes hand-in-hand with economic reform, everyone benefits.

#### OPPORTUNITIES AND PROBLEMS

Three developments, if managed well, promise a more active and successful relationship with South America.

The first is the growing realization that state-directed, dependency-based theories of national economic management do not work in a competitive, interdependent world.

- o While the movement to privatization is still halting, Latins' own experience and news of change in the Soviet bloc are creating doubts about statist models.

The second is a genuine and widely held commitment to democracy: people believe that they can govern themselves.

- o Election turnout is exceptionally high.
- o And grassroots political activity is strong (Argentina, Brazil, and Venezuela).

Lastly, Latins are eager for "dialogue" with Washington. They are also receptive and ready to listen.

#### STRATEGY AND POLICY

The continent is wealthy in resources and human capital and traditionally oriented to the U.S. As its major customer, richest and most populous neighbor, the U.S. has a position of influence. Careful use of this advantaged position is important, since the U.S. cannot buy away Latin problems; in the end solutions must be home-grown. U.S. strategy aimed at supporting the evolution of politically and economically secure partners will in the long run produce the best returns.

Ed

## CHILE SPEECH

### SETTING

- o The 1 st US President to visit Chile was Eisenhower, February 29-March 2, 1960.
- o History of friendship between two countries dates to Chile's struggle for independence. As Eisenhower noted, probably not coincidental that first Chilean Congress inaugurated on the fourth of July, 1811.
  - The next year, the first draft of Chile's provisional Constitution was written in the home of Joel Poinsett, the US Consular representative.
  - A US citizen served as chief of staff to Lord Cochrane in the battle which helped bring final victory to the Chilean patriots.
- o As Eisenhower said to a joint session of Congress on March 1, 1960, friendship between the two countries is based on shared philosophy of faith in God, respect for spiritual dignity of man, and the conviction that government must be the servant of the people.
- o Contacts between Bush and President Patricio Aylwin: Bush and Aylwin met for the first time at a bilateral meeting held at the White House on October 2. Aylwin was in the U.S. for the first time since his inauguration in March 1990 to attend the opening of the UNGA and the UNICEF Summit on Children.
- o Valparaiso: Bush will address the Congress in its new building located in the port city of Valparaiso. (Pinochet decided to have it built there as part of the effort to decentralize.)
  - It is Chile's second largest city, founded in 1536 by a member of the first expedition to Chile led by Diego de Almagro, one of Pizarro's band that conquered Peru several years earlier. It celebrated its 450th anniversary in 1986. It is a picturesque (but poor) city of sailors, dock workers and people employed in commerce and is situated on forty hills overlooking the harbor.

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## KEY THEMES

### The Hemisphere

- o I am happy to travel to South America at the beginning of what should be one of the most important decades in the history of the continent. We are living in a time of ferment and are witnesses to profound changes not only in Eastern Europe and the Soviet Union, but in Latin America as well.
- o The emergence of new democracies in the region means more opportunities for the future. This is especially true if we work together as partners toward the goal of greater integration throughout the hemisphere in the ways I outlined in my speech last June on the "Enterprise for the Americas Initiative". Together we can expand trade and investment, both vital to the economic growth of all countries in the hemisphere. Growth is vital to the democratic undertaking. For these democracies to flourish, they must provide jobs and a chance for a better life for their people.
- o The process of change can be traumatic and sometimes requires sacrifice and tenacity. As the economies of the region move from a statist, protectionist model to a free-trade model that encourages private enterprise, sacrifices will be required. Chile has already been through some of the most difficult moments of that process and has demonstrated to the world the benefits of hard work and willingness to change.
- o President Aylwin said in his September speeches to the United Nations General Assembly and to the Council of the Americas in New York, Chile is a country "experiencing a political and economic process with few existing precedents. Emerging after more than 16 years of authoritarian rule, Chile is engaged in demonstrating that in the developing world, an expanding, stable and equitable economy is compatible with an open and democratic political system." These are his words and this is the great challenge that faces Latin America in the decade ahead.
- o As Chile continues the process of strengthening its economy while revitalizing its democratic traditions, Chile needs leaders of vision and courage. Chile has found one in the person of Patricio Aylwin.

### Return to democracy

- o Greatly honored to address your Congress in the year Chile is celebrating the 180th anniversary of its independence and in the same year the Chilean people are celebrating a return to their democratic tradition which is among the longest in the Western Hemisphere.

- o Chile is famous for the hospitality of its people, the beauty and variety of its land, its Nobel Prize-winning poets, and for the legacy of freedom handed down by Bernardo O'Higgins and the others who fought for Chilean independence 180 years ago.
- o Chile's proud democratic tradition has endured. You have set an example for the hemisphere -- indeed the world -- reclaiming your democratic heritage in an atmosphere of peace and harmony.
- o The people of Chile deserve high praise for their peaceful transition to democracy, starting with the October 5, 1988 plebiscite when they voted for free, multi-party presidential and congressional elections.
- o Chile's democratic government under the leadership of President Aylwin has already achieved a number of significant accomplishments:
  - the return to a relationship of open dialogue between citizens and their government.
  - the revival of the legislative process: the new Congress has voted legislation in the area of labor reform and the tax reforms designed to help fund social programs for the poor.
  - we have witnessed your example -- and we are filled with respect and pride.
- o As President Aylwin said in his State of the Nation Address on May 21, "Our first task is bringing about national reconciliation on a foundation of truth and justice." I commend the people of Chile for the efforts they have made to arrive at a peaceful national reconciliation after the painful experiences of earlier years.
- o This is a government that has shown itself dedicated to freedom of expression, tolerance for differences of opinion and to the protection of human rights.
- o IF DECISION MADE BEFORE TRIP: ((We have recognized the great progress that Chile has made in the area of human rights and the steps this government has taken to bring to justice those responsible for the deaths of Orlando Letelier and Ronni Moffitt, by lifting the Kennedy-Harkin sanctions. With the end of this embargo we are taking another important step toward building a new era in relations between our two countries.))

Economic Growth and Development: Chile as a model for the region.

- o Chile's return to democracy means a government committed to expanded opportunities for all citizens of Chile. Chile now faces the challenge of providing education, health care and adequate housing for all its citizens while sustaining economic stability and growth.
- o In the area of economic policy, Chile has in recent years become in important respects a model for the region.
  - Chile has shown that a better life for oneself and one's children derives not from central planning and state enterprises, but the dynamism and energy of ordinary people.
- o President Aylwin said a few months back: "what differentiates us from the other countries, was the somewhat audacious decision to open our economy to foreign trade, free our imports, reduce the state apparatus, and privatize a large portion of the economic sector."
  - What has worked for Chile will work for others, if their resolve remains strong.
- o We applaud Aylwin's decision to keep the successful free-market model in place.
- o 1989 marked the seventh year in a row that Chile enjoyed real GDP growth.
- o The process of adjustment to high levels of growth may result in slower growth this year (only 1% increase in GDP is expected for 1990), but Chile has the basic economic strength to sustain solid levels of growth in coming years.
- o The U.S. is working with Chile in the Uruguay Round against those who subsidize agricultural exports. Our joint efforts stand to benefit both countries.
- o Chile is now ready to seize the future and move beyond its considerable achievements.
  - This means making further adjustments to integrate into the international economy, adjustments that will allow Chile to compete on an equal footing with Southeast Asia and mediterranean Europe, and to take advantage of the European Market after 1992.
- o Chile has succeeded in expanding markets throughout the world for its exports. Japan receives Chilean seafood, Peru buys Chilean forestry products, the European Community buys Chilean fruit, the U.S. imports Chilean fruit and wine and many other things. And Chilean copper is sold around the world. The U.S. alone takes about 16 percent of Chile's exports. This means farmers in San Fernando, agricultural workers in Valdivia and miners in Lota are better off.

- o Chile deserves high praise for its great strides in debt reduction in recent years. It has proved to be the most successful country in the region in this regard.
  - Chile leads the developing countries in creative voluntary debt reduction, retiring almost \$9 billion of her foreign debt from 1985 through 1989. The creative use of debt/equity swap arrangements have made this impressive achievement possible.
- o Liberal investment laws have also encouraged large amounts of domestic and foreign capital to be invested in Chile. Since 1985, about \$2.5 billion dollars have flowed into the country. Some of that amount represents returned capital flight which is essential for expanded domestic investment.
- o Chile's investment boom has been concentrated in the export sector with remarkable results: annual average export growth has been on the order of 15 to 20 percent for the past five years.
  - Present plans call for an even more impressive level of investment in 1990 through 1995: an estimated \$13.2 billion, the bulk of which will be concentrated in mining, industry, energy, and telecommunications--sectors that are key to Chile's future development.
- o The Aylwin government has elected to continue sound economic policies which encourage entrepreneurship, investment, low tariffs and export diversification. The results to date have been recognized throughout the world and we have every expectation that Chile's outstanding accomplishments will continue for the foreseeable future. Chile has earned and deserves its reputation as a model for other countries in the region and in the developing world.
- o In the area of protection of intellectual property rights--a key element in U.S. trade policy, I am happy to announce that with the passage of new legislation by the Congress, we can now restore our trade relations to their normal pattern. Chile has been reinstated in the Generalized System of Preferences (GSP). This will allow trade between the two countries to grow further in the future.

#### Enterprise for the Americas and what it means for Chile

- o In Washington last June 27 I spoke to a gathering of ambassadors from Latin America and the Caribbean to propose to them a new partnership to encourage growth in the Americas. I called it the Enterprise for the Americas Initiative. It is based on three core elements: "trade, investment, and debt." In addition it is intended to address one of the foremost international issues of our day: protection and improvement of the environment. This latter issue, especially clean air, I know is one of mounting concern to the people of Chile.

- The EAI is a partnership that allows us to acknowledge the great strides made by countries like Chile in opening up their economy. As Eisenhower said when he visited Chile, it has always been the US tradition to give aid "to the people who want to work, who welcome some help, who are energetically working for themselves to raise their standards of living, not merely for themselves as individuals, but for every single individual in the nation."
- o I was especially pleased by the enthusiastic reception that my proposal got from Chileans representing a broad spectrum of interests. Their collective response has already yielded positive results. On October 1, Chile and the United States signed a bilateral framework agreement creating a consultative commission on trade and investment. The council held its first meeting in Washington just a few weeks ago.
  - o This agreement represents a very important step forward in strengthening trade ties between Chile and the United States. It will help strengthen Chile's already solid commitment to free trade policies. It will also serve as a vehicle for both governments to discuss mutual concerns regarding a wide area of trade issues.
  - o The U.S.-Chile agreement also furthers the goals of the proposal I outlined last June: My Enterprise for the Americas Initiative seeks to create a broad regime of free and fair trade throughout the hemisphere.
- I am pleased to announce that legislation establishing a program of debt reduction under the Initiative was introduced in the United States Congress in early September.
- These changes mean new market opportunities and a higher standard of living for the farmer in San Fernando, the agricultural worker in Valdivia or the miner in Lota.

#### US-Chile relations

- o Just as Chile has now entered a new era of democratic government, Chile and the United States together have entered a new era of cooperation. The United States and Chile have had diplomatic relations for almost 180 years.
- During this period, we have had our differences over a variety of issues. However, what we have in common has proved to be stronger than those differences. Today we can say that we continue to move in the direction of the shared goals of freedom and democracy.

- o The U.S. is Chile's largest trading partner. About 16 percent of Chile's exports go to the United States while about 22 percent of Chile's imports come from the United States. This is a significant volume of trade which we would like to see expanded in the future. Cooperative endeavors in the areas of trade, investment and debt should enable this to happen.
- o You are all aware of the discussions that have gone on in Washington in recent months regarding the restoration of GSP benefits to Chile.
- o Another area of shared concern involves narcotics trafficking and abuse. This is a long-standing problem that threatens all of us but especially our children.
- o We can work together to make our environments cleaner. Like you, we have problems with air pollution, contaminated drinking water and improperly-disposed of wastes. We can share our ideas and experience in responding to global environmental concerns.
- o An agreement to foster closer cooperation was recently signed by the Director's of the National Antarctic Programs of our two nations. The agreement encourages even greater cooperation between the United States and Chile in their scientific investigations in Antarctica.
- o We especially welcome the news that the Chilean government has requested that the Peace Corps return to Chile. We look forward to having volunteers working in Chile by April 1991 in forestry and the environment and in the development of small businesses.

#### Final Note

- o Thirty years have passed since a President of the United States cited Chile. This was Dwight D. Eisenhower in February 1960. Like Ike, I am delighted to be a guest in your beautiful country. I was delighted to be able to receive President Aylwin at the White House in October and hope we can meet again in the not-too-distant future.
- o I would like to conclude by recalling the language of the diplomatic note sent by the Government of Chile on March 11, 1811, initiating diplomatic relations with the United States.
  - The note spoke of the "community of ideas, of feelings and of needs" shared by the two republics at a time when the difficulties of travel separated the two by great distances. Today we continue to share those same ideas, sentiments and needs, but are not separated by such distances. In the world of today, we are and will remain close neighbors.

Attn Writers :

New dawn in the

New World ⇒ theme

for big speeches in So. America.

(Lange/Cawley)  
November 26, 1990  
5:15 p.m.  
[BRAZIL.DOC]

PRESIDENTIAL REMARKS: JOINT SESSION, BRAZILIAN CONGRESS  
BRASILIA  
MONDAY, DECEMBER 3, 1990  
11:15 A.M.

[[ Obrigado [oh-bree-GAH-tho]. Mr. President of the National Congress [Senator Nelson Carneiro]; Mr. President of the Chamber of Deputies [Deputy Paes de Andrade]; Senator [welcome speech]; Deputy [welcome speech]; Mr. President of the Supreme Court [Dr. Neri da Silveira]; esteemed Papal Nuncio, and members of the diplomatic corps; Mr. Archbishop [Dom Freire Falcao]; Honorable Ministers of State; Honorable Deputies and Senators. ]] It is a privilege to join you in this great hall of democracy -- and an honor that so many members could be here today. I deeply appreciate your presence.

My thoughts today could have no better forum -- my words, no better audience -- than here, in Brasilia. A city that so aptly symbolizes the energy and aspirations of a great people -- the bold and expansive spirit of a great nation -- and the promise of a bright future for all of the Americas.

We meet at an extraordinary moment in our shared history. A time of serious challenges and important choices, that calls for mutual respect, candor, and collective will.

I have met with many Latin and Caribbean leaders. And throughout the range of issues we've discussed, all of us, I think, have been seeking for a way to express what we see as a new, more mature relationship among the Americas.

President Collor, who represents a new breed of leadership now sweeping across Latin America, is Brazil's first popularly-elected President in almost three decades. Your gubernatorial and legislative elections are another brilliant achievement in Brazilian democracy -- and I congratulate you and all Brazilians.

President Collor has spoken eloquently of Brazil's rightful place at the table of the First World -- and I agree.

I believe it is time, in fact, to end the false distinctions between First World and Third World that have too long compromised political and economic relations in the Americas. **Let us instead speak of the New World.**

This hemisphere has always found strength in diversity. After all, here I stand, addressing Portuguese-speakers in English, because of an Italian sailing on behalf of Spain, guided by the theories of theologian in France, five centuries ago.

**What we hold in common transcends borders and translates into any language.** The nations of America all struggled and gained independence from the old ways of the Old World -- ended the injustice of slavery -- and built republics of promise and renewal around the dignity and power of the individual, the rule of law, and the rights of man.

Now, as we approach the 500th anniversary of Columbus' discovery of the Americas -- and the arrival of Cabral's Portuguese fleet in Brazil -- this is a moment to look to the future of the New World. For while we have all witnessed in wonder the dawn of democracy in Eastern Europe, in the Americas,

too, we have heard the rolling thunder of political and economic revolution. And while some may claim our frontiers have all been explored, I contend we have just begun to press forward, toward the real promise of the Americas.

Ideals endure. Territories may end at borders, continents may end at the water's edge, but human potential knows only those limits set by human imagination. The Americas' role in the world is not defined by geography. The sun is not setting in the West. I believe we are approaching a new dawn in the New World.

To be true to our forefather's legacy -- to be worthy of these continents' cost in sweat, blood and courage -- our thinking must be as bold -- our dreams, as brave -- our will, as resolute. Our challenge now, is to hew out of a wilderness of competing interests a new kind of opportunity in the Americas.

To truly fulfill the New World's freedoms, all of the Americas and the Caribbean must now embark on a venture for the coming century: to create the first fully free, fully democratic hemisphere in the history of mankind. The first hemisphere wholly devoted to freedom -- to free speech, free trade, free elections, and free markets unfettered by the state.

It is within our power to make this hemisphere the largest trading center of sovereign nations in the world. From the northern-most reaches of Canada to the tip of Argentina, we see a future where growing opportunity, the power of technology and the benefits of prosperity are developed and shared by all.

Such a vision will often mean redefining institutions -- rethinking their relationship with the people they exist to serve. In many cases, change will not come easily. Economies now dependent on protection and state regulation must open to competition. The transition, for a time, will be painful. But the results -- growing economies and sound currencies -- will **bring unprecedented prosperity and stability.**

Latin America's economic adjustment is already in motion. Exports are rising. Fiscal reform is underway. In eight months, President Collor and this Congress have driven down inflation, started to free the private sector from government control and subsidy, and begun to open the economy to greater competition and vitality -- the unparalleled prosperity of the open market.

This new model of Latin American development presents a challenge to traditional political culture. Many of the Americas will have to make serious adjustments to compete with Southeast Asia, and to take advantage of the European Market after 1992. But we're confident that solutions will be found -- by Brazilians, by Chileans, by Peruvians --- by **all** of the Americas.

That was the spirit of the Enterprise for the Americas Initiative we announced last June. It calls for a major hemispheric effort to unify the New World in the three key areas of trade, investment, and debt.

In **trade**, our first priority should be to promote long-term growth -- and the most effective first step is the successful conclusion of the Uruguay Round, now in its final stages in

Geneva. An end to export subsidies and new openings for developing country exports mean new market opportunities -- and a higher standard of living -- for the farmer in Mato Grosso, the textile worker in Parana, and the engineer in Sao Paulo.

But the Uruguay Round and Bilateral Trade Agreements are only first steps. The Southern Cone Common Market, now developing under the leadership of President Collor and his colleagues in neighboring countries, is a major step toward the world's first hemispheric free trade zone.

For investment in the Americas, the dead hand of state control must be lifted. We must allow entrepreneurs the flexibility to adapt, create, and produce -- to provide meaningful and well-paying jobs for your workers -- and to lift Latin America's peoples out of poverty. Brazilians know what foreign investment can do -- just witness its role in the dynamism of Sao Paulo, and the \$10 billion of U.S. investment already in this country.

Free markets work. They create widespread prosperity. And the reason is as simple as it is profound. Every man and woman is capable of success. By promoting the potential of the individual over the power of government -- by giving people the means to chart their own destiny -- the frontiers of the Americas will stretch on forever. Like Brazil's mythical bandeirantes, who opened "new paths never trod, never known," we, too must be willing to move in new directions.

But individuals cannot succeed if government is burdened by

debt. That's why the **third leg of our Enterprise for the Americas** is a comprehensive commitment to work with Brazil and others in Latin America to restructure U.S. official debts on concessionary terms. These swaps can free up substantial resources for use in environmental projects.

Our new approach to official debt will complement commercial debt restructuring through the Brady plan. I understand the importance to Brazil, and to the international financial community, of reaching a new and effective agreement on commercial debt. Global capital flows will be vital to your development -- and we are ready to assist wherever possible.

We've submitted a request to our Congress for the authority to implement our proposals. But we know that real solutions must be collective. That's why, for every shared concern, we envision a permanent partnership between all the nations of the Americas, to confront challenges that know no borders.

We envision a hemisphere where a genuinely collaborative commitment is shared to protect our environmental legacy. There can be no sustained economic growth without respect for the environment -- and there may be no greater impediment to protecting the environment than poverty. The linkage is crucial.

That's why the Enterprise for the Americas Initiative links bilateral debt relief with environmental protection -- not as a challenge to national sovereignty, but as an affirmation of shared international interests. Here in Brazil, a consortium of organizations has presented a proposal to the government for such

a debt-for-nature swap. I encourage other creditor nations to convert debt into funds for the environment.

The Declaration of Brasilia in 1989 reflected the wisdom and dedication of this region to wise stewardship of your unique natural resources. And your hosting of the United Nations Conference on Environment and Development in 1992 places Brazil in a position of true global leadership.

[ We hope an agreement to protect the world's forests will be ready for signing at that Conference. We believe more progress will be made if the forest agreement is negotiated apart from the Climate Change convention -- which, in focusing on carbon sequestration, only relates to one of the many benefits forests have for the planet. ]

The wise management of the Americas' rich endowment of forests and wildlife will be an important test. For the sake of present and future generations, we have an opportunity to make the Western hemisphere a model for sustainable development.

We also are challenged to make ours a hemisphere where sovereign nations are joined in collective determination to eradicate the disease of drugs. The time for blame is long over. We in the U.S. recognize we must do more to reduce demand. And you understand that the spreading tentacles of the drug trade threaten democratic society.

President Collor has taken a strong position against drugs for the sake of youth here in Brazil -- and I pledge the full efforts of my government to continue to dampen demand. There is

only one answer to the drug problem in this hemisphere. It is the answer we reach together.

And finally, in this era of great challenges around the world, we want the Western hemisphere to be a model to the world for security and stability -- in regional arms control, in nuclear and chemical non-proliferation, and in collective commitment to facing down aggression. Just as Brazil made valiant contributions to the cause of freedom in World War II, you were among the first to implement sanctions against Iraq. I applaud your role in the world community's universal condemnation of Iraq's aggression.

But underlying all of the issues we face together is a more fundamental challenge, whose success will affect them all.

We must usher in an economic revolution the equal of the political revolutions we've witnessed. We must make ours a hemisphere where economic competition is embraced -- not as a threat to privilege, but as the key to prosperity.

Where neighbors prosper, neighborhoods flourish. And just as all of the American nations struggled to avoid the interventions of Old World government in their affairs, so should we give that spirit rein in every individual.

Let us hold firmly in our minds an unshakable conviction in the importance and benefit of free enterprise. From Boston to Buenos Aires, from Labrador to Lima, let us together enact the unwritten equivalent of an economic Bill of Rights -- so that any man or woman who wants to launch a new enterprise views the state

as an ally, not an obstacle -- and all who pursue the fruits of the free market see other nations not as threats to sovereignty, but as opportunities for mutual prosperity.

We long ago achieved independence from the Old World. Now let us work toward a new declaration of interdependence among the American nations of the New World.

This vision of a completely free, completely democratic hemisphere -- the promise of the New World -- is now within our reach. If, as Jose Bonifacio once said, "Brazilians are enthusiasts of a beautiful ideal," let us not limit the New World's potential with old thinking. After the half millenium we have had in this hemisphere to form our nations and find our way, let us now make our relations the world's inspiration.

With our hearts and minds and hands, let us meet a challenge worthy of our heritage -- worthy of this land of boundless frontiers and limitless opportunity.

Standing on this central plateau, soon to be the seat of great decisions, President Juscelino Kubitschek said, "I look once again at the future of my country, and see this dawn with unyielding faith and unlimited confidence in its great destiny."

My friends, my neighbors -- let the new dawn come to the New World. Let us fulfill the promise of these great lands.

Thank you very much. And may God bless the Brazilian people.

SUGGESTED REMARKS FOR THE AMERICAN EMBASSY COMMUNITY GREETING

SANTIAGO, CHILE

After my brief stay here, I can see why this is such a popular post.

This beautiful country, these majestic Andes, are hard to beat. But the biggest attraction of a posting in Santiago, I would think, must be the charm and warmth of the Chilean people.

At the same time, I know that you face considerable challenges and sometimes danger in strengthening U.S.-Chilean ties. I was saddened to hear that Tom Collins, one of your security officers, lost his right eye in a recent bombing. My sympathy goes to him and to others touched by such senseless, deplorable violence.

A democracy in transition is a dynamic process, and it takes creative diplomacy to stay on top of it. I hope my visit has helped you in your work.

The languages of democracy have become even more numerous over the past year. But Chileans are speaking the same language we now hear strong and vibrant in Czech and Hungarian, Bulgarian and Polish. America depends on you to interpret and faithfully convey what the citizens of these new democracies are trying to tell us.

I count on you to be good listeners and good reporters. We appreciate and value your contributions to international understanding.

Lovely though this land may be, Barbara and I know from experience that you are a long way from home, and that separation from loved ones in the United States takes its toll.

(If FSN employees are present) I also know how much an embassy depends on people like our Chilean colleagues. You are our institutional memories, our social guides, our friends. I want to thank you for all you do in building bridges between the United States and Chile.

I especially want to thank all of you at the Embassy, both Chileans and U.S. citizens, for your hard work to make this visit a success.

Q's AND A's FOR PRESS AVAILABILITY

SANTIAGO, CHILE

Q. If the U.S. really favors free trade, why does it impose serious non-tariff trade barriers on Chilean products such as the "marketing orders" which apply to several Chilean fruit exports?

A. -- MARKETING ORDERS ARE QUALITY STANDARDS WHICH HAVE BEEN IN EXISTENCE IN THE U.S. SINCE THE 1930'S.

-- THEY APPLY EQUALLY TO FOREIGN AND DOMESTIC PRODUCERS.

— THEY ARE NOT INTENDED TO PREVENT IMPORTS FROM ANY COUNTRY, BUT RATHER TO ENSURE A HIGH QUALITY PRODUCT TO THE CONSUMER.

Q. Although Chile now has a democratic government and has established protection of workers' rights, Chile is still excluded from the GSP. Why?

-- U.S. LAW REQUIRES THAT A COUNTRY SATISFY CERTAIN CRITERIA BEFORE IT CAN BE ACCORDED THE BENEFITS OF GSP.

-- ADEQUATE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS IS ONE OF THESE CRITERIA. CHILE STANDS TO BENEFIT AS WELL FROM PROTECTION OF INTELLECTUAL PROPERTY.

-- WE ARE NOT THAT FAR APART AND OUR GOVERNMENTS ARE IN CLOSE CONSULTATION TO RESOLVE THIS ISSUE.

(NOTE: the following two questions address two different outcomes on Kennedy-Harkin sanctions.)

Q. Why are the Kennedy-Harkin amendment sanctions continued now that Chile has a democratically elected civilian government?

A. -- THE LETELIER-MOFFITT CASE INVOLVED AN ACT OF STATE TERRORISM ON THE STREETS OF WASHINGTON.

-- THE U.S. TAKES THE MATTER VERY SERIOUSLY, AND THE PRESIDENT OF CHILE HAS CALLED CLARIFICATION OF THE CASE A "MORAL OBLIGATION" OF HIS GOVERNMENT.

-- THE TWO GOVERNMENTS ARE ACTIVELY WORKING TOGETHER TO RESOLVE THIS ISSUE AND SEE JUSTICE DONE.

Q. Now that the Kennedy-Harkin sanctions are lifted, does that mean that the U.S. will sell arms to Chile?

A.-- THE END OF THE SANCTIONS MEANS AN END TO THE ARMS EMBARGO.

-- BECAUSE THE RELATIONSHIP BETWEEN THE U.S. AND CHILE HAS BEEN FULLY NORMALIZED, WE ANTICIPATE INCREASED COOPERATION BETWEEN THE ARMED FORCES OF OUR TWO COUNTRIES.

Q. The consumption of drugs in the U.S. remains extremely high; shouldn't the U.S. be concentrating more resources on drug abuse prevention at home in addition to its efforts to stop drug trafficking from Latin America?

A. -- DRUG ABUSE PREVENTION IS AN AREA OF PRIMARY EMPHASIS IN OUR DOMESTIC DRUG STRATEGY.

-- THERE ARE ENCOURAGING STATISTICS SHOWING THAT DRUG ABUSE PREVENTION EFFORTS ARE PAYING OFF.

-- CHILE HAS TAKEN POSITIVE STEPS TO CONFRONT HEAD-ON ITS INCIPIENT DRUG PROBLEM IN ITS EARLY STAGES.

-- WE ARE COOPERATING WITH CHILE IN BOTH DRUG ABUSE PREVENTION AND INTERNATIONAL DRUG TRAFFICKING CONTROL.

Q. How does the Enterprise for the Americas Initiative differ from previous U.S. programs such as the Alliance for Progress which failed to stimulate development in Latin America?

A. -- THE INITIATIVE FOR THE AMERICAS IS NOT A NEW FOREIGN AID PROGRAM.

-- IT IS BASED ON THREE MAJOR COMPONENTS: TRADE, INVESTMENT, AND DEBT REDUCTION.

-- IT IS DESIGNED TO STIMULATE HEMISPHERIC GROWTH THROUGH OPEN TRADE MARKETS AND REMOVING CONSTRAINTS ON THE TALENT AND CREATIVITY OF THE REGION.

- IN ADDITION, IT WILL STRENGTHEN ENVIRONMENTAL POLICY IN THE HEMISPHERE.

Q. What are the benefits for Chile of this Initiative?

A. -- CHILE WILL BE AN EARLY BENEFICIARY UNDER ALL THREE ASPECTS OF THE INITIATIVE.

-- MOST IMMEDIATELY, CHILE WILL BENEFIT FROM THE DEBT REDUCTION ASPECTS OF THE PLAN, WITH A SIGNIFICANT REDUCTION OF ITS OFFICIAL GOVERNMENT-TO-GOVERNMENT DEBT.

-- CHILE WILL BENEFIT FROM THE INTER-AMERICAN DEVELOPMENT BANK'S INVESTMENT FUND.

-- IN ADDITION, THE FRAMEWORK AGREEMENT SIGNED IN OCTOBER ESTABLISHING A MECHANISM FOR REVIEW OF TRADE ISSUES WAS A MAJOR STEP IN OUR MOVING TOWARD INCREASINGLY OPEN TRADE BETWEEN OUR TWO COUNTRIES.

Q. Will the Initiative also address environmental problems?

A. -- WE SHARE YOUR CONCERN ABOUT POLLUTION OF THE AIR WE BREATHE AND AND THE WATER WE DRINK. WE ALL WANT TO LEAVE A CLEANER, BETTER ENVIRONMENT FOR OUR CHILDREN.

-- THAT IS WHY ONE OF THE KEY ELEMENTS OF THE INITIATIVE IS A DEBT SWAP PROGRAM THAT WILL PROVIDE SORELY NEEDED FUNDS FOR ENVIRONMENTAL PROJECTS. CHILE CAN BENEFIT DIRECTLY FROM THIS PROGRAM.

Q. If the Government of Chile implements the Treaty of Tlatelolco, what is in it for Chile?

A -- NUCLEAR NON-PROLIFERATION SHOULD BE OF THE HIGHEST IMPORTANCE TO PEOPLES OF ALL COUNTRIES. RECENT EVENTS IN THE PERSIAN GULF HAVE UNDERSCORED THE IMPORTANCE OF EFFECTIVE NON-PROLIFERATION POLICIES.

-- BUT CHILE WOULD BENEFIT DIRECTLY AS WELL. IF CHILE IMPLEMENTS THE TREATY, THE UNITED STATES WOULD MOVE QUICKLY TO OPEN NEW CHANNELS OF BILATERAL COOPERATION IN THE FIELD OF NUCLEAR ENERGY.

Q. What are the objectives of the U.S. in the Persian Gulf?

A. -- WE SUPPORT THE EFFORT TO ENFORCE THE U.N. EMBARGO AGAINST IRAQ.

-- WORLD-WIDE SUPPORT FOR THE U.N. SANCTIONS IS HELPING CONVINCING THE IRAQIS THAT THEIR AGGRESSION WILL BE COSTLY. WE ARE THANKFUL FOR THE SUPPORT OF THE GOVERNMENT IN CHILE, KNOWING THAT THIS REPRESENTS A SACRIFICE FOR YOU, AS FOR OTHERS.

Q. The case of the "poisoned grapes" may soon be brought to U.S. courts. Do you have any comments on the charge that the grapes were not poisoned in Chile but in the U.S., more specifically, in the labs of the FDA?

A. -- EVERY INDICATION IS THAT THE FDA ACTED APPROPRIATELY TO PROTECT CONSUMERS.

-- THE APPROPRIATE CHANNEL FOR CHILEAN PRODUCERS TO PRESENT THEIR CLAIMS IS IN THE U.S. COURTS. WE ARE CONFIDENT THAT IF SUCH A CLAIM IS PRESENTED, IT WILL RECEIVE A FAIR HEARING.

Q. If the U.S. really favors free trade, why does it impose serious non-tariff trade barriers on Chilean products such as the "marketing orders" which apply to several Chilean fruit exports?

A. -- MARKETING ORDERS ARE QUALITY STANDARDS WHICH HAVE BEEN IN EXISTENCE IN THE U.S. SINCE THE 1930'S.

-- THEY APPLY EQUALLY TO FOREIGN AND DOMESTIC PRODUCERS.

\_\_\_ THEY ARE NOT INTENDED TO PREVENT IMPORTS FROM ANY COUNTRY, BUT RATHER TO ENSURE A HIGH QUALITY PRODUCT TO THE CONSUMER.

Q. Why did your government decide to issue a travel advisory for Chile?

A. -- TRAVEL ADVISORIES ARE INTENDED TO PROVIDE TRAVELERS WITH AN ASSESSMENT OF LEVELS OF VIOLENCE IN THE COUNTRIES THEY PLAN TO VISIT.

-- RECENT BOMBINGS IN CHILE, SOME OF WHICH HAVE CAUSED DEATH AND SERIOUS INJURY TO INNOCENT BYSTANDERS, INCLUDING U.S. CITIZENS, LED US TO THAT DECISION.

SUGGESTED STATEMENT FOR DEPARTURE CEREMONY

SANTIAGO, CHILE

Barbara and I leave Chile honored that we have been the guests of a proud and democratic people, generous and optimistic, and deeply concerned, as we are, about the world which we will pass on to our grandchildren.

During our brief visit, we have come to appreciate the determination of the Chilean leaders and people to maintain this wonderful country as a beacon of political and economic freedom.

We are going to make good partners in building greater prosperity in this hemisphere.

The U.S. is proud to count Chile as a friend. I thank President Aylwin and other officials I have met for their hospitality. My best wishes for your continued success.

FYI TO LANGE AND GRANT:

President of Brazil's name is pronounced koh - LLLORRR.

His wife is Rosane, pronounced Rohz - ahhh - nay.

The US Ambassador: Richard Melton, known as Rick.

Mrs. Melton: Margaret, known as Peggy.

MK:

For the embassy greeting: be sure to thank them for all their hard work in handling this Presidential visit. You could say that POTUS knows what it's like -- when he was in China, Kissinger came to visit -- if you can imagine what THAT was like.

Also give a nod to the FSN's (Foreign Service Nationals) -- Brazilians nationals who also work at the Embassy.

The Ambassador's personal assistant will get back to me with some humor!

--Ozeiros Silva

The current Minister of Infrastructure; will be attending the luncheon.

A story: he is an aeronautical engineer by training, having studied in the US. He built a Brazilian commercial aircraft company called "Embra Air" -- the leading producer of commercial commuter aircraft in the world. About 80% of their exports are in the US.

Silva is remarkable in that he saw the important trade and business opportunities in these flying machines and it's become a hugely successful enterprise. He built the company by taking advantage of native talent in high tech and making it a Brazilian company.

Don't know if you can use, but I thought you'd like to know.

BRAZIL: DRAFT STATEMENT TO U.S. COMMUNITY

Barbara and I don't always have the opportunity to greet the Embassy community in the countries we visit. So, we are truly happy to be able to take a few minutes to talk to you today, and I am pleased that some members of the private American community could also be here.

Vice President Quayle told me some fine things about your Brasilia community. He says that he ably defended the Hoosier reputation for basketball at the American school. Is that true?

I also heard that this community is very active in tennis. Now, that's more my style. Unfortunately, there doesn't seem to be one of your tennis tournaments scheduled just now, or I would be highly tempted to join in.

Barbara and I both want to let you know of our great admiration for you, as you represent our country -- and I'm not just talking about those of you who work in the Embassy. I mean all of you, because all of you are representative of the best that is America.

Your involvement with the Brazilian community -- supporting social welfare projects through the American Women's Club or your church, showing appreciation for Brazilian culture, and helping Brazilians learn about American culture -- has immense value.

Barbara and I had the privilege of similarly representing the United States a few years and a couple of jobs ago, when I was Ambassador to the People's Republic of China. As a result of that experience we have, I think, an enhanced appreciation of the wonderful work you do for your country. We thank you for it.

The news media carry headlines when diplomatic breakthroughs occur, when important agreements are signed, and when dramatic events affect relations between states. The day-to-day work of the diplomat and of private Americans overseas, however, doesn't normally make headlines.

To all of the Brazilian employees of the Embassy I want you to know that <sup>so much</sup> ~~very little~~ of what is accomplished in U.S.-Brazilian relations <sup>is because of</sup> ~~could be achieved without~~ your knowledge and dedication. [Even cultures which are as close as ours need skilled interpreters to make sure that we really understand one another and that we go about our work in the most effective way.] I thank you for that tremendous contribution to our common interests.

I envy you the peacefulness and beauty of Brasilia, although I know that every new capital takes time to develop its own special character and attractions. For our European friends Washington was long viewed as a hardship post. I suspect that diplomats from Rio or Buenos Aires also had their misgivings. But isolation today is not what it used to be -- I understand you get CNN and that some of you can even watch your favorite U.S. sports teams -- and for every lack I suspect there are

compensations. The spaciousness and clear skies of Brasilia remind me a great deal of the Texas to which I took my family soon after World War II.

All of you, Brazilians and Americans equally, have my full support in the important work ahead as we move to strengthen our already good relations. I know that from Ambassador Melton down that task is in good hands.

Brazil: Statement to Amer Community

Drafted: AmembBrasilia  
11/15/90 SEARABR 4722 x79407

Cleared:

ARA - Baronson

ARA - JPMcLean

C - MFoulon

S/P - VMartinez

P - CBlakeman

**Patricio AYLWIN Azocar**  
(Phonetic: AILwin)

**CHILE**

*President-Elect*

*Addressed as: Mr. Aylwin*

On 11 March 1990 veteran Christian Democratic leader Patricio Aylwin will become Chile's first popularly elected president in 19 years. He is a respected moderate politician who is noted for his skills at conciliation and consensus building; he won 55 percent of the vote in the three-candidate election in December 1989. During the campaign, he called for a spirit of national reconciliation toward the military, and he promised to preserve key features of Chile's successful market economy while increasing spending on social programs. Aylwin has said that one of his first actions as president will be to increase minimum wages, pensions, and other entitlement programs.



©

to increase minimum wages, pensions, and other entitlement programs.

Aylwin has named to his Cabinet members of his party and of the major partners in the opposition coalition that backed his candidacy; he has signaled his desire to develop a positive working relationship with the center-right bloc in Congress. Aylwin has met with the current President, Gen. Augusto Pinochet, and has asked him to voluntarily resign as Army Commander in Chief—a post Pinochet can legally retain for another eight years.

In the foreign affairs arena, Aylwin has indicated that he will focus on ending the international isolation under which Chile has suffered since Pinochet assumed power in a military coup in 1973. He has said that he plans to quickly restore diplomatic relations with all nations except Cuba, which he says will first have to prove that it no longer supports the violence-prone left in Chile or in neighboring countries. Aylwin wants good relations with the United States and has expressed his willingness to resolve the Letelier case, which implicates high-level regime officials in the assassinations in Washington in 1976 of a prominent Chilean dissident and his US-citizen aide. Like most Latin American leaders he condemned the US invasion of Panama, although his criticism was muted by his recognition that Latin America had failed to act.

Aylwin was born on 26 November 1918. He holds a law degree from the University of Chile, where he has also taught. During the early 1950s he was active in the Falange, a predecessor of the Christian Democratic Party (PDC), which he helped found in the mid-1950s. He has served four times as party president (1958-60, 1965-67, 1974-77, and 1987-89) and once as vice president (1984-85). He served in the Senate from 1965 until 1973 (he was Senate President during 1971-73), when it was dissolved following the military coup. Aylwin has also practiced law and has served as vice president of the Santiago Bar Association. He was chief opposition spokesman during the campaign leading to the 1988 plebiscite that rejected Pinochet's continuation in power.

Married to Leonor Oyarzun, Aylwin has five children—several of whom are politically active—and numerous grandchildren. Press reports indicate that he is a devout Catholic who receives communion daily.

7 February 1990

Time Requirements:

- Major Break speak: 20 minutes
- Other countries major speeches: 15 minutes
- arrivals: 4-4 minutes
- departures: 3-4 minutes
- Short: 3-4 minutes
- embassy greetings: 7-2:3
- Other/other events: 4-8 minutes

Preview:

- First visit to some of those countries in many decades
- Personal relationships w/ leaders - emphasize
- High credibility of POTS.
- POTS serious commitment on free markets
- is symbolized by this trip

- Their own restructuring (esp. Chile) is very politically risky - opening Latin into global arena
- They should be probably supportive
- Chile is already leaning in these
- concentrate on democracy

- POTS should expect notion that we've been directed by E. Eur - we won't forget Latin
- we are re-engaging, micro-managing our assets in this hemisphere.

- World's first competitively demo. hemisphere.
- This generation of new leaders can do it
- Values that go along w/ demo.
- Republican form of govt reform. Don't make him sound like a Latin prof.
- use: start business upstream mobile

- not small group of likes @ top.
- Frame his vision as "we" not "I"
- should vision - not Yankee leader ordering them

- Growth has been neg., incomes falling  
b/c of econ restructuring.  
Must speak to this reality sensitively.  
Even US has these probs - no alternatives  
choices are necessary but they work - there is hope.  
Contrast w/ short term promises; or 'no hope' idea
- Explicit reference to: we will not exploit LatAm.
- Environment and econ go hand & hand  
Be very careful - don't lecture on bad environment  
Brazil is leading the way - 1992 Conf. w/ U.S.  
Was some sensitivity to Houston Summit (?) <sup>no one</sup> told Brazil  
debt for nature swaps - very attractive to Brazil.
- Engage in serious dialogue 'we learn from ea. other'  
'we listen' not just lecture; we don't have all  
the answers.  
Don't promise any fast action.

These are not drug producing countries, but there  
is concern that drug traffickers are moving in.  
→ Main themes: econ & democracy  
refer to drugs. (also our consumption probs)  
We can't let this issue get any worse -  
by ignoring it we can.

## Brazil

Pres. Collor = caller like a telephone 40 yrs. old  
"modernizer"

Radical departure from past in econ + pol  
entrenched elites fighting him.

Very important juncture when POTUS arrives.

- Inflation may be breaking out then
- Engaging in neg. on debt issue (slow to start)  
NY Bankers sending message thru POTUS.
- Uruguay Rounds - must come to finish in Dec 1990  
Brazil crucial to this - constructive role
- Environmental - negative for years, now have  
turned that around.

1992 UN Conf on Env. + Develop in Rio  
Staged, calculated move to open markets to global econ  
We want them to adapt internat'l safeguards  
on their rules - getting there, but entrenched elite  
nuclear proliferation is a problem -

Pres Collor here pu - inaugural  
v. successful mtgs -

Message given by Bush to Collor to Gorbachev  
est. id Collor's credentials.

Bush asked Collor

Collor asked Bush to support Brady plan,  $\Delta$ , 'Bush  
Plan'  
we'll get his inaugural address.

Collor - rather have last seat @ table  
of 1<sup>st</sup> world than at first seat  
@ table of the 3<sup>rd</sup> world.

Collor is a modernizer, young guy -

8<sup>th</sup> largest econ in world  
enormous growth but now deep crisis  
Speak Portuguese

{ Brazil underwent difficult transition to demo. [Courage]  
Shares our interest in ag in Uruguay Round  
Shared w/ America

AF One will travel over long distances of  
some of the best farms in the world.  
How similar to US farmers.

Chile:

17 years of mil gov't - econ S begun then  
Has most open econ in hemisphere

Best record on manage debt

Atrocities of mil gov't → Adelman President  
71 years old.

center left gov't seeking to build on econ  
success of predecessors

- 'Looking forward to this bright future'
- deep resentment as to Bush CIA vs. Attende  
and recent efforts to end mil. gov't
- Build on our burgeoning new relationship

Chile v. close to top of 3<sup>rd</sup> world - Collor quote

Foreign investment lang. from VSTR  
on our open investment climate

Latin leaders do not like to hear about EEU directly  
but how important they are + how they'll it -  
Refer to 'Wall' coming down econ/pol.

Get Enterprise speech POTUS.

→ 'giving exports an appropriate place in the economy'  
US is their best market.'

Questions:

Use of term "American" - 'U.S.' = 'North America'  
not: 'Americans' 'The Americas' ok.

Memem - bad luck jokes?

✓ "next few hours"?

## URUGUAY SPEECH

### SETTING

- o I have come to visit your country at a time when we in the Western Hemisphere are on the threshold of a new era. We are witnessing a period of profound changes worldwide--political renewal, basic restructuring of economies, and social realignments--and here in this hemisphere we are leading the way.
- o We have the unique chance in the Americas to finally realize the dreams and ambitions of the men and women who came to this hemisphere, north and south, seeking a better life for themselves and for those who have come after them. The history of our republics can be told many times over in the histories of individual families.
  - One such family is that of your Ambassador Eduardo MacGillycuddy to Washington, and of the United States Senator Connie Mack from the state of Florida. I am sure their grandfathers, immigrant brothers from Ireland, would be proud if they could see their grandsons today.
- o This is my first trip to Uruguay, yet I feel that I know President Lacalle well. We met in Washington last April and again in October in New York. President Lacalle is a man of vision.
  - Not only does he have a vision for his country, but he possesses the rare talent of being able, through his leadership, to act on his vision for the benefit of his countrymen.
- o Last June I made an announcement in the White House that my administration intended to work together with the other countries of this hemisphere to initiate a new approach in our relations which would stimulate growth.
  - President Lacalle was the first head of state to personally call me to discuss the Enterprise for the Americas Initiative, and how we could work together to realize its objectives.
- o Let me assure you that in the United States, President Lacalle is recognized as a man who can and will make things happen. Uruguay, in both the economic and political sense, is a star performer and an inspirational example for the region.

- o I applaud President Lacalle and the Uruguayan people for your initiative, perseverance and intelligence in dealing with a world that is changing faster than anyone ever believed possible.

-- I found much wisdom in the words of President Lacalle when, at the OAS General Assembly, he said that our hemisphere is ready to address "the profound transformations of our time: the exercise of representative democracy, the expansion of fundamental freedom, and the eclipse of the old, authoritarian regimes."

#### THE NEW DEMOCRATIC REVOLUTION

- o Fundamental changes are sweeping Latin America and Uruguay. From Tierra del Fuego to the Rio Grande, old ways of doing business are being re-examined and new ideas are on the march.

- o The democratic form of government has come to be recognized as the embodiment of political legitimacy.

-- The democratic ideal has become irresistible precisely because it is now an indigenous force the world over, from Poland to Uruguay, and from China to Chile.

- o It has not triumphed everywhere, to be sure; not all men and women today live under freedom and democracy. But we have reached the point where all are demanding to live under freedom and democracy as their God-given right.

-- Democracy's ideological foes, on the left and the right, have been discredited. The political and economic systems they fashioned stand today in ruins.

- o The Western Hemisphere can justly take pride in having launched the epochal worldwide transition from dictatorship to democracy, first in Argentina, Brazil, Bolivia, and Ecuador, and lately in Chile, Panama, and Nicaragua.
- o In a very short time, we have traveled far toward achieving an unprecedented degree of mutual respect and common purpose among the nations of this hemisphere.
- o Nowhere has the democratization process been as impressive as here in Uruguay. Every Uruguayan can be proud of the transition. It was difficult but Uruguayans have demonstrated courage and have shown a willingness to work together and to make the sacrifices necessary to achieve success.

- o However, two revolutions are taking place in Latin America; one political, the other economic. The conversion of almost the entire hemisphere to representative government and to the principles of rational economic management opens up the possibility of closer ties than we have ever before enjoyed with our Latin neighbors.

- The return to democracy throughout the hemisphere has paved the way for greater economic opportunity and cooperation between Latin America and the United States.

### THE NEW ECONOMIC REVOLUTION

- o The driving force behind this second revolution is the world's recognition that economic growth and prosperity derive not from central planning and state enterprises, but from the dynamism and energy of individuals.
- o This intellectual revolution commands movement away from failed statist doctrines; from dictatorships from the left and right; towards democracy, free government, and free enterprise; toward the true political and economic empowerment of the people.
  - As your beloved hero, Jose Artigas, so correctly stated, "industry and commerce are the channels for people's happiness."
- o Our common goal is to free this economic force: nothing works better than people who want to work; nothing creates better than people who want to create; and nothing succeeds better than people who want to succeed.
- o Throughout the world people share the same aspirations:
  - A better life for themselves and their children; rewards for hard work and initiative; recognition of talent and ideas; and a profound desire for an economic system that rewards not a select few, but all those ready and willing to work.
- o Many countries in Latin America are already walking this path. In Argentina, Brazil, Venezuela, Jamaica, Mexico, Bolivia and here in Uruguay, reforms are taking place to unleash competition on which efficient productive free enterprise is based.

- o Fundamental changes frequently involve costs. In many countries, economic restructuring will be accompanied by economic downturn. Some businesses will fail as others prosper; jobs will be lost in some industries as they are gained in others.
  - Here in Uruguay President Lacalle has set forth on a bold program to restructure the Uruguayan economy, changes which will improve Uruguay's overall strength and prosperity.
  - Overall and in time, the economy will produce more goods and services, and provide more jobs for all. In short, the improving quality of life.
- o There are no easy solutions. There are no quick fixes. We are making tough political decisions.
  - Those who would defend statism and protectionism as a means to maintain dwindling benefits, will soon realize that they have been sold empty promises and that a failing economic system cannot continue to meet even its minimum needs.
  - In the United States we are grappling with the important problem of the budget deficit. Here in Uruguay, President Lacalle has established a social emergency fund to help the most needy. We have been pleased to have been able to contribute to this fund.

#### A NEW ERA OF ECONOMIC COOPERATION

- o Changes are also sweeping the United States. There is new thinking on the Potomac. We will keep our commitments in Central America, and we are also reaching out a helping hand of friendship and cooperation to our neighbors in South America.
- o I know that many in Latin America fear we have become unduly preoccupied with dramatic developments in the old world. Let me assure you that we have not.
- o The Enterprise for the Americas Initiative represents a fundamental shift in our relationship with Latin America. It recognizes a truth that President Lacalle called to the attention of the entire Hemisphere last June 4 at the OAS General Assembly, and reiterated in his October 2 address to the Special Session of the OAS, that long term economic growth and prosperity will be accomplished not by aid, but by trade and investment.

-- We want to promote investment, and to that end we have entered into the bilateral investment treaty with your government that will pave the way for new U.S. investments in Uruguay.

- o We also want to assist with the debt burden, and are pleased by the progress you have made in your debt negotiations with the commercial banks. We are confident that Congress will soon approve a legislative package for relief from official Latin debt.

-- This authority will allow us not only to reduce the debt, but also to convert payments on the remainder to investment in industry and to programs to protect the environment in Uruguay.

- o We want to promote trade, and to this end we have signed a framework trade agreement with your government that commits us to explore practical ways to reduce barriers to trade.

-- Of course, our first priority is a successful conclusion of the Uruguay Round of trade negotiations in Geneva which will lead to increased trade for all. We have been pleased to note Uruguay's positive role in these negotiations. The framework agreement we have concluded will allow us to build on the achievements of the Uruguay Round of trade commitments, so that Uruguayan textile manufacturers, and wool and leather producers can more easily sell their products free of international barriers.

- o Uruguayans hold dear their agricultural traditions. At the Houston Summit, we made common cause with Uruguay and other Latin American nations in insisting that countries stop subsidizing agricultural products to the detriment of world trade. We will continue in this endeavor.
- o The initiative should be a collective effort. All of us have a stake in working together. Our goal is to work with Latin America to build a hemisphere where trade and investment are unfettered, private enterprise can flourish, and individual rights are respected.

#### WHAT THE FUTURE HOLDS

- o Of course, bilateral cooperation goes beyond economics and trade. The scourge of drugs, for example, which threatens both our countries, must be stopped so that our greatest resource, our children, can live vigorous and active lives, and enjoy the fruits of our labors.

-- While we recognize that we must do more in the United States to eliminate the demand for drugs, we look forward to working with your government to assist in controlling narcotics trafficking and other narcotics-related crimes.

o Likewise, the degradation of our environment, a problem which does not know or recognize national borders, must be confronted head on. We owe this to our children and grandchildren.

-- It is our responsibility to leave future generations not only a more prosperous world, but also a safer and cleaner world.

o I see a hemisphere with:

-- strong, robust democratic institutions and leaders;

-- an ever expanding economic opportunity for all members of society;

-- a society free of drugs and not plagued by crime;

-- a cleaner environment; and

-- a new era of cooperation between Latin America and the United States.

o I am confident that the spirit of the free and open societies we represent will serve to pave the way toward these goals. Working together, we will create a unity of purpose and action that will benefit both of our societies and create a partnership not only in the present but for future generations to come.

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SEARASC 7809 Draft 3

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INPUT FOR PRESIDENT BUSH'S SPEECH IN VENEZUELA

SETTING

- o Last visit to Caracas was in 1981 as Vice President to lead U.S. delegation to funeral of Romulo Betancourt, to honor man and country for their contribution to democracy in the hemisphere.
- o One U.S. presidential predecessor (Kennedy) who visited Venezuela wrote about PROFILES IN COURAGE. If such a book were to be written today, President Perez would be included.
  - It would be a story of how the son of a farmer grew up to become president and to lead his country into the 21st century.
  - It would be a story of a president who served his nation not once, but twice as chief executive.
  - It would be a story of a president, with the courage to change his mind, be proud of past successes but also, acknowledge new challenges and chart a new course.
  - It would be a story of a president who has had to make difficult decisions, unpopular decisions, but decisions which are necessary for the economic future of his country.
  - It would be a story of a president with a dream, Bolivar's dream for economic integration throughout the Americas.
- o Back in Venezuela now to recognize Venezuela's leadership - leadership in the struggle for democracy, leadership in building a new economic order here and in the Americas, and leadership in building a new relation between Latin America and the United States.
- o Caracas, once a haven for political exiles from all over the continent, can now look with satisfaction at its historic role in sheltering foreign leaders who are now back in their own countries, nurturing democracy.
  - Venezuelan leaders can take pride in having helped launch the transition from dictatorship to democracy.
  - President is travelling to a South American continent where the leaders have all been elected by the people.
  - In hemisphere, only Cuba is home to dictatorship and has not begun the transition to democracy.

- o Venezuela's own Simon Bolivar and Francisco de Miranda, their political progeny and one-time exiles (Romulo Betancourt and Carlos Andres Perez) have been allies to neighbors seeking the fruits of freedom that unfettered elections bring.
- o Perez has been an important player in regional affairs.
  - Salute Perez's service to his country and efforts on the behalf of peace to the hemisphere.
  - Venezuela has been an inspiration and an ally in the fight for the growth of democracy in Latin America.
  - Venezuela has shown it has a world vision.
  - Perez has contributed substantially to peaceful transition to democracy in Nicaragua. He continues to lend his leadership and influence to achieving a satisfactory solution of other regional issues, such as peace talks in El Salvador and elections in Haiti.
- o President Bush has demonstrated the depth of his commitment to Latin America.
- o Democracy needs our support and must be strengthened, but democracy means little to people who are hungry.
- o As President Betancourt told President Kennedy in 1961 during the first U.S. presidential visit to Venezuela,
  - "The mere exercise of the vote and the possibility of seeing civil and political rights guaranteed are not enough to satisfy the longing for culture, for land, for housing, for a better life which inspire millions of men and women in our America."
- o That is why President proposed for Latin America the Enterprise for the Americas Initiative.
  - It offers the same unified vision that CAP envisages, of an integrated Latin America within one hemisphere.
  - The Enterprise for the Americas is also in line with our mutual effort to reinvigorate the OAS as a true instrument of inter-American cooperation.

- o Other examples of President Bush's commitment to Latin America include:
  - Cartagena Summit
  - Brady Plan
  - Bipartisan Accord on Central America
  - New Resources for IDB
- o Venezuela's population is roughly the size of U.S. Spanish-speaking populace.
- o JEB Bush worked in Venezuela as a banker and was a member of the Venezuelan-American Chamber of Commerce in 1978-79.
  - Caracas would be an appropriate venue for a speech which chronicles the contribution of Spanish-speaking Americans to the life of the United States. This would demonstrate to a Latin American country the President's sense of identity with their world, our world. Without identifying the country, the President could describe a nation with a Spanish-speaking population, the number of Spanish-language dailies, radio stations, GDP, and subsequently drop the other shoe, i.e. this is the United States.

NOTE: FYI. Alfonso de Ojeda, the Spanish explorer who arrived in Lake Maracaibo in 1499, was the first European to sail into Lake Maracaibo, where the native huts built on piles over the lake reminded the young conquistador of Venice -- leading him to name his discovery Venezuela, or Little Venice. END FYI.

#### RELATIONSHIP BETWEEN THE PRESIDENTS

- o Frequent dialogue between two presidents.
- o Caracas is seventh meeting of Presidents Bush and Perez since respective elections in 1988.
- o The two have met so often that some may think "I am a member of CAP's cabinet."

FYI: Previous contact included:

- December 13, 1988 in Washington as presidents-elect
- April 1, 1989 breakfast in Washington
- September 25, 1989 at UNGA
- October 27, 1989 at San Jose, Costa Rica
- April 26, 1990 in Washington (State Visit)
- September 30, 1990 at UNGA

- o "But seriously, our relationship is the kind of mature one I like to have with Latin leaders. This kind of closeness is good because it engenders mutual respect and learning."
- o "We may not always agree, but we share a special relationship and have great mutual admiration."
- o Numerous telephone calls and exchange of letters are also testimony to vigorous dialogue of two leaders.
  - The President takes all telephone calls from Perez.
  - We share a democratic vision for the hemisphere.
  - The President believes it is important to hear views of Perez, a leader who has been active on the international stage for many years. I always take his calls - I always value his advice - even when I didn't agree - and CAP is never shy about giving me advice.

#### ECONOMIC REVOLUTION IN LATIN AMERICA

- o Acknowledge Latin anxiety over attention given Eastern Europe.
  - At San Jose Summit, Latin leaders - especially CAP - expressed their concern to the President, that developments in Eastern Europe would divert U.S. attention from the hemisphere. Just the opposite is true. U.S. is re-emerging with Latin America as never before - building a new and lasting partnership - a partnership based on mutual respect and mutual responsibility.
  - Discuss South American trip as an effort to dispel the notion that Latin America is of declining interest.
- o President Bush should use Caracas to discuss publicly his trip.
  - President should cite his meetings with Collor, Lacalle, Menem, Aylwin and discuss common, positive themes running through these meetings.
  - I have travelled more than 10,000 miles in the past week to discover modern South America, a region undergoing changes as exciting as those in Eastern Europe.

-- Like the reknown naturalist Alexander von Humboldt, I can now gaze southward from Caracas to a continent of natural and human resources and political leaders with a vision to carry their countrymen into the 21st century.

-- I have seen countries, once synonymous with military dictatorship, now enjoying the fresh air of democracy.

In Caracas, birthplace of Bolivar and the Bolivarian vision of integration, it would be appropriate for the President to stress that economic integration is not an idea lost in history. The President should then discuss his initiative. Integration is people working together, tearing down the frontiers which divide us.

- o During state dinner at White House in April, President Perez spoke of Latin America breaking down the wall of dictatorship and the wall of artificial economies. The Bolivarian spirit is behind CAP's thinking.

#### ENTERPRISE FOR THE AMERICAS

- o The Enterprise for the Americas Initiative is intended to revitalize our relationship and dialogue with Latin America.
- o President Perez has taken the tough but necessary actions to put Venezuela's economy on the road to sustainable economic growth.

-- Opening the economy to competition and free market forces sets the stage for the mature partnership envisaged when I proposed the Enterprise for the Americas Initiative.

#### Trade

-- With Carlos Andres Perez and Venezuela, the dialogue has been vigorous. Trade has been vigorous but more can be done to build on this solid foundation.

-- To this end, we have approved (are negotiating) a bilateral trade and investment framework agreement which is designed to resolve specific problems, to identify new areas of cooperation and to lay the groundwork for an eventual free trade agreement.

### Investment

- President Perez has made great strides in opening most of the economy to foreign investment; the OPIC agreement signed last June is already enhancing U.S. investors' confidence in Venezuela.
- We welcome increased Venezuelan investment in the U.S. economy. CITGO, for example (10,000 gas stations in the U.S.) is owned by Venezuela's national oil company, and both countries benefit from it.
- MEGAPULSE (Massachusetts company in process of finalizing USdols 35 million deal with GOV to provide Loran-C navigational system for all of Venezuela), a signal improvement in Venezuela's infrastructure and linkage with other countries;
- ATT (a new data processing communications system, which will give the country a critical capability for modern business).
- An open investment environment is one of the best pathways to economic expansion. Throughout our history we have been open and we have thrived because of it.

### Debt

- We strongly supported Venezuela's successful efforts to reduce its commercial bank debt service burden.
- The results of this successful negotiation indicate that many commercial banks have confidence in Venezuela's future.
- Voluntary capital flows continue to return to Venezuela. This will, in turn, directly support the trade and investment components of the EAI.
- Venezuela has little official bilateral debt with the U.S. But perhaps, with imagination and creativity, we can use a portion of this official debt to develop projects with a positive impact on the environment.

ECONOMIC REFORM

- o Venezuela, along with other nations visited by the President, is going through a difficult period of economic change to ensure prosperity in the 21st century. President recognizes these are hard times for the middle class as well as "rancho" community (Venezuelan shanty communities on the hillsides).
  - Recognize there are intense pressures on Perez to drop reforms.
- o President Bush is aware of the political heat Perez faces for his reform program.
  - President is aware that devaluation and price increases are difficult medicine, but Venezuelan reform program gets high marks and staying course will lead to economic recovery.
  - First South American country to negotiate a successful debt reduction - a sign of international confidence in your leadership. Venezuela is in process of finalizing its program for new money (private investment) and debt and debt service relief under the Brady initiative.
  - Perez has courageously begun a program intended to improve the lives of all Venezuelans.
- o President should acknowledge the importance of success for the Venezuelan reform package, that a stable democratic nation diagnose its own ills and prescribe its own medicine and put itself back on the road to recovery.
- o Everywhere in the hemisphere, leaders are trying to reduce the role that bureaucrats and politicians have in running the economy. Ultimately the middle class and poor will benefit from such efforts.
- o Private sector in Venezuela has a role to play.
  - Businessmen will evaluate risks, make investments, generate trade and investment flows that are lifeblood of hemispheric partnership envisioned by the president.
  - Venezuela's proximity to USA, rich natural and human resources and a dynamic private sector mean Venezuela is well poised to demonstrate leadership.

OIL/ENERGY

- o Changed situation because of Iraqi invasion.
    - Irresponsibility and terror -- the works of Saddam Hussein -- made the first headlines.
    - But these were followed by reports of the civilized world's response: from Saudi Arabia, from Europe, from the U.S., from Venezuela.
    - Venezuela has demonstrated great responsibility in its oil policy in the face of Iraqi aggression.
    - Perez's commitment to increase production and meet world oil needs in response to the oil crisis set in motion by Saddam Hussein's aggressions again shows his world vision.
    - Without Venezuela's responsible decisions, many economies would have suffered. Venezuela does not care just about itself.
    - Venezuela once again demonstrated how strongly its own national interest is tied to maintaining a reputation as a reliable supplier of oil and other energy sources to the West.
  - o What an opportunity Venezuela has!
  - o The Gulf oil crisis offers a marvelous opportunity for Venezuela to attract foreign investment to develop its oil resources and give it the productive capacity to move substantially toward its goal of being a guarantor of hemispheric self-sufficiency in oil.
    - From the Bolivar Coastal Fields, to the Orinoco Tar Belt, to the natural gas fields in the northeast where Columbus first saw South America, this country is second to none but Saudi Arabia in its energy potential,
    - If Venezuela can attract additional investment income from international capital markets to develop its vast, untapped resources, and find an economically feasible way to process heavy oil deposits, Venezuela would be the greatest source of energy for the world.
- (NOTE: the Bolivar Coastal Fields at Lake Maracaibo represent the largest oil field outside the Persian Gulf; the Orinoco Tar Belt -- the size of Maryland -- has 44 percent of the world's extra heavy oil (257 billion barrels), and the Cristobal Colon project off the coast near Trinidad is a planned multi-billion dollar joint venture of Exxon, Shell and the Venezuelan state oil company)

- And, now, with Venezuela leading the way in modernizing its economic, trade, and investment structures, you have the energetic leadership above ground to match the potential energy down below,
- The Cristobal Colon Liquified Natural Gas project now under consideration is one example of the kind of creative thinking that can bring the old and new Venezuelas together toward a more prosperous future.

#### NARCOTICS

- o President should note that no country is immune from the drug problem.
- o As a major transit country for drugs and chemicals used in their production, and as a leader in hemispheric affairs, Venezuela can play a major role in defeating the narcotics traffickers.
- o With the signature in November of a bilateral money laundering agreement, Venezuela is demonstrating its commitment to fight the scourge of drug trafficking in all its dimensions.
- o We look forward to a strong bilateral relationship in anti-narcotics control.

#### CLOSING

- o President would like to look back to say that his government worked harder than any administration at dialogue (at understanding the hemisphere) and helping its nations obtain electoral freedom and economic development.
  - I would like to look back on my presidency, proud that all practice ballot-box democracy and that nowhere in Latin America does power come from the barrel of a gun.
  - I would like to look back on my presidency, proud that governments worked together at improving the standard of living.
  - I would like to look back on my presidency, proud that I worked with neighbors who shared a hemisphere.
- o As Simon Bolivar wrote in 1818,
  - "There should only be one country for all Americans. When the triumph of the Venezuelan forces completes the undertaking for its independence, or when more propitious circumstances allow for fluent communications or closer relations, we shall hasten with vivid interest to initiate our part of the American pact which, upon joining our republics in one political body, shall introduce America to the world with a description of majesty and grandeur unprecedented in the Old World. Thus, America, if the heavens permit, could be named the queen of all

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SEARAAND 963  
BUSH SPEECH IN VENEZUELA

Revised Oct. 30, 1990  
with Aronson and Embassy input

Oct. 30 5 p.m.

INPUT FOR PRESIDENT BUSH'S SPEECH IN ARGENTINA

Setting

- o I am delighted to be in Argentina, a country of vast and varied landscapes full of natural beauty. There are phrases in one of my country's patriotic songs -- "purple mountains' majesty" and "amber waves of grain" -- which could just as well describe Argentina.
  
- o When I last visited Argentina in 1983, democracy in the hemisphere was not widespread. Argentina's return to democracy and strong defense of individual rights and liberties paved the way for several of its neighbors to follow suit. The wave of democratization in Latin America, in turn, inspired the peoples of Eastern Europe to demand freedoms they had long been denied.
  - We are on the verge of a hemispheric alliance of democratic nations devoted to protecting fundamental human and political rights. Our alliance must unite behind this fundamental goal -- the defense of democracy and the expansion of opportunity for all.
  
- o Our challenge is to consolidate democracy and accelerate development.
  - That means advancing the intellectual revolution now sweeping Latin America, a movement away from stale, statist doctrines; away from dictatorships of the right and left; toward democracy, free government, free enterprise; toward the true political and economic empowerment of the people.
  - The President can quote San Martin, who noted that "mankind does not live by illusion, but on facts."
  
- o It also means encouraging, for the first time in many cases, genuine free market reform. Even in countries that claimed no kinship with communism, true free enterprise did not exist. In practice, economies were often organized to ensure the prosperity of the people in power -- not to open an avenue toward upward mobility for anyone ready and willing to work.
  - Our common goal is to free this economic force: unleash the million sparks of energy and enterprise; let the incentive of reward inspire men and women to work to better themselves and their families.

- President Menem said it very well in a speech at the OAS on October 1: "Development, let's remind ourselves again, will not be given to us as a gracious concession; rather it will depend upon our own conviction, our own changes, and our own courage to bring about transformations that have been long delayed."
- o These challenges are not limited to this hemisphere. Latin America's struggles and experiences give it an important role internationally in advancing freedom and development.
- President Menem at the OAS: "Our challenge today, here and now, is to recover our common identity in order to strengthen common interests. Because we are in a world where, more and more everyday, we all depend upon one another."
- o Under President Menem, Argentina is assuming its rightful place as a leader among the freedom loving nations. Your contribution to the multinational force in the Persian Gulf is a forthright statement of your commitment to peace and the rule of law.

#### Relationship Between the Presidents

- o This will be the fourth meeting between the Presidents. They met October 1, 1990 in New York, September 27, 1989 in Washington and October 27-28, 1989 in San Jose, Costa Rica.
- The two Presidents were tennis partners in San Jose and won. A reference to the U.S. and Argentina winning when they team up would go over well. A reference could also be made to Argentina's Gabriela Sabatini winning the U.S. Open Tennis Tournament in September and to the success we expect from the Argentine national soccer team when it plays in the 1994 World Cup in the U.S.
- o Menem greatly appreciated letters from the President and White House statements supporting his economic program.
- o Menem called the President to congratulate him on the EAI.

#### U.S.-Argentine Relations

- o Argentina's embrace of democracy and liberty has brought our peoples and governments closer together.
- I agree with President Menem that U.S.-Argentine relations have never been better than they are today.

- o A concrete example of close cooperation is common commitment to eliminate the drug scourge. The Mutual Legal Assistance Treaty (probably to be signed either just before or during the visit) is a step forward in joint fight against narcotrafficking and other transnational criminal activity.
  - Almost immediately upon taking office, President Menem created a national narcotics secretariat and named a drug czar, which parallels my own action.
  - It is also significant that Argentina's drug czar, by virtue of his high standing in the region, was elected head of the OAS body which promotes a concerted regional front against narcotraffickers and cooperation on drug abuse prevention and rehabilitation.
  - A further step forward would be Argentine ratification of the Vienna Convention on Drug Trafficking.
- o I also warmly welcome Argentina's determination to help halt the proliferation of dangerous missile systems, one of the greatest threats to peace and stability in the world today.
- o The President can also refer to other agreements signed recently, to be signed during the visit or that are under negotiation:
  - Tourism Treaty - signed in September
  - Customs cooperation agreement - to be signed in November
  - Framework Trade Agreement under the EAI (in conjunction with Brazil, Uruguay and Paraguay) - under negotiation
  - subsidies code agreement - under negotiation
  - joint satellite project - agreed in August
  - regional initiative to combat Chagas disease - under study
  - USDA evaluation of a changed cooking technique which may allow additional and more profitable Argentine beef and pork to enter the U.S.

NOTE: The President will be expected to say something about debt, at a minimum he should recognize the debt burden, but note that Argentina is on the right path to reduce that burden - the path that Mexico and Venezuela have followed - the true path of economic reform.

## Argentine Economic Reform

- o With democracy clearly established, Argentina's most pressing task is to revive an economy that suffered, as President Menem has himself said, from a "system that was hindering growth, production, and working culture", a system that "would have continued to squander our wealth and cheat our humblest citizens."
  - Few Presidents have taken office under more challenging circumstances than Menem. He did not shrink from the task at hand, his courage and vision are an inspiration to other leaders in the region, and indeed around the world.
- o Menem has not promised economic restructuring would be easy or painless. He has quite rightly noted that patience and sacrifice are necessary.
  - But the goal is worth the struggle. An open and democratic economy will unleash Argentina's great potential and restore it to its former position as one of the richest and most vigorous countries in the world. The Congress building in which the President will speak is a prime example of the achievements of a more prosperous Argentina.
- o Menem's reform program is laying the groundwork for economic recovery and future prosperity. He understands that without reform there would be little hope for a better future. Those who say the people will be best served by the old ways offer no hope, no solutions. The changes Argentina must undergo involve pain, but the social cost of seeking to avoid change would be far higher.
  - Menem is not following his economic course to please the U.S. He understands his policies are based firmly in Argentine national interests.
- o There is no act of leadership more significant than to reflect on and modify one's own past prescriptions. That is as true in Washington as in Buenos Aires or Brasilia.

NOTE: It is very important that the President not refer to Menem abandoning Peronism. It would be best if the President did not mention Peron or Peronism in the speech.

- o Menem recognizes the people of Latin America can only build a free and prosperous society through thousands of cases of individual initiative, a view he has expressed to me many times.
  - Overbearing governments thwart initiative, while ensuring that crucial economic decisions result not from market forces but from narrow political interests.
- o Investment decisions are not made at the White House ("Casa Blanca") or the Pink House ("Casa Rosada", the Argentine equivalent). They are made by investors seeking the best climate for their investment.
  - And where they choose to put their money -- whether in Krakow or Cordoba -- will be the place that receives the benefits -- jobs, capital, technology.
  - No competition in the world today is more intense, or offers greater rewards to the victors, than the competition for investment dollars. And there is no group of countries anywhere more capable of competing for that prize than the five I am visiting on this trip.
- o The Bilateral Investment Treaty (hopefully to be signed during the visit) will encourage U.S. investors to join Argentines in a cooperative partnership that will result in greater productivity, more exports, more jobs and greater optimism about the future.
  - U.S. companies are ready to take advantage of the new investment climate in Argentina and the privatization of state companies. They are investing in Argentine agriculture, energy, industry and services.
  - I know President Menem was the big hit of a recent conference sponsored by OPIC. As a result of the enthusiasm he generated at that event among the U.S. business community, OPIC plans a major investment mission to Argentina in March 1991.
- o For investment to achieve its maximum rewards, however, free and fair trade must be expanded. Tariff and non-tariff barriers which inhibit commerce must be lifted. Intellectual property rights must be protected.
  - Protection of intellectual property rights will also ensure that Argentina's many able researchers and scientists remain in Argentina, to contribute to their country's development.

- o Our first priority should be a successful Uruguay Round, which holds out the prospect of important trade benefits for Latin America. The U.S. is aligned with Latin America in fighting for an end to agricultural subsidies and new openings for developing country exports.
  - A successful round would mean new market opportunities and a higher standard of living for the farmer in Buenos Aires Province, the agricultural worker in Jujuy and the engineer in Rosario.
- o I am also most pleased that my vision of a true partnership in the Americas has stirred your hopes. I warmly applaud your economic integration efforts in the Southern Cone and the leadership of President Menem in seeking to form a common market among Argentina, Brazil, Uruguay and Paraguay. I hope other countries in the region will join your efforts.

#### Science Cooperation

- o I also offer you the partnership of the U.S. in advancing our joint interests in science and technology, an area where Argentina has much valuable expertise.
  - Our respective space agencies will undertake a joint astrophysics satellite project (the Amigo project) and are examining other possible collaborative ventures. Argentina and the U.S. will begin annual meetings on space cooperation.
  - Scientists from our two countries will also meet soon to begin broadening the scope of our bilateral science and technology cooperation agreement.
  - Our experts are also looking to begin joint efforts to eradicate hoof and mouth disease in Argentina and to work on other agricultural problems of mutual concern.
- o Yet another promising area for U.S.-Argentine cooperation is in nuclear energy. We have recently signed an agreement on nuclear safety and we will be able to engage in a broader range of mutually beneficial cooperative efforts, including joint commercial ventures, in the context of an international nuclear safeguards regime.
  - If President Menem announces a decision to submit the nuclear non-proliferation Treaty of Tlatelolco to the Argentine Congress for ratification, the President can applaud Menem for his leadership in contributing to international peace and security.

CLOSING

- o The goal of the United States remains the same as expressed by President Eisenhower in this hall more than 30 years ago -- "to see every one of the American Nations make steady economic progress, with the blessings of this advance reaching all of its people."
  
- o From Mexico City to Buenos Aires, the recognition that economic responsibility begins at home is the great beginning of Latin America's economic liberation.
  - President Frondizi during his 1959 visit to the United States: "The American continent is a community of nations linked by geographic facts, by history, and by spiritual identity... (This) hour finds us all, the Americans of the Americas, united by the same solidarity, the same confidence, and the same hope that made of this hemisphere a community of sovereign republics."
  
- o The U.S. will also do its part to see the revolutionary changes in the hemisphere carried forward successfully. Distances no longer separate us, our partnership has never been stronger.

SEARAJC 8357

Remarks prepared for delivery

THE URUGUAY ROUND:  
AN ECONOMIC RENAISSANCE FOR PHILADELPHIA AND THE WORLD

Address By U.S. Trade Representative Carla A. Hills  
to the Philadelphia World Affairs Council  
October 18, 1990

Introduction

From Philadelphia to Prague, 1990 could be the start of a worldwide economic renaissance or the beginning of a dangerous slide into costly protectionism and political instability.

The deciding factor will be whether the world's trading nations can muster the political will to reach a good agreement in the Uruguay Round of global trade talks which conclude this December in Brussels.

These negotiations, named for Uruguay because they were launched there in 1986, seek to strengthen and broaden the General Agreement on Tariffs and Trade, or GATT. The GATT, signed 43 years ago this month, is without doubt the world's most important trade agreement. Indeed, it is the Constitution of World Trade.

Under GATT sponsorship, the world's trading nations have held seven successful rounds of negotiations in which tariff rates were slashed by more than 75 percent. As a result, trade exploded from just \$60 billion in 1950 to nudge the \$4 trillion mark this year.

This enormous expansion in global commerce has fueled a spectacular surge of the world and U.S. economies. Both have grown faster in the last 40 years than in any four decades of world history. Consequently, we have enjoyed unparalleled global prosperity.

The GATT has opened new markets for business, increased choices and lowered prices for consumers, and led to higher incomes and more jobs for workers.

The Need for Trade Reform

But just as a thriving family outgrows its first house, so too has the family of 100 nations, who make up the GATT and account for 85 percent of world trade, outgrown the rules that have served us so well for so long.

Today, a third of world trade -- more than \$1 trillion a year -- is not adequately covered by internationally agreed

rules. Areas inadequately covered by GATT rules, like agriculture, or not covered at all like services, investment, and intellectual property have taken on an enormous importance in global trade generally and to the United States in particular.

That is why four years ago, the United States urged that a new Round of trade talks be launched, so that the nations of the world could negotiate new GATT rules and amend old ones.

We are now in the final seven weeks of those negotiations. Let me mention just a few of the benefits the Uruguay Round could bring to America:

- o Lower tariff and non-tariff barriers worldwide, increasing U.S. output by \$125 billion annually.
- o Rules to protect the intellectual property of America's entrepreneurs, ending the \$60 billion lost annually through theft and counterfeiting.
- o New markets for U.S. service firms, which today export \$90 billion annually and create 9-out-of-10 of our new jobs.
- o An agreement opening world markets to investment, creating expanded opportunities in a sector that already generates more than \$240 billion of U.S. exports.
- o Extended market opportunities for U.S. farmers, who lead the world with more than \$40 billion in annual exports.
- o Greater participation of developing countries in the global trading system, which could increase U.S. exports by 50 percent by the year 2000.
- o And finally, a more effective means to resolve trade disputes, which if left to fester risk heightened international tension, at a time when we need increased international cooperation.

#### Philadelphia and the Uruguay Round

Without question Philadelphia could be one of the prime beneficiaries of a good Uruguay Round agreement.

In recent years, Philadelphia has enriched its economy by adding vibrant service, health-care, and high-tech companies with international interests to its significant manufacturing base. These are all sectors that would be enhanced greatly by the Uruguay Round.

For example, Philadelphia is the headquarters of CIGNA insurance which last year generated more than \$2 billion in revenues in 69 countries abroad. Incorporating services into the GATT would expand market opportunities for CIGNA and other U.S.-based insurers and service companies.

Fully one-quarter of our nation's pharmaceutical industry is based in the area. Smith Kline, Merck, Sterling Drug, and Rorer, all are headquartered or have important research and production facilities in Philadelphia. In addition, Unisys computers, Arco and Quaker chemical companies are headquartered here.

And, Philadelphia is the home of the University of Pennsylvania, Temple, Drexel, and Thomas Jefferson Universities, each conducting significant medical research.

For the ideas of these great companies and research institutions to reach the global marketplace as useful new products requires internationally agreed rules respecting patents and trademarks.

Finally, more than four-fifths of the goods passing through the Philadelphia Regional Port System are imports. The market-opening agreements we hope to reach in the Round could trigger a boom in exports through the port. By filling the ships that now leave empty, the Uruguay Round will translate into money in the bank for Philadelphia.

So you can see, these trade talks are not abstract discussions of arcane principles. Reaching a good international agreement this December would be like writing a check to the American people for more than \$1 trillion, payable over 10 years. That comes to an extra \$17,000 in the pockets of the average family of four.

As President Bush said last month to the IMF/World Bank meeting in Washington: "The Round is not just a trade issue, it is a growth issue. It can be the engine of economic growth that carries us into the 21st century."

### The Stumbling Block to a Successful Round

But you have undoubtedly read that agricultural reform has become a real stumbling block to successfully completing the Uruguay Round.

The farmers in Europe seem to be willing to throw a monkey wrench into the negotiations to protect the lucrative system of subsidies and trade barriers that pads their wallets at the expense of consumers, taxpayers, and other farmers around the world.

Last year, European consumers paid growers \$54 billion in higher prices, and European taxpayers paid out an extra \$44 billion in direct subsidies to finance this wasteful system.

Other countries, including the United States, seeking to meet competition, countered with their own payments to farmers. As a result, last year's bill to consumers and taxpayers in developed countries alone came to roughly \$250 billion.

This growing wastefulness must stop. Four changes are essential:

- o Export subsidies with which governments buy market share must be phased out;
- o Barriers to market access for agricultural products must be brought down;
- o Internal support programs must be dramatically reduced;
- o And health and safety measures for food must be used to protect consumers, not restrict trade.

In sum, competition must replace protection, not overnight, but over time. We propose 10 years. We've put our restrictions on the table. But we will not unilaterally disarm. Fundamental reform requires reform by all.

#### Consequences of a Failed Round

The importance of agricultural reform goes far beyond saving the billions lost through wasteful policies. If internationally we can't agree to begin to make the needed reforms, in all likelihood the Uruguay Round talks will collapse.

Seeing nothing in the Round for them, the agricultural exporting nations -- which means about half of the 100 nations that are negotiating -- will simply walk out. If they walk, we will not only fail to achieve agricultural reform, but also we won't have the critical participation to get a comprehensive agreement in the other vital areas like services, investment, and intellectual property.

If we fail to reach agreement in the Round next month, the economic and geopolitical costs could be staggering. Across the board, the cost of competition will increase. The United States alone will forfeit the \$1 trillion in increased output we expect to gain from more liberal access to foreign markets. Worldwide the cost will be more than \$4 trillion. And, increased trade restrictions and retaliation could cost America more than 1 million jobs.

Even worse, the world will squander a vital, proven framework for international cooperation. The collapse of the Round will lead inevitably to increased protections and political instability.

We can expect heightened friction among the world's major trading partners. Without internationally agreed rules, trade disputes will grow into costly trade wars increasing the odds that the world will splinter into giant exclusionary trading blocs.

And, in the face of increased trade tension, it will be far more difficult to organize security alliances like the one now standing firm against Iraqi expansionism.

Also, failure to come to an agreement will gravely affect the economic and political stability of poorer nations, including the recently emerging democracies. Without an agreement, these nations will be drained by the massive costs of protections now imposed on them -- costs that total two-and-a-half times all the aid they receive.

How tragic it would be if the reform governments, which are striving to replace command economies with market-oriented systems, cannot deliver on their economic promises because of trade restrictions erected by the world's trading nations. They themselves could be replaced by totalitarian regimes.

### Conclusion

Without question, the consequences of failure to get a good agreement this December are frightening. However, the benefits of success are breathtaking.

We must heighten public, congressional, and media awareness of what is at stake in this Round, so that we are prepared to make the tough decisions needed to seize this opportunity and transform it into reality.

To do this we need the help of informed groups like the World Affairs Councils across the nation. Therefore, when you leave here today, contact your Representatives and Senators. Talk to your suppliers, customers, employees, friends, and neighbors. Urge them to support the Uruguay Round of global trade talks. Make clear to them that your new markets, your new sales, and your new profits gained through the Round will mean new jobs, increased revenues, dollars in their pockets, and a better standard of living for everyone.

Years of economic growth, prosperity, and peace are just within our grasp. The Uruguay Round presents us with the

extraordinary opportunity to trigger a global economic  
renaissance. You can help make that happen.

# # #

OFFICE OF THE UNITED STATES  
TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON  
20506

THE DECADE OF THE AMERICAS

Person of the Year Award Acceptance Remarks  
By United States Trade Representative Carla A. Hills  
Brazilian-American Chamber of Commerce  
New York City  
October 25, 1990

Introduction

I am honored to be named "Person of the Year" by the Brazilian-American Chamber of Commerce along with the distinguished Sergio Coimbra. The splendid reputation of the Chamber and eminence of the previous recipients make this award one especially to be cherished.

I am also grateful to have this opportunity to address this extraordinary gathering of leading citizens from both Brazil and the United States.

As the two largest countries in the Americas -- with nearly 400 million people -- it is exhilarating to think that together we could make the 1990s the Decade of the Americas.

By joining together in a positive partnership for prosperity, we could build upon the dramatic economic reforms that President Fernando Collor has undertaken this year. In just seven months since taking office he has driven down inflation, begun to remove the government from the private sector, and started to open the economy to greater competition.

President Collor's success comes from his strongly held belief in freedom and his deeply rooted vision of the future for Brazil and Latin America. In a speech last month to Yale University, my alma mater, President Collor made clear what he was after:

"We know exactly what we want. We want to have a fair share in the benefits of mankind's progress. We want to join those in the forefront of our era. We want our peoples to have access to the best there is in well-being, security, education, and information. In short, we want our people to be able to fulfill their legitimate aspirations for happiness."

In this great quest for prosperity, Brazil, and indeed all of Latin America, are beginning to look outward. Recognizing the extraordinary changes underway, this past June, President Bush

announced his Enterprise for the Americas Initiative, one of the most exciting ideas of our time. His vision is to create a hemispheric free trade zone.

### The Uruguay Round

We will far be more able to realize the promise of his Initiative for this hemisphere if we can successfully conclude the Uruguay Round of global trade talks this December and open markets worldwide.

The Uruguay Round -- so named because it was launched in Uruguay in 1986 -- is seeking to strengthen and broaden the General Agreement on Tariffs and Trade, or GATT. The GATT is without doubt the world's most important trade agreement -- indeed, it is the Constitution of World Trade.

The GATT started out small after World War II with just a handful of nations looking for a way to spur economic growth. It succeeded beyond all expectations.

Under GATT sponsorship, the world's trading nations have held seven successful rounds of negotiations in which they slashed tariff rates by more than 75 percent. As a result, trade exploded from just \$60 billion in 1950 to nudge the \$4 trillion mark this year.

This enormous expansion in global commerce has fueled a spectacular surge of the world economy which has grown faster in the last 40 years than in any four decades of world history. Those nations whose opened their markets have enjoyed unparalleled prosperity.

The GATT opened new markets for business, increased choices and lowered prices for consumers, and led to higher incomes and more jobs for workers.

But just as a thriving family outgrows its first house, so too has the family of 100 nations that now make up the GATT and account for 85 percent of world trade outgrown the rules that served us so well for so long. Today, a third of world trade -- more than \$1 trillion a year -- is not adequately covered by internationally agreed rules of fair play.

Areas inadequately covered by GATT rules, like agriculture, or not covered at all like services, investment, and intellectual property have taken on an enormous importance in global trade.

That is why four years ago, the nations of the world launched the Uruguay Round, so that they could negotiate new GATT rules and amend old ones.

As we head into the final 39 days of those negotiations, here is what the Uruguay Round could mean for Brazil and the United States:

- o Reducing tariff and non-tariff barriers by one-third could cause global output to grow by an extra \$4 trillion over the next 10 years. And the Americas' share would be over \$1 trillion.
- o Developing comprehensive rules of fair play for the new areas of services, investment, and intellectual property would spur economic growth and facilitate the transfer of technology.
- o Reining in the hundreds of billions of dollars of subsidies would result in fairer competition and expanded trade.
- o Bringing the developing world, which accounts for nearly \$500 billion in annual sales, fully into the global trading system would spread the benefits of that system to the nations most in need.
- o Creating a swift and effective means to resolve trade disputes would increase international cooperation.
- o Finally, achieving fundamental reform of agriculture would allow farmers worldwide to grow what they want, sell where they want, and prosper without government interference.

These trade talks are not abstract discussions of arcane principles. As President Collor also said at Yale: "Economic change is a requirement for modernization. The engine of growth is fueled by free enterprise, unencumbered trade, increased efficiency and scientific and technological capability."

#### Brazil's Position in the Round

The United States and Brazil have been partners in working to achieve a good agreement in the Uruguay Round with respect to agriculture. We need to extend our partnership to other areas as well, including the balance of payments provision, trade-related investment measures, and intellectual property.

When developing countries are experiencing real balance of payments difficulties, the United States agrees that they should be permitted temporarily to restrict imports that are injuring domestic industries. Brazil should work with us to develop clear international rules governing when and under what circumstances such restrictions can be used.

A country that permits open investment fosters economic growth; those that don't, stifle it. Again Brazil should work with us to develop clear international rules to prohibit governments from unduly interfering with investment -- that is the road by which Brazil can become a world-class competitor.

Finally, a country that protects inventions and creative ideas encourages their development at home and attracts valuable technology from abroad. Thus, Brazil should work with us to develop international rules that protect patents, trademarks, and copyrights.

We are working hard in the Uruguay Round negotiations to forge agreements in these areas. Little time is left and much remains to be done. Quite frankly, President Collor's policies in support of open markets and economic growth in Brasilia are not getting translated into action in Geneva. Poor translation puts at risk all that his administration is trying so courageously to accomplish.

### Conclusion

Both President Bush and President Collor have said that the success of the Uruguay Round is a key to future hemispheric and global prosperity.

President Bush said in speaking to the IMF/World Bank meeting just last month: "The Round is not just a trade issue, it is a growth issue. It can be the engine of economic growth that carries us into the 21st century."

Our exciting new partnership for prosperity can help fuel that engine.

Informed groups like the Brazilian-American Chamber of Commerce can strengthen this partnership by educating the public, politicians, and press in both of our countries about what is at stake in this Round.

Make clear to them that your new markets, new sales, and new profits gained through a successful Round will mean new jobs, increased revenues, dollars in their pockets, and a better standard of living for everyone.

Years of substantial economic growth are just within our grasp. The Uruguay Round presents us with the extraordinary moment in history to recharge global economic growth, propel Brazil to prosperity, and launch the Decade of the Americas.

Thank you again for this award.

# # #



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*During the Regional Conference of Country Directors in Costa Rica, an IESC delegation met Costa Rican President Rafael A. Calderon and Vice President Arnoldo Lopez. Shown (left to right) are: Hobe Gardiner, executive vice president, IESC; Rodolfo Gurdian, Advisory Council member; Guillermo von Breymann, chairman, IESC Advisory Committee; President Calderon; Retiring Country Director Peter Lange, Country Director Carlos Miranda and Vice President Lopez.*

## COUNTRY DIRECTOR PRIORITIES THEME OF REGIONAL CONFERENCE

IESC Country Directors from the Latin America/Caribbean region gathered in San Jose, Costa Rica, in early June to discuss how to improve operations, methods of project development and the recruitment of volunteer executives.

Hobe Gardiner, IESC executive vice president who has operational responsibility for the region, opened the six-day conference with the comment that one of the things management at headquarters has learned is how to run meetings — how to listen to Country Directors — that learning is a personal matter which is best when “self inflicted.”

“We have found that Country Directors learn most from other Country Directors. The program for this conference, designed to facilitate that process

of learning from each other, was derived not only from the experience of the Africa, Asia, Near East Conference held at Alexandria in January this year, but also from the constructive recommendations made then by the Country Directors present.”

Hobe delivered a greeting from Tom Carroll, IESC president and chief executive officer who was unable to be present. “Country Directors, have fun in your jobs, pride in your accomplishments, and the pleasure of knowing that you are serving the interests of the country and the interests of your grandchildren.”

True to the purpose of the meeting, Country Directors participated fully in frank, open discussions moderated by headquarters personnel including Archa Knowlton, Bill Lippincott, Lorne Olsen,

### IESC NEWS

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Lyman Parrigin, Anne Symmers and Executive Recruiter Peter Moyer.

Nina Miles, director of IESC's Women's Program, described AID's new Women in Development program and asked the help of Country Directors in getting USAID Missions involved, and their help in getting more couples on projects where both are qualified to serve as volunteer executives.

Harvey Wallender, director of IESC's Trade and Investment Services updated Country Directors on activities in that area, including ABLE, the USVE program (using volunteers in the U.S. to support clients overseas), and joint ventures.

Those attending gave highest marks to Peter and Heidimarie Lange, the host CD couple, for the arrangements for the conference — business sessions and social activities.

The Latin America/Caribbean Region represents more than 55 percent of IESC's worldwide activities. Country Directors from 19 of the 20 countries in the Region were present. (Ricardo Escardo of Uruguay was ill and unable to be present.)

Country Directors attending included: Sam Summers, Argentina; Linda Bautista, Belize; Raul Zarate, Bolivia; Ben Edwards, Brazil; Leland Means, Chile; Roland Schambach, Colombia; Peter Lange, Costa Rica; Rafael Oller, Domini-

*(continued on page 2)*



*Country Directors, IESC staff members attending the Regional Conference in Costa Rica get together for a group photo.*

## COUNTRY DIRECTOR CONFERENCE

*(continued from page one)*

can Republic; Tom Poindexter, Eastern Caribbean; Al Sparzani, Ecuador; Mario Sulit, El Salvador; Luis Moreno, Guatemala; Mireille Malebranche, Haiti; John Coleman, Honduras; Robert Mareneck, Jamaica; Francisco Bertot, Mexico; Vicente Valle, Panama; James Baker, Paraguay, and James Plunkett, Peru.

Others attending and participating, including the newly appointed Country

Director, Carlos Miranda, Costa Rica, were David K. Mitchell, newly appointed Assistant Country Director for Cairo, Egypt; Jorge Pereira and Luis Cardona, Costa Rica.

Hobe Gardiner closed the meeting saying, "As we cloe the 80's, we can look back with some pride in our operations and what we've learned. As we open the 90's, we recognize the need to keep learning and accomodating to changing needs. The only important result of this conference is agreement about next steps."

## VOLUNTEER PLANS FOR COMMERCIAL BUFFALO DAIRY

Make a 1200 pound buffalo give more milk?

That was part of the problem facing IESC Volunteer Robert E. McDowell in Pakistan. Another was to increase reproduction in the herd.

When Mehran Dairy Farms of Karachi, Pakistan, asked IESC for assistance in setting up a commercial dairy farm using buffalo milk, Executive Recruiter Jim Clements found just the right man for the job in Bob McDowell. Bob of Raleigh, North Carolina, is visiting professor of animal science at North Carolina State University. Earlier, he taught international animal science at Cornell University for 20 years. During his career, he worked in India and

Pakistan in collaborative research programs on cattle crossbreeding and genetic improvement of buffalos.

After arriving in Pakistan on the IESC project, Bob developed an operational plan for profitable commercial dairying using buffalos (for which no previous model existed.)

He worked on creating standards for feedstuffs in Pakistan, emphasizing nutrient content rather than just bulk. He helped select and hire two buffalo experts and worked with them to develop new methods of improving the buffalos' reproduction rate and to increase the quantity of milk without the calf present. He also recommended procedures to make milking more efficient.

Mehran Dairy Farms has increased its buffalo herd from 500 to more than 1,000, and if Bob's recommendations are carried out should be a profitable operation.

## VOLUNTEER COUPLE PRAISED FOR WORK IN CANCER CENTER

Country Director Rafael Oller received the following letter from Liga Dominicana Contra El Cancer Instituto de Oncologia "Dr. Heriberto Pieter" in Santo Domingo, Dominican Republic.

"It is with pleasure that we inform you of the work performed by Dr. Ivan Anderson in our institution. Due to his work, we have a valuable set of recommendations which helps us have a better and more effective work program.

"At this moment, there is a shipment of equipment and material consigned to us, made by Dr. Anderson very generously, as he saw our condition and our many needs. For these same reasons, Mrs. Anderson also helped as a volunteer in our pharmacy during their stay in the Dominican Republic.

"All of the above reasons have made us place the Andersons in a very special place for their work and the results, which can already be appreciated at this institute.

"Sincerely, Rosa E. de Tavares,  
President."

Ivan and Lue are from Topeka, Kansas, where he served as administrative consultant, Clinical Network Program, Menninger Clinic.

## IESC, MARITIME CENTER BRING INDONESIA TO NORWALK

The flavor of Bali, Sumatra, Java, Borneo and other fabled and exotic islands of Indonesia will be brought to Connecticut on October 19 in a special event highlighting IESC's 22-year involvement with Indonesia.

The festivities will take place at the Maritime Center at Norwalk from 6:30 to 10:30 p.m. Guests will be able to see a special film, "Indonesian Children in a Maritime Nation," a presentation of Balinese dances, hear traditional Indonesian folk songs, visit special exhibits and enjoy wine and Indonesian food.

Before each showing of the IMAX film on Indonesian children, brief welcoming remarks will be made by IESC President Tom Carroll, the Consulate General of Indonesia, and a representative of the Maritime Center.

Theme of this IESC benefit event will be "In Service to Country." It will tie into Indonesia's 18-month national cultural promotion festival which begins in the United States on September 25, 1990.

A variety of food and wine will be offered at several locations within the Maritime Center exhibit galleries to facilitate social and business contacts and the movement of guests.

Entertainment will be provided by a traditional Gamelan instrumental orchestra from Wesleyan University, the Balinese dance exhibition presented by Indonesian students in costume from the University of Bridgeport and Wesleyan University, and taped Indonesian folk songs throughout the exhibit area. Indonesian posters, artifacts, travel information, and other informational booths will be in the exhibit area.

Tickets to the event will be \$75 per person, with proceeds going primarily to assist IESC's program of managerial and technical assistance to lesser developed countries.

IESC's program in Indonesia began in May, 1968, with the acceptance of nine projects and the assignment of Wiley T. Reynolds, retired banker from Palm Beach, Florida, as the first Country



*A delegation from the Soviet Union visiting IESC headquarters learns about the Skills Bank from Tom Carroll, IESC president (far right). Members of the group are (left to right) Ilya Baskin, chief executive officer, Union of Entrepreneurs, Soviet Union; Pavel Bunich, Deputy, Supreme Soviet for Restructuring of the Economy; Igor Baboshkin, an aide, and Yuri Louzshkov, Chairman of the Executive Council, City of Moscow. Next to Mr. Carroll is Interpreter Nina Nadgornoy of Stamford.*

## IESC RECEIVES \$33,500 GRANT FROM MOTT FOUNDATION

The Charles Stewart Mott Foundation of Flint, Michigan, has granted \$33,500 to IESC for managerial assistance to business/industry in Eastern Europe.

According to Tom Carroll, IESC president and chief executive officer, the Mott funds will be used to support the work of five retired volunteers who will serve as mentors to local businessmen in selected cities in Eastern Europe. The volunteers will help introduce Western methods and technologies and assist in the overall conversion from state-owned enterprises to a free market system.

The first project to be undertaken with the help of Mott funds involves guidance to a newly-formed stock exchange in Belgrade, Yugoslavia. It is anticipated that the funds will support a pending

Director there. The first two volunteers, C. George Krogness Jr., of Shaker Heights, Ohio, and Hugh A. Davies of San Diego, California, arrived in Indonesia in June of that year. Since then, IESC has completed more than 500 projects in Indonesia.

IESC project to assist the City Government of Moscow in privatizing its street maintenance and repair. Other projects are in the planning stage.

IESC began its current program in Central and Eastern Europe three years ago when it sent its first volunteers to Hungary. Last year, IESC began a program in Poland. To date, IESC has accepted 38 projects in Hungary, 38 projects in Poland and three in Yugoslavia and 13 in the Soviet Union.

Mr. Carroll noted that the program has as its primary purpose immediate improvements in the industries served through the introduction of Western management methods and as a long term goal, support of privatization of government-owned industries and the development of the private sector.

The Mott Foundation is a private foundation with assets of about \$900 million that awards more than 360 grants a year for projects that identify, demonstrate, test and disseminate principles that, in application, strengthen and enrich the quality of life of individuals, families and their communities.

## ABLE Activities

ABLE (American Business Linkage Enterprise) has had a busy start in the 90's with 48 reports prepared for clients in 24 countries since January. Since its first report back in 1984, ABLE has grown into a well-established sector of IESC which provides clients with insight vital for entry into U.S. markets and other information that helps the client improve business ventures.

Last December, a representative of Rose Kitchens Limited, a food processing company in Grenada, requested information on food processing equipment to help her company expand. ABLE consultant Dan Duffy was assigned the report and immediately got in touch with an IESC Volunteer Executive. VE Jack Perkins had recently finished an IESC assignment in Central America on a similar project and was able to utilize his new experience to give Dan first-hand insight on the industry. Dan then contacted numerous American companies in the industry and talked with decision-making executives. The executives gave him the statistics, prices and general knowledge he needed to begin writing the bulk of the report.

In the end, the combination of the different sources of knowledge and information led him to conclude that Rose Kitchens Limited could be very successful, as he had contacted many American companies able and willing to supply the appropriate equipment within the client's price and size specifications. The most successful contact made available to the client was suggested by VE Jack Perkins and confirmed by many of the company executives.

In April of this year, a finished report was sent to Rose Kitchens, along with pamphlets, brochures, articles and newsletters relevant to the report. Shortly, ABLE heard from the Country Director for Grenada, Tom Poindexter. He reported that the representatives of Rose Kitchens "were pleased and will probably sign an agreement to utilize a VE for a project to assist in selecting equipment, placing orders and set-up training."



*IESC Volunteer Norman Donatt (left) is shown with employees of a Bolivian concrete products company with samples of one of their standard products — concrete utility poles.*

### IESC Volunteer PRODUCES CONCRETE RESULTS FOR BOLIVIAN COMPANY

Compania Administradora de Empresas (CADE) had just completed a new plant to manufacture precast concrete products in Bolivia and asked IESC for assistance to make sure they headed in the right direction.

Recruiter David Thurston came up with an excellent choice — Norman L. Donatt of Bellevue, Washington. Norman had spent many years in the concrete products industry, serving as vice president, operations, for the Olympian Stone Company, and later as president of Graystone Prestress, Inc.

CADE was originally set up to manufacture spun concrete poles for the Bolivian Power Company but wanted ideas for broadening the product line.

Norman began by analyzing the con-

crete mix and suggested changes which resulted in a stronger concrete which reduced breakage of the poles by 80 percent. He suggested precast cross-arms for the poles and recommended means for making highway dividers and prefabricated low cost housing.

The basic pole and crossarm business is moving ahead, and the capability exists for the highway dividers and prefabricated housing, pending the development of markets.

The client commented: "The volunteer's principal contribution has undoubtedly been his evaluation of the process, establishing confidence in management and workers alike to the extent that they now know they have a going concern and are going to succeed. He has managed to get the bugs out of the manufacturing process, to clear up doubts and uncertainties at all levels and to recommend improvements both in equipment and in procedures. His expertise in the prefabricated concrete industry is impressive and we hope to be able to implement many of his recommendations in the diversification of the product line.

"The volunteer has definitely carried us through to the manufacturing stage with first tangible results in the form of sales."



*Shown on the walkway leading to the Alexandria Coptic Evangelical Church School for the Mentally Handicapped are (left to right) Mona Sami Faraq Anees, newly trained teacher at the school; the Rev. Gendi Ibrahim Rizk; IESC Volunteer Edis Anderson; Nefisa Mouhamed Nasser, who attended training sessions taught by Edis, and in front, her son Shrief Ahmad El-Amrawy, who attends the school.*

## In Egypt

# IESC VOLUNTEER IMPROVES LIFE FOR HANDICAPPED CHILDREN

Edis Anderson of Geneseo, Illinois, used her long experience in teaching and special education to make life better for scores of mentally handicapped children in Egypt.

When a request for assistance came to IESC headquarters from the Alexandria Coptic Evangelical Church, Executive Recruiter Jim Berman felt he had found just the right volunteer in Edis Anderson. Both Edis and her husband, Sidney, who retired as a design engineer with John Deere and is an expert in farm machinery, had registered with IESC several years before.

In Alexandria, Edis found that the Coptic Evangelical Church had just built a new school for retarded children and was in the process of getting it started. She used her experience in Rock Island, Illinois, schools and others in South Dakota and Iowa, to get the school headed in the right direction.

One of her first tasks was to train the teachers. They were four agricultural graduates who had no schooling in special education and had been unable to find employment in their field. She taught them special education techniques. She also developed teachers'

manuals. By the time Edis completed her project, the school was in operation and had a waiting list of 40 children.

She also conducted intensive teacher training at the Mental Retardation Boarding School which housed 80 boys at El Seyouf in Alexandria. In addition, she conducted seminars and lectured in two other cities. Those attending were primarily Moslem.

One of the things she stressed that could have far-reaching impact was a changed attitude toward mental illness. The general perception was that it was contagious and could be passed from one child to another. She gave three weeks of lectures, five hour sessions each day. Her lectures were translated into Arabic and are being published through the USAID Mission. Before Edis left Alexandria, she saw the first 129 pages of what promised to be a thick textbook to be used in state run schools.

Sidney worked closely with her on the project. Shortly after they returned to the U.S., he had an operation on his hip, but they are hoping he will be fully recovered by the fall and both of them can take on projects in their respective fields.

## SPOUSES

### Are You in IESC's Skills Bank? Maybe You Should Be

A few months ago Margaret Wiener and her husband, Geoffrey, of Larchmont, New York, went to Jamaica as an IESC volunteer team to assist a home for disadvantaged children. Both hold advanced degrees in social work and have career experience in the field. Each worked on a different phase of the problem and yet were able to share information for a successful project.

Three years ago, Dr. Ruth Feinberg of Indianapolis went with her husband, Arnold, to the Dominican Republic. While Arnold worked as an IESC volunteer to help an automotive parts company, Ruth developed her own project — seminars for small businesses on human resources, a field in which she is eminently qualified. Since then, she has been recruited for several projects on her own.

### WORKING AS A TEAM

There are a number of other examples of husband and wife working as a team on a project — or working on dual projects in the same country. Nina Miles, director of IESC's Women's Program, thinks there could be several hundred IESC spouses who may be qualified to serve as Volunteer Executives, but who are not registered in the Skills Bank. "I'd like to see them call or write in for 'blues' so they can enroll," she said. "Also, many of them may have friends who are not involved with IESC, but who might want to volunteer."

Bill Lippincott, vice president, recruiting, notes that there are relatively few women registered out of nearly 12,000 people in the Skills Bank. "We want to change that," he says. "When IESC was founded 26 years ago, there weren't that many women who had been in managerial or administrative positions long enough to be anywhere near retiring. But it's a different story now, and IESC wants to draw new volunteers from this rich and growing source."

Write to Nina or to Bill at IESC, P.O. Box 10005, Stamford, CT 06904-2005.



Mireille Malebranche

## MALEBRANCHE TO DIRECT IESC HAITI PROGRAM

Mireille Malebranche, who has had extensive experience in travel and tourism, has been named IESC Country Representative for Haiti.

Mireille, who will continue to make her home in Port-au-Prince, succeeds Michael Hamilton, who accompanied his wife to Paris where she was transferred by the French government.

Before joining IESC, Mireille was with the Francheco Travel agency in Port-au-Prince as sales representative. Earlier she was Haiti Air's city ticket office manager and the Haiti Air Miami Station's controller and auditor.

Prior to that, she served with Air France in Montreal, and with Pan American in Barcelona, Spain, and at John F. Kennedy Airport in New York.

She studied philosophy at the University of Madrid; languages and translation at the "Cluny" School of Languages, University of Paris affiliate in Madrid, and at the School of Diplomacy, University of Madrid.



Raul and Linda Zarate

## ZARATE TO DIRECT IESC OPERATIONS IN BOLIVIA

Raul Zarate, who has served in business and governmental capacities in Bolivia, has been appointed IESC's Country Director for Bolivia.

Raul and his wife Linda, who is Canadian, will continue to reside in La Paz where they have made their home for some years.

Before joining IESC, Raul was commercial supervisor for the Bolivian Power

Company. Earlier he was First Secretary for Commercial Affairs at the Bolivian Embassy in Washington, and prior to that was in the Bolivian Ministry of Agriculture where he served as counterpart to the USAID advisor.

Raul graduated from the University of Windsor in Ontario, Canada. He and Linda have two daughters who currently are at the University in Canada.



Shown at the official signing of a new grant agreement between the USAID Mission, India, and IESC are (left to right) M.C. Gupta and Ram Berry, Project Officers; V.K. Laroia, IESC Country Director; Bob Beckman, Chief, Office of Technology Development Enterprise, and Dale B. Pfeiffer, Director (Acting) USAID. Under the agreement, USAID India will provide \$1 million in support of IESC's program in India for three years — 1990 through 1992.

### THE SCORE:

(As of July 5, 1990)

Projects Accepted .....745

Project Starts.....433

Countries ..... 53

## EXECUTIVE ASSIGNMENTS

(continued from back page)

### MEXICO

THOMAS H. COOPER, Denver, CO, Founder/Pres. Plasticrafts. TO: ORGANIZACION CARMEL, S.C.

ROBERT E. VIK, Naples, FL, Pres., Elgin Meta. TO: INDUSTRIA TECNICA DE LA LAGONA S.A.

JOHN G. COLLINS, Playa Del Rey, CA, Sr. VP Metmor Financial. TO: STAC S.A. DE C.V.

G. PARKS SHERRILL, Valdese, NC, Sales Mgr., Leath McCarthy. TO: CELANESE MEXICANA S.A.

VICTOR L. BUMP, Penn Yan, NY, VP Mfg./R&D, Seneca Foods. TO: INDUSTRIAS FRUTICOLAS S.A. DE C.V.

JAN G. TRUTMANS, Baton Rouge, LA, Factory Mgr., Chief Eng., Caldwell Sugar. TO: GAMESA S.A. DE C.V.

### MOROCCO

HERMAN KAPLAN, Harrison, NY, Owner/Mgr., Elan Chemical. TO: S.P.E.A.G.

WARREN S. BUTLER, Green Valley, AZ, Mgr., St. Regis Paper. TO: STE MARITAL PLAST.

EDMUND R. HOPPER, Bayonet Point, FL, Plt. Mgr., Stroehmann Bakeries. TO: BISCUITERIE DE MAKNES.

ELIAS STOCK, Hartsdale, NY, Pres. PUMA. TO: BOUFTAS.

HARRY CHAND, Mesquite, TX, Sr. Chemist, Uniroyal. TO: CAOUTCHOUC & PLASTICS DU MAGHREB.

JOSEPH COHEN, Metairie, LA, CEO/Pres. Coleman Clothes. TO: MAEX S.A.

ROBERT F. WENCK, Southern Pines, NC, Consultant to Mgt., Burlington. TO: NASCOTEX S.A.

### PAKISTAN

MERTON L. VANDRESER, Pleasanton, CA, VP/Dir. Res., Kaiser Ind. TO: NATIONAL CEMENT INDUSTRIES (PVT) LTD.

### PARAGUAY

RICHARD J. HERCZOG, Carpentries, CA, Pres., CEO. Greater L.A. Zoo. TO: FUNDACION MOISES BERTONI.

### PERU

AARON SCHWARTZ, Tamarac, FL, Plant. Mgr., Gelmark. TO: KNITWEAR FOR EXPORT.

FELIX J. GERMINO, Orlando Park, IL, VP- R&D, Quaker Oats. TO: MOLINERA MANUEL VALENCIA Y SUCESORES S.A.

ANNETTE J. FRASER, Menomonie, WI, Program Dir., Apparel Design & Mfg. Univ. Wisconsin. TO: PONTIFICA UNIVERSIDAD CATOLICA DEL PERU.

LEONARD R. WOOD, West Orange, NJ, Corp VP, WITCO. TO: TECHNOQUIMICA S.A.

### POLAND

JACK R. GLATTHAAR, Kerrville, TX, Pres., Monsanto. TO: ZAKLADY WIOKIEN CHEMICZNYCH STILON.

MYRON K. BORT, Columbiana, OH, Meat Processing Consultant. TO: ZAKTAD PRODUKEJI WEDLINIARKIEJ GARMAZERY.

EDGAR D. LANDRETH, Hilton Head Island, SC, Former VP, Metro Pants. TO: POLISH COUNCIL OF MINISTERS.

FLOYD M. MC CURDY, Danville, IL, Plt. Mgr., Central Foundry. TO: POLISH COUNCIL OF MINISTERS.

ROBERT W. STICH, Sun City Center, FL, VP, U.S. Forge. TO: POLISH COUNCIL OF MINISTERS.

### SRI LANKA

THOMAS P. HOWLEY, Naples, FL, Dir. Ops., ITT Continental. TO: MAGELLE TRADING CO., LTD.

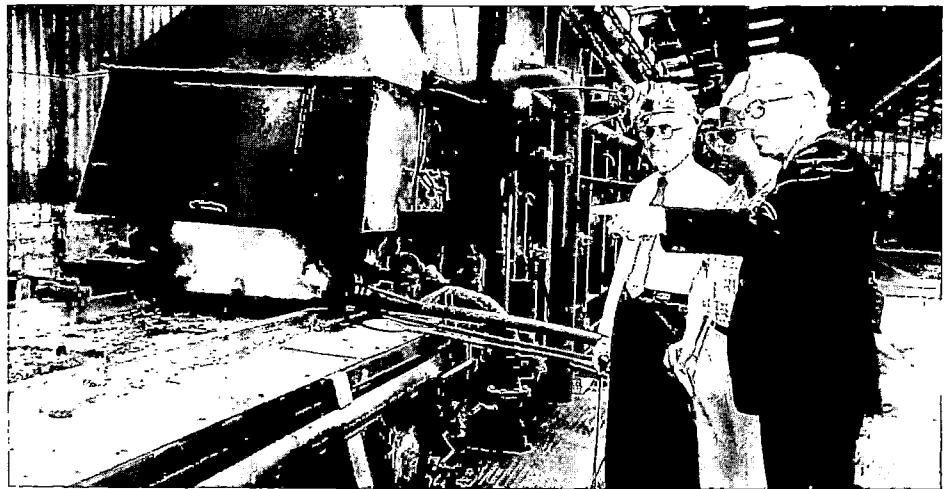
JOHN G. LOCHNIGHT, Clearwater, FL, VP, Sr. Trust Off., Freedom Savings. TO: SEYLAN BANK.

ROY C. WILLIAMS, Hamilton, OH, Plt. Mgr., American Cyanamid. TO: SINGA LANKA LIMITED.

### THAILAND

FORREST V. SMITH, Atkinson, NH, Tech. Mgr., Nike, TO: PIYAVAT RUBBER INDUSTRY COMPANY, LTD.

LENARD. F. HECKERT, Greeneville, TN, Plt. Mgr., PET. TO: KAO SHONG INDUSTRY 1979 CO. LTD.



IESC Volunteer Charles Zerr (left) observes a roasting operation for wire rope with a supervisor in the Peruvian plant and Country Director Jim Plunkett.

## In Peru, VOLUNTEER HELPS TRAIN STAFF IN WIRE ROPE MAKING

PROLANSA, a manufacturer of steel wire and wire products, asked IESC for help in analyzing and improving its production of wire rope used in a number of industries in Peru.

IESC Recruiter Normand Hyman recruited Charles Zerr of Grain Valley, Missouri, for the task. Charles was well qualified through his 37 years experience with Armco Steel Corporation, where he retired as chief engineer at the Kansas City works.

In Lima, Charles surveyed the entire manufacturing process and then checked out procedures department by department. He made recommendations in cleaning, using acid or baking methods; wire drawing, spooling and stranding. He trained an engineer in the design of wire rope to meet different specifications, and instituted a training program for all members of the young staff.

Charles also gave a boost to the sales department by accompanying staff members to the Talara oil fields on the northern Peruvian coast and down to the open pit mines of the Southern Peru Copper Corporation.

### ZAMBIA

DONALD B. SPARROW, Eastham, MA, Consultant, Forest Prod. Ind., TO: ZAMBEZI PAPER MILLS LTD.

### ZIMBABWE

THOMAS E. HARRISON, Kannapolis, NC, Plt. Mgr., Cannon Mills. TO: MERLIN LIMITED.

ALFRED F. STEINHAEUER, Midland, MI, Res. Assoc., Dow Chemical. TO: VAIDA CHEMICAL CO. (PVT) LTD.

Meantime, Charles' spouse, Byrna, was making her own impact in Peru. She worked with tireless enthusiasm in carrying out a special assignment for her church, Restaradora de Jesu Cristo based in Independence, Missouri. She spent her time in a small primary school in Lima where she taught English and helped the children in art and music.

## Clausen To Head IESC Activities in Pakistan

Ralph T. Clausen, who had a long career with A.C. Nielsen Company, international marketing research firm, has been named IESC's Country Director for Pakistan.

Ralph and his wife, Mariana, who have been residents of Englewood, New Jersey, will make their headquarters in Karachi.

Ralph began his career with Nielsen in 1945 and retired as vice president, Sales and Service, Media Division, in 1982.

He and Mariana served as IESC volunteers on projects in Panama and Pakistan.

He graduated from the University of Illinois with a B.S. degree in marketing and earned an M.B.A. degree in marketing at New York University.

He is listed in Who's Who in the East, and in Who's Who in Media. He served in the U.S. Army during World War Two.



# Executive Assignments

May 1 — June 30

## BELIZE

MICHAEL H. ALFORD, Beverly Hills, CA, pres./CEO Unitours Club. TO: ADVENTURE INN.  
KARL R. EWALD, Natchez, MS, Pres., Journey's Inn. TO: ADVENTURE INN.

JOHN VINCENZI, San Juan Capistrano, CA, Asst. Prof., Orange Coast Coll. TO: BULL FROG INN.  
JOSEPH CHERN, Monona, WI, Res. Mgr., U.S. Forest Products. TO: BELMOPAN POLE PLANT.  
WILLIAM H. MACKINNON, Orlando, FL, VP/GM, Sheraton Hotels. TO: ROCK'S INN.  
THOMAS C. DEAN, Vestal, NY, Pres., DERU. TO: SUN BREEZE RESORT.

DONALD D. WYVELL, Columbia, MD, Dir., Operations, Marriott. TO: CAHAL PECH TAVERN.  
JOHN F. YOUNG, Tryon, NC, Mgr., Engineering, Uniroyal. TO: SCREEN PROCESS LTD.

ROBERT H. LINDSTROM, Rancho Mirage, CA, Pres., Fireside Rest. TO: ELVIS KITCHEN.  
AUDREY G. FREEDLAND, Stratford, CT. TO: UNIVERSAL TRAVEL.

GUENTHER W. GUENNEL, Ft. Myers, FL, Pres./Owner, Baker Guennel. TO: HOUSE OF THE RISING SUN.

## BOLIVIA

HELEN L. CUMMINGS, Pasadena, CA, Owner, Fashions by Helen. TO: DIXY LTDA.  
MARTIN SEIBOLD, Kelseyville, CA, Gen. Mgr., Intercontinental. TO: ALSUR LTDA: SOCIEDAD HOTELERA LOS TAJIBOS, S.A.

## BOTSWANA

EDWIN A. CARLSON, Bracey, VA, Gen. Mgr., A&P. TO: IKEA WASHING POWDER (PTY) LTD.

## BRAZIL

LAURENCE C. WALKER, Nacogdoches, TX, Dean, Sch. of Forestry, Stephen F. Austin Univ. TO: COMPANHIA VALE DO RIO DOCE.  
DELBERT R. SCHMIDT, Peoria, AZ, VP, Wausau Ins. Co. TO: COMITE DE DIVULGACAO INSTITUCIONAL.

## COSTA RICA

GILBERT E. YOST, Wenatchee, WA. TO: CINDE-PROCAP.  
GORDON L. VAN DE VANTER, San Luis Obispo, CA, Prof. Veg. Crops, Calif. Poly. TO: CINDE-PROCAP.  
JOHN O. PAINTER, Belmont, CA, Gen. Mgr., Means Service. TO: CINDE-PROCAP.

CARL A. NELSON, Lakewood, CO, Pres., Hospitality Grove, Inc. TO: SIERRA LATINO AMERICANO S.A.  
FREDERICK J. BINKS, La Jolla, CA, Finan. Controller, ITT. TO: CINDE.

RALPH A. DYER, Modesto, CA, Production Mgr., General Foods. TO: CINDE/DIVISION AGRICOLA.  
CHARLES M. MARSHALL, Simsbury, CT, VP, Mfg., Stanley Works. TO: COOPESA.

ARTHUR M. COOPER, Prescott, AZ, Dir., Revlon. TO: LABORATORIOS SUKIA S.A.

## DOMINICAN REPUBLIC

JOHN A. PIERANO, Wilmington, NC, Sr. Chemist, Wikoff Color. TO: COLOR S.A.

## BARBADOS

LOTHAR H. MILLER, Huntington Valley, PA, Garment Mgr., Alfred Angelo. TO: DRAPERY SPECIALISTS LTD.  
PHILIP HEIBERGER, Broomall, PA, Res. Assoc., E.I. duPont de Nemours. TO: TRAWEL PLASTICS BARBADOS LTD.

## ECUADOR

JOHN H. POWELL, Celina, OH, Mgr., General Motors. TO: AUTOS Y MAQUINAS DEL ECUADOR.  
HORST J. KOCH, Marco Island, FL, Pres./GM, Uniroyal. TO: ELCAMPO S.A.

WARREN F. HALSTEAD, Clarksville, VA, Dyeing Mgr., Burlington Ind. TO: TEXTILES LA ESCALA S.A.

CARL FORSLUND, Grand Rapids, MI, Owner, Carlforlund. TO: ASOCIACION NACIONAL DE EMPRESARIOS.

JUAN O. JAUREGUI, Dallas, TX, Marketing Mgr., United Brands. TO: FABRICA AUTOMATICA DE ENVASES S.A.

## EGYPT

GEORGE T. BOOTH, Grand Island, NY, Pres., George T. Booth, Inc. TO: NATIONAL OIL AND GREASE CO.

LLOYD A. LIDER, Davis, CA, Prof., Univ. Cal., Davis. TO: DIAB AGRICULTURAL RECLAMATION CO.

ALFRED C. HORST, Austin, TX, Gen. Tech. Supt. Continental Grain. TO: LECO LATIF ENGINEERING CONSULTING.

JAMES A. BROWN, Clay Center, KS, VP, Ops., Key Milling. TO: LECO LATIF ENGINEERING CONSULTING.

BERNARD F. BROWN, Albuquerque, NM, VP, Int'l Ops., Baskin-Robbins. TO: PICO TOURISTIC PROJECTS CO.

ROBERT M. THOMPSON, Indianapolis, IN, VP/Dir., Eng., Carrier Corp. TO: INTERNATIONAL AIR CONDITIONERS.

ROBERT M. KYTE, Centralia, WA, Nursery Mgr., Cedar Valley. TO: DIAB AGRICULTURAL RECLAMATION CO.

LYDIANE KYTE, Centralia, WA, Botanist, Cedar Valley. TO: DIAB AGRICULTURAL RECLAMATION CO.

VICTOR I. APPS, Lakewood, CO, Plant Mgr., Rousselot. TO: ELEPHANT GLUE COMPANY.

ALVIN M. COHODAS, Allentown, PA, Food Lab. Supvr., Air Products. TO: EL NAGGAR.  
R.K. CARPENTER, Herculaneum, MO, Mgr., American Zinc. TO: TALCO TRADE.

LOUIS J. FUSCO, San Diego, CA, VP, King Cola. TO: EL MOHANDES NATIONAL CO.

EDWARD S. NAIDUS, Glen Rock, NJ, Ret. Chmn, APC Corp. TO: ELECTRO METALLIC CO.

LOUIS G. GERDES, Omaha, NE, Exec. Editor, Omaha World-Herald. TO: THE EGYPTIAN GAZETTE.

LEROY J. BINDER, Los Alamos, NM, Food Industries Consultant. TO: PHARMACY FOR FOOD AND DRUGS.

## EL SALVADOR

GERRARD SALOMON, La Jolla, CA, Pres., Dir. Res., Custom Print. TO: TINTAS EL SALVADOR S.A. de C.V.

FRANK A. BUCHANAN, Santa Maria, CA, Ret. Entrepreneur. TO: TIO POLLO, S.A.

WILLIAM B. MILLER, Alexandria, VA, Owner/Founder, Transtech Services. TO: ASOCIACION SALVADOREÑA DE INDUSTRIALES.

JEROME D. GOLDSTEIN, Lauderhill, FL, VP, Saks. TO: MUNDO DEL DEPORTE.

LLOYDE E. WILLIAMS, Bel Air, MD, Tech Dir., J.M. Huber. TO: SILICATOS DE CENTROAMERICA.

WILLIAM J. NEWTON, Las Vegas, NV, Ret. Interior Designer/Planner. TO: ALMACENES SIMAN S.A. DE C.V.

## GUATEMALA

LELAND C. CARSTENS, Hendersonville, NC, VP/Import Mgr., Marshall Fields. TO: GUATEMALAN NON-TRADITIONAL EXPORTERS ASSN.

CHARLES E. SMITH, Ft. Lauderdale, FL, VP, Mfg., PanelFold. TO: SECAMADERA S.A.

VINCENT S. CALLAGHAN, Grand Rapids, MI, Pres., Grocers Baking Co. TO: PASTELERIA MILANO.

VICTOR KRAMER, Atlanta, GA., Pres., Victor Kramer Assoc. TO: TATREX.

AMERICO R. DONATELLI, Dunedin, FL, Owner, Seiptown Mfg. TO: GUATEMALAN NON-TRADITIONAL EXPORTERS ASSN.

STEVE LANDE, Chevy Chase, MD, Pres., Manchester Tra. TO: GUATEMALAN NON-TRADITIONAL EXPORTERS ASSN.

PAUL R. ROSS, Ashland, OR, Div. Mgr., Pay 'N Save. TO: ALMACENES PAIZ S.A.

## HAITI

WILLIAM J. BUCHHOLZ, Stamford, CT, Sr. VP, General Foods. TO: BOVAN.

## HONDURAS

MILES E. HESS, Atlanta, GA, VP, Moxie Ind. TO: JUGOS Y ALIMENTOS, S.A.

BERNARD SWIERINGA, Holland, MI, Inst. Furniture Mfg., Careerline. TO: MADERAS MAZIER; TALLER GUANACASTE; EBANISTERIA COLINDRES; EBANISTERIA MUNDIAL.

FRANK R. CARDAROPOLI, Miami, FL, Ret. Owner, Quality Bakery. TO: REPOSTERIA ROSYPAN; REPOSTERIA PODAROK.

ARMIN H. WURTH, Saratoga, CA, Dir., United Airlines. TO: BUCCANEER INN.

KENNETH B. COCHRAN, Monticello, IN, Supt., RCA. TO: DERIMASA.

GARNET C. PATON, Alberta, Canada, Supvr. Mfg., Esso. TO: COMERCIAL AGROPECUARIA.

ERNEST G. WENDLING, Denton, TX, Owner, Wendling, Inc. TO: CREDITEC S.A.

## HUNGARY

ALLAN R. ROTH, Newark, NJ, Dir., Prof., Grad. Sch. of Mgt., Rutgers. TO: ECONOMIX University.

ROBERT J. HAMMAN, Winnetka, IL, VP, A.T. Kearney. TO: CSEPEL EGYEDI GEPGYAR.

## INDIA

JOHN R. WILSON, Vero Beach, FL, Tool & Die Supt., General Motors. TO: HINDUSTAN MOTORS LIMITED.

## INDONESIA

NEWTON W. BRIGGS, Irving, TX, VP, Kroger Inc. TO: P.T. PEPABAN

JAMES H. BRADLEY, Miami, FL, Exec. VP, Winn Dixie. TO: P.T. HERO MINI SUPERMARKET.

## JAMAICA

MARIAN DOBROWOLSKI, Naperville, IL, Staff Dir., Mgr., McDonalds. TO: LEBROS ASSOCIATES.

GEORGE R. JOHNSON, Opportunity, WA, Owner/Mgr., Horizon Furniture. TO: KINGSTON HEIRLOOMS LTD.

## JORDAN

GENEVA R. JOHNSON, Houston, TX, Former Asst. Dean, Case Western Univ. TO: JORDANIAN PHYSIOTHERAPY SOCIETY.

WALTER S. URBAN, Palm Harbor, FL. TO: ARAB CARDBOARD MFG. CO.

ALBERT C. HAMERSKY, Lincoln, NE, Pres./Chmn. Clark Enersen. TO: INDUSTRIAL DEVELOPMENT BANK.

REUBEN H. WAITMAN, Pearl River, NY, Sr. Res. Spec., General Foods. TO: PSM COMPANY.

## KENYA

DANIEL S. LIVINGSTON, Palo Alto, CA, VP/Mgr., Wells Fargo. TO: KENYA RURAL ENTERPRISE PROJECT.

JAMES LOPEZ, Belmont, CA, VP Admin. Ops., Bank of America. TO: TRADE BANK LIMITED.

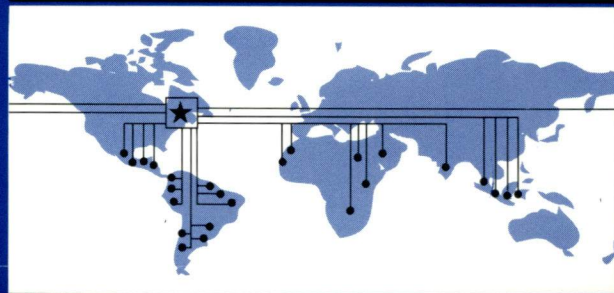
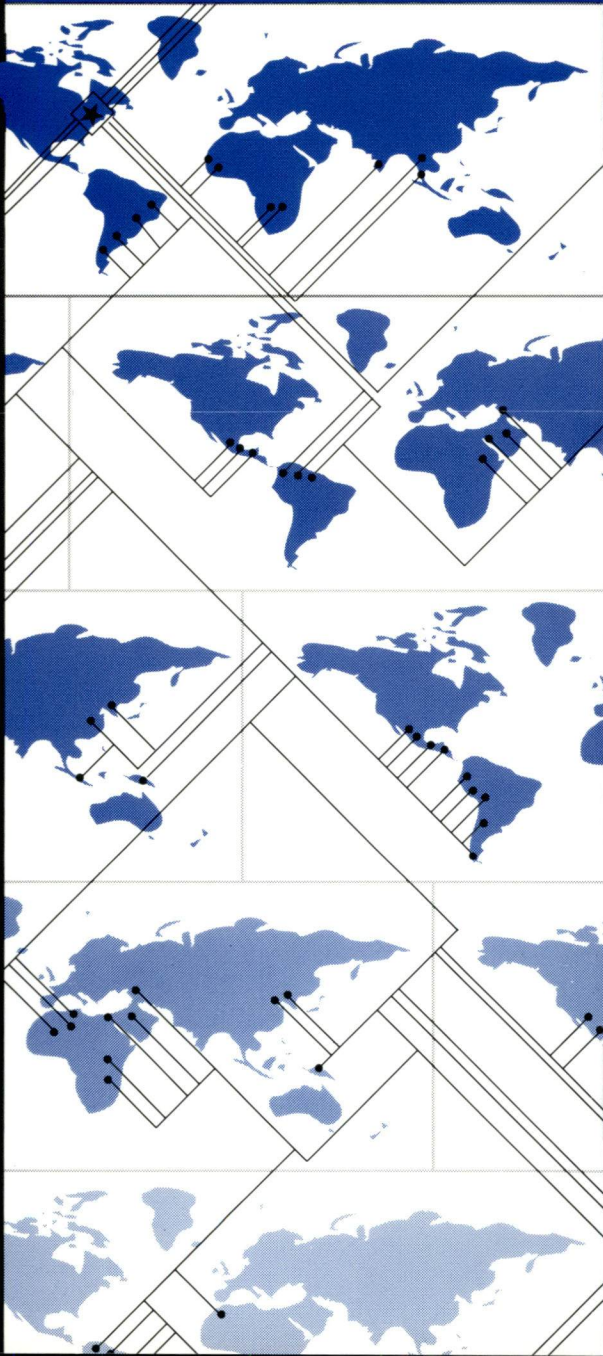
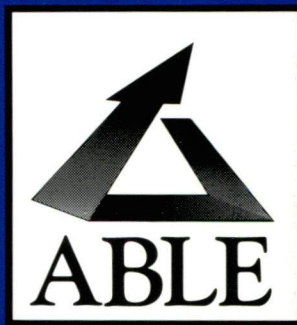
## MALAWI

JAMES H. HUNTER, Casa Grande, AZ, Plant. Ops., Hecla Mining. TO: PORTLAND CEMENT CO. (1974) LTD.

(continued on page 7)

Contact the IESC office in your country or  
Craig Moss - Director  
American Business Linkage Enterprise  
P.O. Box 10005  
Stamford, CT 06904-2005  
Telephone: 203-967-6009  
Telex: ITT 4750174 (INT EX UI)  
Fax: 203-324-2531

ABLE is managed in cooperation with  
Burkholder Wallender International



*YOUR LINK TO THE GLOBAL ECONOMY*



AMERICAN BUSINESS LINKAGE ENTERPRISE  
IS A SERVICE OF THE  
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THE GLOBAL ECONOMY  
IS TODAY'S REALITY,  
NOT TOMORROW'S  
VISION.

INTERNATIONAL  
EXPANSION IS POSSIBLE  
FOR SMALL AND MEDIUM  
SIZE COMPANIES IN  
TODAY'S SHRINKING  
WORLD.

THE PROBLEM IS  
WHERE TO START.

## COMMENTS

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"Your in depth analysis helped me not only to evaluate the market but also to find four major customers. Please transmit to ABLE and IESC my thanks and appreciation for their magnificent work. In a more general way, I believe that this is a major service provided by IESC to developing countries."  
- Shoe Manufacturer

"After our review of your very fine report, we are interested in pursuing other possible export products. We are wondering what you would recommend considering our capabilities?"  
- Industrial Products Mfr.

"Incredibly thorough. Far surpassed our expectations."  
- Export Promotion Agency

"I've read a lot of market reports and yours ranks with the best of them."  
- 30 yr. Garment Executive

"Client advised me that he is delighted with report - mentioned how thorough it is. He stated that this study will be the basis for the direction his company takes in this field for coming years."  
- IESC Director of Operations

"You did an excellent job of researching the American market...there is enough 'meat' there to make some decisions... an excellent job with a difficult subject."  
- 25 yr. Mfg. Executive

"The report arrived a few days before Christmas. The client says it's the best gift he could ever have received. Santa couldn't have done better. Once again, thanks for your outstanding work. Impressed with the frank approach and determined spirit on a real tough assignment."  
- IESC Director of Operations

"Client ecstatic. Congratulations on a job well done."  
- IESC Director of Operations

## KNOWLEDGE IS POWER

With today's sophisticated communication and transportation technologies, small and medium size companies can enter the global market. Although the technology gives you access to new markets, it doesn't provide you with the strategic information you need to succeed.

Most small and medium size companies lack the internal resources to explore foreign opportunities. ABLE Reports increase the effectiveness and reduce the cost of your foreign expansion plans.

ABLE will provide you with a realistic evaluation of how your product or venture will fare in the U.S. market. We give you suggestions from industry executives on how to modify your approach to the U.S.

In every industry, it takes a serious commitment to enter the U.S. business arena. Knowing the realities of business in the U.S. allows you to intelligently weigh your effort and risk against your potential reward.

**The global economy is today's reality, not tomorrow's vision. With ABLE, you can turn research into reality and plans into deals.**

**How would you find  
a foreign buyer,  
locate an overseas supplier  
or identify a partner  
in another country?**

## INTRODUCTION TO ABLE

The International Executive Service Corps (IESC) is a non-profit organization founded in 1964 to assist businesses in developing countries by sending retired U.S. Volunteer Executives overseas.

Five years ago, IESC saw a critical need among small to medium size businesses for the specialized information that only big businesses were able to afford in the past. The American Business Linkage Enterprise was created to fill that need.

With access to over 12,000 Volunteer Executives - experts and decision makers from all industries - ABLE will evaluate your situation, obtain the practical strategic information you need and put you in touch with appropriate interested contacts in the United States.

From papayas to t-shirts to semi-conductors, you can learn how your product, venture or idea meets the needs of the U.S. market - and how you should address those needs.



***ABLE can turn research  
into reality and  
your plans into deals.***

## THE REALITY OF BUSINESS IN THE U.S.

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You've heard the success stories. Maybe it was a local manufacturer or a fruit grower... someone that began exporting to the U.S. and sold more in one year than they had in the past ten.

Many firms have products and capabilities that would interest U.S. companies, but don't understand the different tastes, needs and preferences of U.S. companies and consumers.

Distance and language barriers make it extremely difficult to get the information necessary to adapt to the needs of the U.S. market. Most small and medium size companies do not have the internal resources to explore foreign opportunities.

Faced with the complexity of the U.S. business world, how do you separate the stories from the reality?

### EXPORTING

Huge markets with multiple channels of distribution and fragmented market niches • Demanding buyers flooded with new products and wary of foreign suppliers, fearing inconsistent quality and poor delivery.

### JOINT VENTURES

Numerous potential partners to be targeted and evaluated • Cautious executives that must be carefully approached

### SOURCING

Equipment and materials for all industries • Busy executives reluctant to prepare quotes for foreign companies

***How would you find a potential partner in the U.S.?***

## SPECIAL PROGRAMS & ADDITIONAL SERVICES

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### PRESENTATION SERVICE

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- As a Report follow-up, ABLE can prepare and present the information and samples required by interested companies.

### EQUIPMENT & MATERIAL QUOTING SERVICE

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- IESC's Trade & Investment Services (TIS) will obtain price quotes from U.S. equipment and material suppliers. The TIS Quoting Service was specifically created to assist foreign companies in obtaining the three price quotes required by the U.S. Agency for International Development's procurement policy.

### EXPORT MANAGEMENT ASSISTANCE

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- We can arrange for a U.S. based import/export management firm to help you with the logistics of exporting to the U.S.: export contracts, shipping, letters of credit, warehousing, etc.

### U.S. BUSINESS TRIP SCHEDULING

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- Prior to your U.S. business trip, ABLE can identify U.S. companies interested in meeting with you.



***In many countries, money is available to help you pay for your ABLE Report. Contact your IESC office.***

## WHAT YOU CAN DO

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Contact the IESC Director of Operations in your country to discuss how IESC's integrated services can solve your immediate business problems or assist with your long term business goals. The IESC office in your country can provide you with an ABLE Project Request Form, and information on all of IESC's services.

### TO HAVE ABLE WORK FOR YOU:

1. Complete the ABLE Project Request Form and prepare the necessary background information.
2. The Director of Operations will send your ABLE Request to IESC headquarters where it will be analyzed and we will prepare a Project Proposal tailored to your needs.
3. The Proposal will be telexed back to your IESC office within five working days.
4. The Proposal will tell you exactly what we will do, how long it will take and how much it will cost. Most ABLE Projects require between 40 and 80 hours.
5. The Director of Operations will notify us when you approve of the proposed project.
6. We assign one of our highly qualified consultants to manage your project, utilizing one of the IESC Volunteer Executives as a guide. We will telex you if we need any additional information while we are working on your report.
7. Your ABLE Report will be completed and mailed in four to eight weeks. Rush service is available.

***ABLE Project Request Forms are available at your IESC office.***

## INFORMATION & LINKAGE SOLUTIONS

---

ABLE is a business information service linking foreign companies with U.S. markets, companies and technologies. We can bridge the miles and the cultural differences to locate opportunities in the U.S. Let us show you the reality.

From crafts export to garment assembly, ABLE can introduce you to the decision-making executives in the United States. More important, we will get their reaction to your product or proposal.

Over the years, ABLE has provided more than 300 foreign companies with the strategic business information they need to do business in the United States.

Alone, or as a part of IESC's integrated business development service, ABLE gives you the information you need to turn your plans into deals.

### EXAMPLES

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#### Case #1 - Agricultural Producer

1. ABLE provided the market information and located several extremely interested major U.S. buyers.
2. An IESC Volunteer Executive (VE) assisted the foreign company in structuring an arrangement resulting in 80% of annual production being sold to the U.S. buyer.

#### Case #2 - Manufacturer

1. An IESC Volunteer Executive developed expansion plans for a manufacturing plant and assisted in locating a potential buyer in the U.S.
2. ABLE identified U.S. companies willing to invest in the new plant. As a result, the client received a \$10 million USD loan to fund the expansion

# The ABLE Service Expands Your Business Opportunities

ABLE concentrates on cutting straight to the key issues facing you in the U.S. marketplace. The collective experience we have gained in assisting over 300 foreign clients allows us to obtain the critical information you need in a fraction of the time usually required.

ABLE specializes in strategically targeting and contacting decision-making executives at U.S. companies on your behalf. We position your product or venture to highlight the advantages to your U.S. counterpart.

The report you receive is structured to give you a clear picture of how the appropriate U.S. industry operates.

By using ABLE, you can afford to explore opportunities in the U.S. and gain practical information and valuable contacts.

Your report provides you with current information on any industry in the U.S. and direct contacts with U.S. companies. ABLE services are priced according to the staff time required to obtain the information you request. You pay only for the actual work done.

**The ABLE Report you receive will tell you who to talk to, why they're interested and what they need to know to proceed.**



## Use ABLE Reports to:

- Access Importers, Distributors & Sales Representatives
- Gain Strategic Information on Markets & Channels of Distribution
- Learn How Key U.S. Buyers View Your Product
- Access Companies for Technology & Licenses
- Link with Potential U.S. Joint Venture Partners
- Locate Suppliers of New & Used Machinery and Raw Materials
- Find U.S. Companies that Contract Manufacturing & Assembly Work to Foreign Companies
- Obtain Price Quotes on Equipment & Raw Materials
- Prepare Background Information for Loans & Financial Feasibility Studies
- Establish Direct Contact with Decision Making Executives
- Provide Market Overview, Trends & Data
- Evaluate Product Specifications & Prices
- Identify Leading Trade Journals, Associations & Shows
- Locate Advertising & Publicity Opportunities
- Learn of Import Regulations & Duties

INTERNATIONAL EXECUTIVE SERVICE CORPS

# ANNUAL REPORT 1989



# A Year of Special Challenge

Each year for 25 years the men and women of IESC have met challenges in developing nations. They helped with the solution of business problems and the introduction of free enterprise. The grand total is 92 countries.

In 1989 they accepted a dramatic new challenge: Eastern Europe turning to free enterprise. IESC executives already are working in Poland and Hungary. This winter an IESC delegation went to Russia to discuss private sector assignments.

President George Bush, recognizing IESC's long experience, said, "Today, we see a world waking to the fact that democracy and free enterprise work. People are hungering to reap the fruits of their own labor and are seeking a more active role in the political and economic affairs of their countries. IESC can be proud of the part it has played in promoting free enterprise and democratic principles around the world."



President George Bush and  
Tom Carroll, CEO of IESC,  
at the White House,  
November 2, 1989.

# 25 years of successful



**1964**

At the White House on June 15, 1964, President Lyndon Johnson announced the formation of the International Executive Service Corps. From left to right — Jack Valenti, Assistant to the President; Dr. William L. Chapman, IESC Volunteer; President Johnson; Benjamin B. Smith, IESC Volunteer; David E. Bell, Administrator of AID; David Rockefeller, Founding Chairman; Ray R. Eppert, Vice Chairman, IESC; Sol M. Linowitz, Founding Member; Senator Vance Hartke of Indiana; Seymour M. Peyser, Assistant Administrator, AID; Senator Jacob Javits of New York; and Prof. Jack N. Behrman, Assistant Secretary of Commerce.



**1989**

# business/government teamwork



IESC President Tom Carroll and members of the IESC Board of Directors present a special report of IESC activities during its first 25 years to President George Bush. Present at the ceremony held in the Oval Office at the White House were (left to right) Mrs. Bush, whose father was an early volunteer with IESC; Ambassador Sol Linowitz; IESC Chairman Don Johnston; Robert Bailey; Tom Carroll; Dan Burke; Lucy Benson; President Bush; George Ferris; Robert Hatfield; Harold McGraw, and Dan Parker.

# “You can hear the pages of history turning,”

**said Tom Carroll  
after his visit to  
Poland with a  
Presidential  
mission.**

IESC's Chief Executive Officer notes that the momentous changes taking place in Eastern Europe bring hope to its people, but also enormous problems.

“As gears are shifted from centralized control to market forces, confusion and delay in the day-to-day operations of government are abundant. Even in our own government a change in administration brings some confusion and delays.

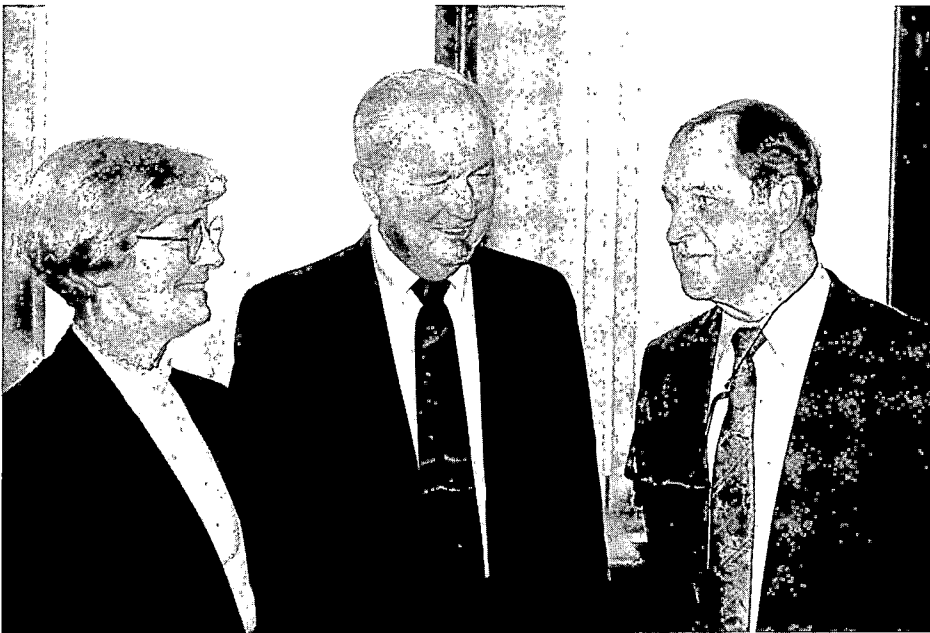
“The problems in Poland are exacerbated by the dimensions of ideological change. After 44 years of centralized control, the switch to market forces, individual initiative and private investment require a monumental culture change. A period of adjustment lies ahead which will be difficult, but which will be eased by the recognition of the problem in both government and factories. It is in management methods, incentives and organization that IESC can be immensely helpful in the coming years.”

IESC had its first Volunteer Executive on the job in Poland in the fall of 1989. A second volunteer began his project in early January, and a number of others are scheduled in the first quarter of 1990. Timely funding for the first projects in Poland came from the Rockefeller Brothers Foundation, the Andrew W. Mellon Foundation and the Schumann Foundation.

Because of its early action, IESC is mentioned in the formal agreement signed by Secretary of Commerce Mosbacher and the Polish Minister of Industry.

Meantime, our program in Hungary, started earlier through a grant by the Soros Foundation, continues to go forward with more than 20 projects completed.

We see a whole new avenue of opportunity for IESC as agreements are reached with other Eastern Bloc countries.



Douglas Kay of Houston, Texas, (right) IESC's first Volunteer Executive in Poland, briefs Joseph and Ruth Karoly of Bryn Mawr, Pennsylvania, second volunteers to Poland, on his experiences. Mr. Kay assisted a synthetic fiber plant. Mr. Karoly went to Poland to help a color television tube factory move toward free market operations.



### AN EXAMPLE OF TIS

IESC Volunteer Greg Wells of Santa Fe, New Mexico, (right) looks over the brass work of an artisan in Marrakech, Morocco, to determine which items might be exportable to the United States in collaboration with an American firm.

## IESC's Trade and Investment Services (TIS)

**"If free enterprise is to remain free, it must also remain enterprising."**

**David Rockefeller  
Founder, IESC**

IESC's Trade and Investment Services (TIS) group begins its third full year of operation in 1990. IESC is now operating USAID Mission-supported country investment promotion programs in 7 countries – Guatemala, Morocco, Belize, Yemen, Egypt, the Dominican Republic and Indonesia. Additionally, USAID Missions in Jordan and Malawi offer grants to subsidize ABLE studies and USVE projects. Two new TIS country investment programs will be inaugurated in February, 1990 – El Salvador and Turkey. By August, 1990, a new TIS program will be underway in Portugal and TIS programs are under consideration in at least 5 other USAID Missions.

TIS programs are designed to respond to the growing needs of developing countries to establish long-term trade and investment linkages with U.S. firms. TIS programs utilize the expertise of IESC volunteers in various industries to survey and develop the business potential of developing world clients. By combining the industry knowledge, training and technical assistance of IESC volunteers with the promotion and linkage efforts of TIS program staff in the U.S. and in the

local country, TIS programs create opportunities for a variety of business ventures (from simple sales agreements to more complex joint venture/equity participation agreements) which benefit both the developing country and the U.S. businesses.

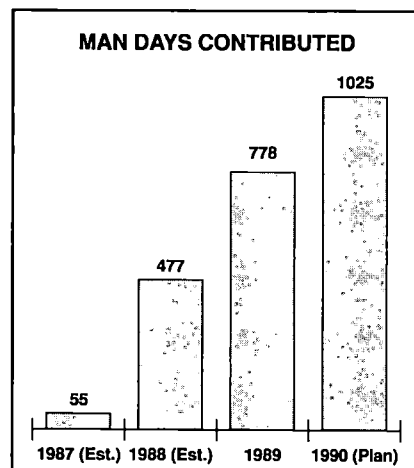
An important part of every TIS program is training. In 1990 our efforts in training personnel for local companies will be heightened. Volunteers and staff will design and produce training manuals and video tapes to complement industry seminars and workshops. Because these training materials will be made available to local business associations, IESC expertise will be accessible by local firms long after the VEs have returned to the U.S.

Two of Trade and Investment Services' most successful offerings are its research component, the American Business Linkage Enterprise (ABLE) and US Volunteer Executive (USVE) projects.

ABLE produces comprehensive, practical and low-cost business information on U.S. markets for developing world clients. In 1989 ABLE produced 94 studies, each involving an average of 60 hours of research. In 1990 ABLE expects to produce 102 reports and introduce a new service to provide U.S. companies with information on developing country markets and companies.

A USVE project involves an IESC volunteer working in the United States on behalf of an overseas client. Often, a USVE is asked to locate equipment or technology, or search for a joint venture client, or accompany a client to a trade show. A USVE can even arrange training in a U.S. firm for an overseas client. Last year, 1989, 17 new projects were started. This represented an increase of over 100% from 1988. In 1990 at least 25 USVE project starts are expected.

TIS activities involved 778 IESC man days of VE participation and generated 37 traditional technical assistance projects. In 1990 TIS expects to generate as many as 60 technical assistance projects and over 1025 man days of VE participation.





**Hobart C. Gardner**  
ADMINISTRATION  
Latin America &  
Caribbean Region  
Former CEO  
Exxon Corporation  
Affiliates Overseas



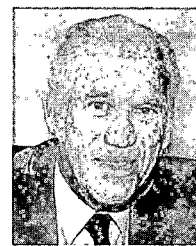
**Archa O. Knowlton**  
MARKETING  
Asia Region  
Former Director,  
Media Services,  
General Foods Corp.



**William J. Lippincott**  
RECRUITING  
Former Chairman & CEO  
Lord & Taylor



**Charles V. Neiswender**  
PLANNING  
Former California  
Newspaper Publisher



**John H. Vogel**  
FINANCE  
Africa & Near East  
Former Chairman & CEO  
National Westminster  
Bank, U.S.A.



**Harvey W. Wallender, III**  
Director  
TRADE & INVESTMENT  
Former President  
Transoceanic  
Fishing Corp.

The staff Vice Presidents <sup>▲</sup>  
The Board of Directors <sup>▶</sup>  
**Management By  
Business Executives**

IESC was conceived as a business/government partnership, run by businessmen and women and supported strongly by the U.S. government. IESC's officers are businesspeople who have had successful careers in varied fields. Members of its Board of Directors and Advisory Council include the heads or former heads of some of the best-known U.S. corporations.

Overseas, some 250 business leaders serve as advisors to IESC's Country Directors.



**Don Johnston**  
Chairman, IESC  
Former Chairman, JWT Group



**Ralph E. Bailey**  
Former Chairman & CEO  
Conoco Inc.



\* **Robert D. Bailey**  
Group Executive  
Citibank  
Latin American Banking Group



**Lucy Wilson Benson**  
President  
Benson & Associates, Inc.



**Daniel B. Burke**  
President & CEO  
Capital Cities/ABC



**Thomas S. Carroll**  
President & CEO  
IESC



**Albert V. Casey**  
Former Chairman & CEO  
American Airlines



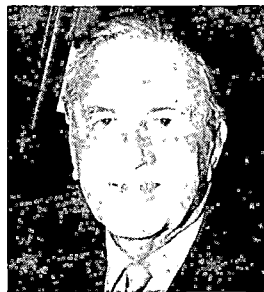
**Jack G. Clarke**  
Director and Senior Vice  
President  
Exxon Corporation



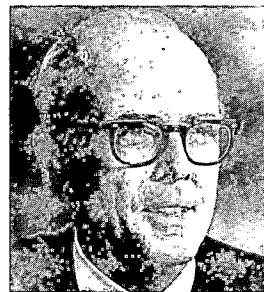
**George M. Ferris, Jr.**  
Chief Executive Officer  
Ferris and Company  
Incorporated



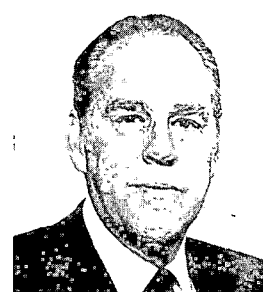
**Robert S. Hatfield**  
Former Chairman  
The Continental Group, Inc.



**Andrew Heiskell**  
Chairman of the Board  
The New York Public Library



**William E. LaMothe**  
Chairman & CEO  
Kellogg Company



**Harold W. McGraw, Jr.**  
Retired Chairman  
McGraw-Hill, Inc.



**David E. McKinney**  
President & Director General  
IBM Europe



**Daniel Parker**  
Honorary Chairman  
The Parker Pen Company



**David Rockefeller**  
Chairman  
The Chase International  
Advisory Committee



\*\* **Lawrence M. Small**  
Sector Executive  
Institutional Bank  
Citibank, N.A.



**Hon. John C. Whitehead**  
Former Co-Chairman  
Goldman, Sachs & Company

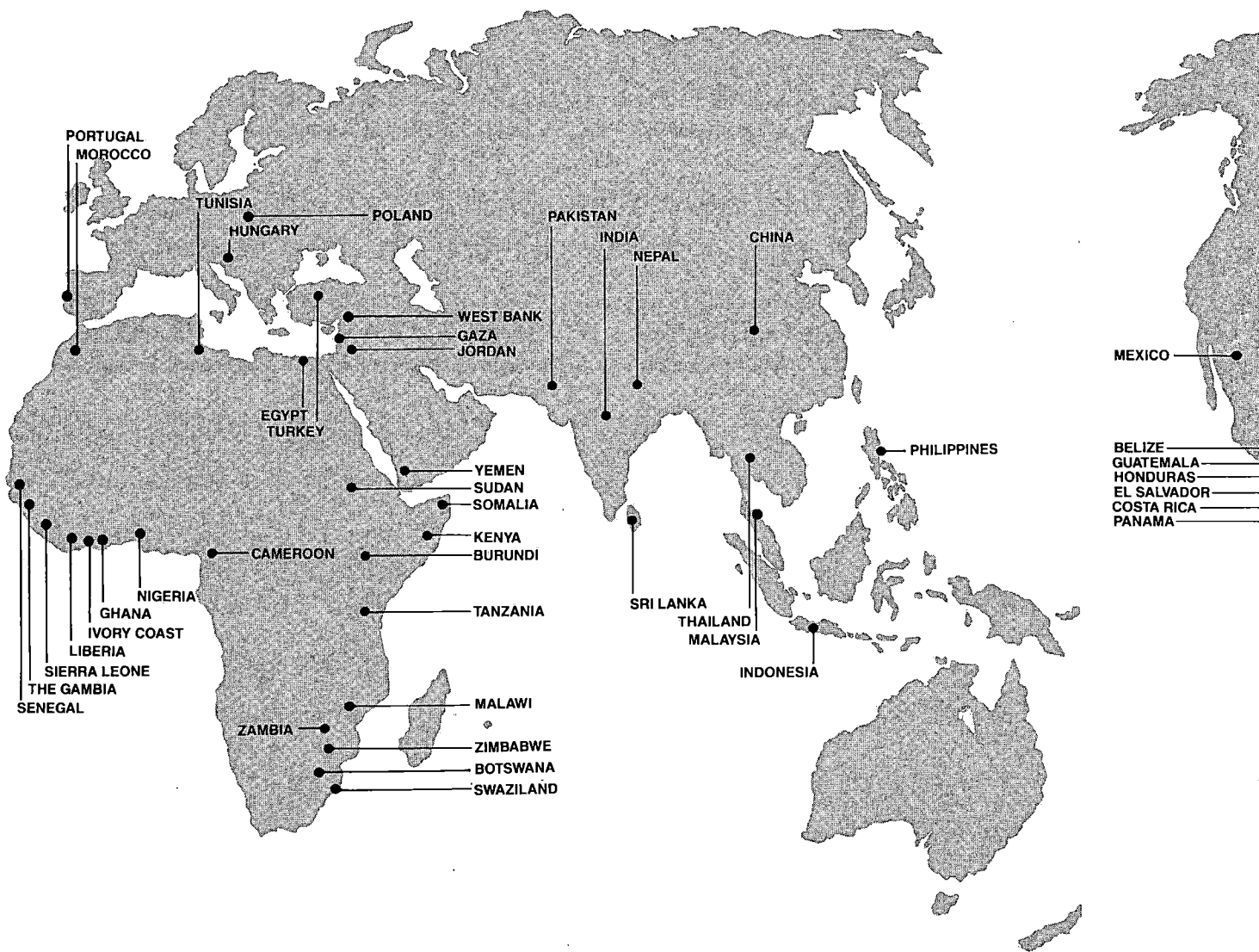
\* Elected 9/26/89

\*\* Resigned 5/24/89

# INTERNATIONAL EXECUTIVE SERVICE CORPS OPERATING STATEMENT

	1989*	1988
<b>SUPPORT AND REVENUE:</b>		
Value of Donated Service	\$20,172,939	\$20,105,348
Revenue from Projects	4,536,999	4,677,123
Grants from Agency for International Development	8,163,846	7,669,653
Special Purpose Grants	26,744	—
Contributions from U.S. Private Sector	475,545	477,239
Contributions and Grants from Overseas Sponsors	35,615	41,597
JVFF Income	591,754	84,117
Trade and Investment Services (Including Donated Services of \$188,528 in 1989 and \$209,475 in 1988)	991,511	602,036
Other Income	321,454	473,880
<b>TOTAL REVENUE</b>	35,316,407	34,130,993
<b>EXPENSES:</b>		
Project Expenses: Volunteer Executives (Including Donated Services of \$17,900,348 in 1988, and \$17,857,689 in 1989)	24,839,115	24,986,754
Country Directors: (Including Donated Services of \$2,205,000 in 1988 and \$2,315,250 in 1989)	6,409,084	6,534,844
Administrative Expenses	2,709,082	2,345,278
JVFF Expenses	600,822	72,467
Trade and Investment Services (Including Donated Services of \$188,528 in 1989 and \$209,475 in 1988)	1,111,880	819,696
<b>TOTAL EXPENSES</b>	35,669,983	34,759,039
Excess (deficit) of Support and Revenue over expenses—Operating Fund	(353,576)	(628,046)

\*UNAUDITED



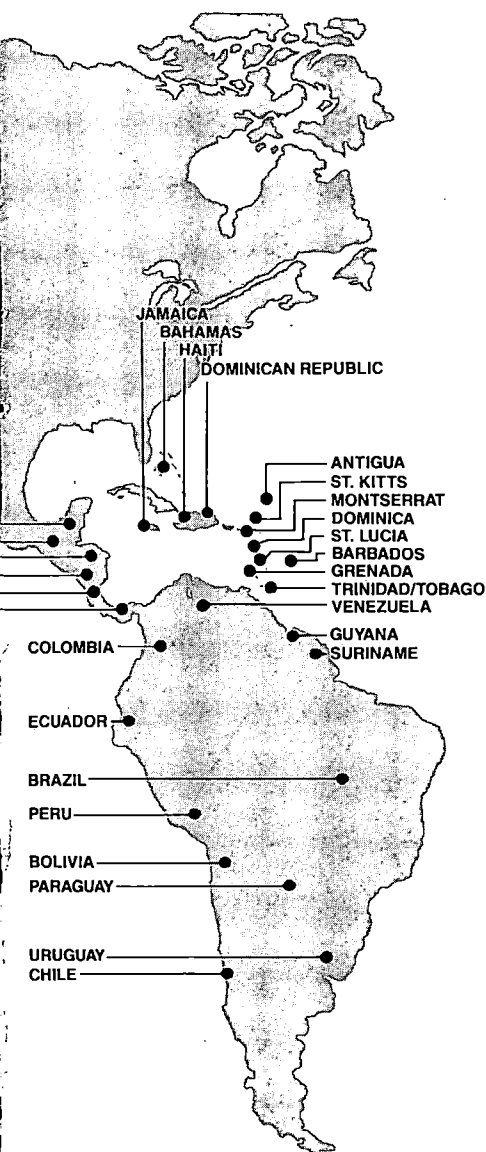
## Where IESC executives served in recent years

Early in 1966 IESC established its first overseas office in Panama to oversee operations in all of Central America. Today, IESC has offices and representatives in 35 developing countries around the world.

Each office is headed by a Director of Operations (Country Director) or representative who is resident in the country, usually for two years or more. Most Country Directors are volunteers who have retired from successful careers in international business. Many have served previously on IESC projects.

During 1989 IESC opened an office in Zambia and, in addition, appointed a representative in Bangladesh. A new office was opened in Malawi in January, 1990.

In 1989 IESC did 699 projects in 46 different countries, including its first project in Poland.



## Local Management Overseas

**ARGENTINA**  
Sam Summer  
Representative  
Buenos Aires

**BARBADOS**  
Tom Poindexter  
Director of Operations  
Christ Church

**BELIZE**  
Linda Bautista  
Director of Operations  
Belize City

**BOLIVIA**  
Roland Schambach  
Director of Operations  
LaPaz

**BOTSWANA**  
Stewart Damon  
Director of Operations  
Gaborone

**BRAZIL**  
Ben Edwards  
Director of Operations  
Sao Paulo

**CHILE**  
Vivian Poblete  
Representative  
Santiago

**COLUMBIA**  
Roland Schambach  
Director of Operations  
Bogota

**COSTA RICA**  
Peter Lange  
Director of Operations  
San Jose

**DOMINICAN REPUBLIC**  
Rafael Oller  
Director of Operations  
Santo Domingo

**ECUADOR**  
Aldo Sparzani  
Director of Operations  
Guayaquil

**EGYPT**  
Jerry Hargitt  
Director of Operations  
Cairo

Peter Cross  
Regional Director  
Alexandria

**EL SALVADOR**  
Mario Sulit  
Director of Operations  
San Salvador

**GUATEMALA**  
Luis Moreno  
Director of Operations  
Guatemala City

**HAITI**  
Mireille Malebranche  
Director of Operations  
Port-Au-Prince

**HONDURAS**  
John Coleman  
Director of Operations  
San Pedro Sula

**INDIA**  
Virendra Laroia  
Director of Operations  
New Delhi

**INDONESIA**  
Gordon Swaney  
Director of Operations  
Jakarta

**JAMAICA**  
Robert Mareneck  
Director of Operations  
Kingston

**JORDAN**  
Richard Spear  
Director of Operations  
Amman

**KENYA**  
Marianne Seekircher  
Director of Operations  
Nairobi

**MALAWI**  
Ray Jubitz  
Director of Operations  
Blantyre

**MEXICO**  
Francisco Bertot  
Director of Operations  
Mexico City

**MOROCCO**  
Pierre Lansel  
Director of Operations  
Casablanca

**PAKISTAN**  
Geoffrey Blain  
Director of Operations  
Karachi

**PARAGUAY**  
James Baker  
Representative  
Asuncion

**PERU**  
James Plunkett  
Director of Operations  
Lima

**PHILIPPINES**  
Ben Punongbayan  
Director of Operations  
Manila

**SRI LANKA**  
Chris de Saram  
Director of Operations  
Colombo

**THAILAND**  
George Hooker  
Director of Operations  
Bangkok

**TRINIDAD/TOBAGO**  
Kenneth Gittens  
Representative  
Port of Spain

**TURKEY**  
Haris Akinci  
Representative  
Istanbul

**URUGUAY**  
Ricardo Escardo  
Director of Operations  
Montevideo

**ZAMBIA**  
Donald Boughner  
Director of Operations  
Lusaka

**ZIMBABWE**  
Jerry O'Dowd  
Director of Operations  
Harare

# Members of the U.S. Advisory Council

**Dwayne O. Andreas**  
Chairman & Chief Executive  
Archer Daniels Midland  
Company

**William T. Archey**  
Vice President, International  
United States Chamber of  
Commerce

**Louis F. Bantle**  
Chairman & CEO  
UST, Inc.

**William S. Barrack, Jr.**  
Senior Vice President  
Texaco, Inc.

**Tom H. Barrett**  
Chairman, President & CEO  
The Goodyear Tire & Rubber  
Company

**David E. Bell**  
Professor of Population  
Sciences and  
International Health  
Harvard School of Public  
Health

**James F. Beré**  
Chairman & CEO  
Borg-Warner Corporation

**Joseph J. Borgatti**  
President  
J.J. Borgatti Associates

**Charles Boyce**  
Director & CEO  
Caltex Petroleum Corporation

**John G. Breen**  
Chairman & CEO  
The Sherwin Williams  
Company

**John H. Bryan, Jr.**  
Chairman & CEO  
Sara Lee Corporation

**Philip Caldwell**  
Senior Managing Director  
Shearson Lehman Hutton  
Inc.

**Robert E. Campbell**  
Vice Chairman,  
Board of Directors  
Johnson & Johnson

**Hon. Frank C. Carlucci**  
Vice Chairman  
The Carlyle Group

**John Carter**  
President & CEO  
The Equitable Financial  
Companies

**Samuel A. Casey**  
Former Chief Executive  
Great Northern Nekoosa  
Corporation

**Bruce S. Chelberg**  
Executive Vice President  
Whitman Corporation

**John Gilray Christy**  
Chairman  
Chestnut Capital Corporation

**Walker L. Cisler**  
Chairman  
Overseas Advisory  
Associates, Inc.

**Howard L. Clark, Jr.**  
President & CEO  
Shearson Lehman Hutton

**H. Weston Clarke, Jr.**  
Vice President,  
Human Resources  
Quantum Chemical  
Corporation

**A.W. Clausen**  
Chairman & CEO  
BankAmerica Corporation

**Edwin I. Colodny**  
Chairman & President  
USAir Group, Inc.

**Robert L. Crandall**  
Chairman & President  
American Airlines, Inc.

**Lester Crown**  
Chairman  
Material Service Corporation

**Phyllis Burke Davis**  
Executive Vice President  
Direct Sales Group  
Avon Products, Inc.

**Dr. Ruth M. Davis**  
President  
Pymatuning Group, Inc.

**Virgil B. Day**  
Senior Partner  
Vedder, Price, Kaufman,  
Kammholz & Day

**David Dibner**  
President  
The Dibner Fund

**James F. Dicke**  
Chairman  
Crown Controls Corporation

**Thomas I. Dolan**  
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President  
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**David R. Tillinghast, Esq.**  
Corporate Secretary  
IESC

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**Wilma Bieler**  
Assistant Controller



**Robert C. Collier**  
Director  
Corporate  
Development



**Miles E. Denham**  
Manager  
Editorial Services



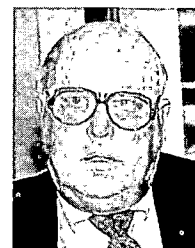
**Jill Hobson Kassis**  
Assistant Director  
Project Operations



**Stephen L. Koller**  
Director  
Management  
Information Systems



**Lauren-Anne  
Macaluso**  
Manager  
Computer Services



**James B. Parker**  
Deputy Vice  
President  
Recruiting



**Lyman J. Parrigin**  
Director  
Human Resources

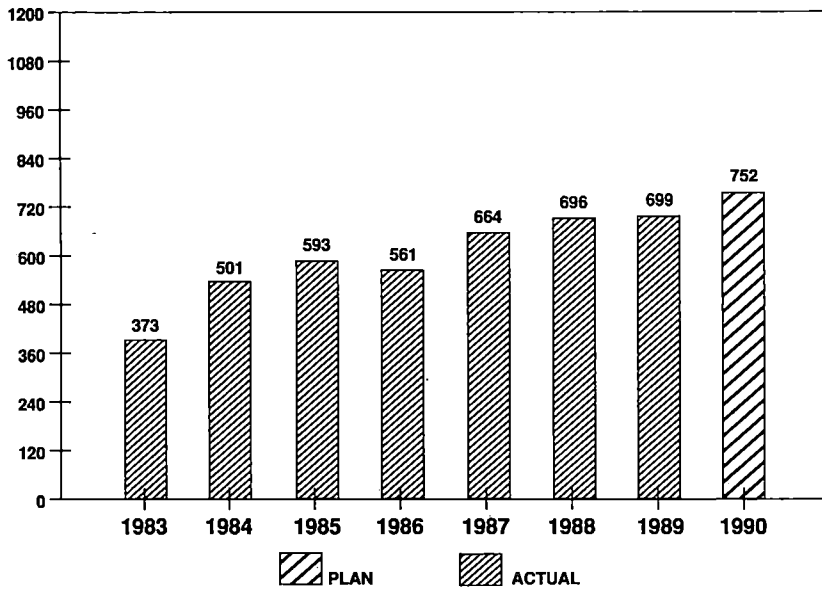


**Robert Proven**  
Controller/Treasurer



**Anne E. Symmers**  
Director  
Project Operations

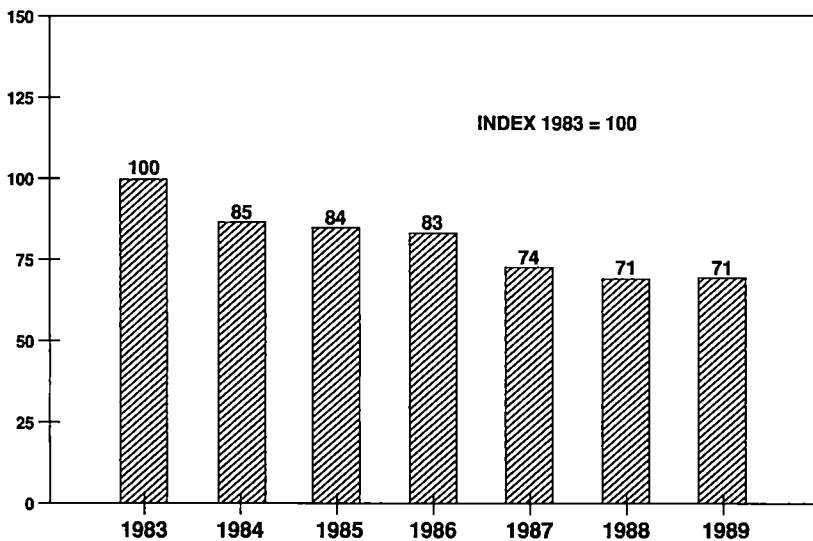
### IESC PROJECTS HAVE BEEN INCREASING



**PROJECTS UP**

**COSTS DOWN**

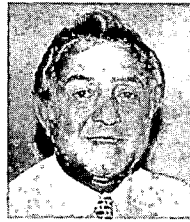
### IESC COSTS PER PROJECT (EXCLUDING DONATED SERVICES)



Since 1983, IESC has steadily increased the number of its projects around the world, and during the same period has reduced the cost per project.

# The people who pick the people to go on overseas

IESC's Executive Recruiters form another group of volunteers at IESC Headquarters in Stamford. They are men and women who have retired after successful careers in many areas of the business world. They devote two to five days a week to the exacting task of matching the qualifications of volunteers to the specific requirements of projects.



**ALEXANDER BALAS**  
Former ITT Director of Operations, electronic and electromechanical products



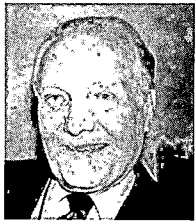
**FRANK BARCH**  
Former ITT Corporate Manager, advanced industrial engineering



**HARRY W. BERKOWITZ**  
Former Senior Vice President General Merchandising Manager The Zale Corporation



**JAMES K. BERMAN**  
Former Executive Vice President Raiser Corporation



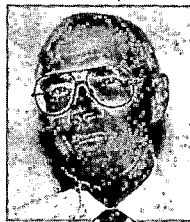
**THEODORE F. COOKE**  
Former Director of Research Services American Cyanamid Company



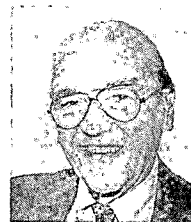
**EMIL DAVIDSON**  
Founder/Former President Guild Molders



**SAUL EISENBERG**  
Founder/Former President Brookhaven Textiles, Inc.



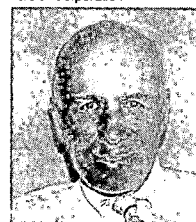
**ALLAN FERRIN**  
Former Executive Vice President American Management Association



**CASPER FISHBACK**  
Former President The Harwood Manufacturing Company



**MICHAEL FROTHINGHAM**  
Former Senior Vice President General Counsel Ted Bates Worldwide, Inc.



**ROBERT R. GALLAGHER**  
Former President and CEO North American Reassurance Company



**NORMAND HYMAN**  
Manager, Projects Gibbs & Hill, Inc.



**JOHN JINISHIAN**  
Former Vice President Building Products Champion International Corp.



**LUCY JINISHIAN**  
Founder and Co-Chairman Greenwich Environmental Action Group



**HERMAN KAPLAN**  
Founder and Former Owner Elan Chemical Company



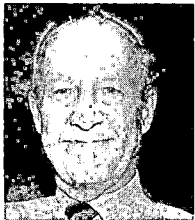
**KENNETH KIRWAN**  
Former Equipment Manager Raymond International, Inc.



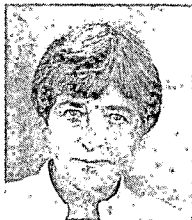
**BEA LIPP**  
Operations Support Group Former Owner, Old Greenwich Travel



**KLAUS A. LOEWKOWITZ**  
Former Executive Vice President National Westminster Bank, USA



**BRIAN J. MORROW**  
Former Vice President Exxon Chemical Company



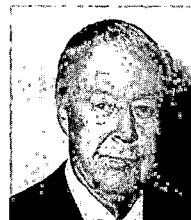
**HILDA MORTIMER**  
Former Acting Director, South African Education Program Institute of International Education



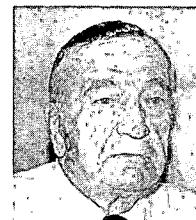
**EDWARD J. MORTOLA**  
Former Chancellor Pace University



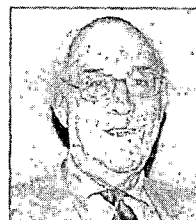
**PETER MOYER**  
Former Treasurer Exxon Chemical Company



**ROBERT MYERS**  
Operations Support Group Former Vice President NBC International



**WILLIAM T. OKIE**  
Former President and Chairman J.M. Mathes, Inc. Advertising



**HERBERT OTT**  
Former Financial Executive GE Capital Corporation



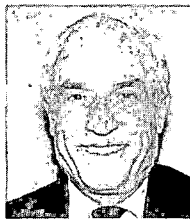
**DAVID THURSTON**  
Former Executive Vice President Broadcast Advertisers Reports, Inc.



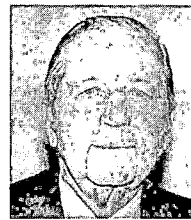
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Senior Vice President/ Media Director William Esty Company



**M. BOB VOS**  
Former General Foods Executive



**DAWES WALTER**  
Former Corporate Executive, Conoco Inc.; Vice President University of Bridgeport



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**JAY C. WHITEHAIR**  
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**CHARLES BEVIS**  
Volunteer Communications Consultant Former Vice President, NBC

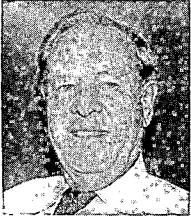


**LEONARD TROPIN**  
Volunteer Communications Consultant Former Senior Vice President, National Council on Crime & Delinquency

## Experience unlimited

The lifetimes of executive experience represented in these recruiters make them uniquely qualified to select the volunteers for overseas assignments. In addition to their own accumulated knowledge, the recruiters have the use of IESC's computerized

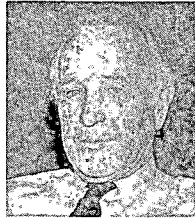
# assignments



**GEORGE BIELER**  
Former Corporate Vice  
President  
Chesebrough-Pond's, Inc.



**ALLEN CAMERON**  
Former Executive Vice  
President  
National Bulk Carriers



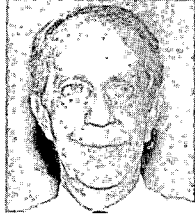
**JAMES R. CLEMENTS**  
Former Senior Vice President  
Cannon Mills



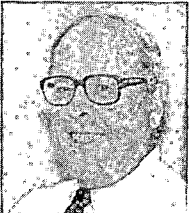
**WILSON W. GAREY**  
Former Publisher of technical  
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McGraw-Hill, Inc.



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Former Executive Vice  
President  
Burlington Industries, Inc.



**RICHARD HUTCHINSON**  
Former Vice President  
Philip Morris International, Inc.



**DONALD E. MARQUARDT**  
Former Assistant General  
Counsel, New York Headquarters  
Mobil Oil Company



**JEAN MCGURK**  
Operations Support Group  
Director, Seminars for  
Working Parents



**NINA MILES**  
Director, Women's Program  
Former Program Administrator  
Institute of International Education



**FORDYCE B. ST. JOHN**  
Former Senior Vice President  
(Oil, Gas, Mining)  
The Bank of New York



**WALTER SHAROFF**  
Former Vice President  
M. Lowenstein Corporation



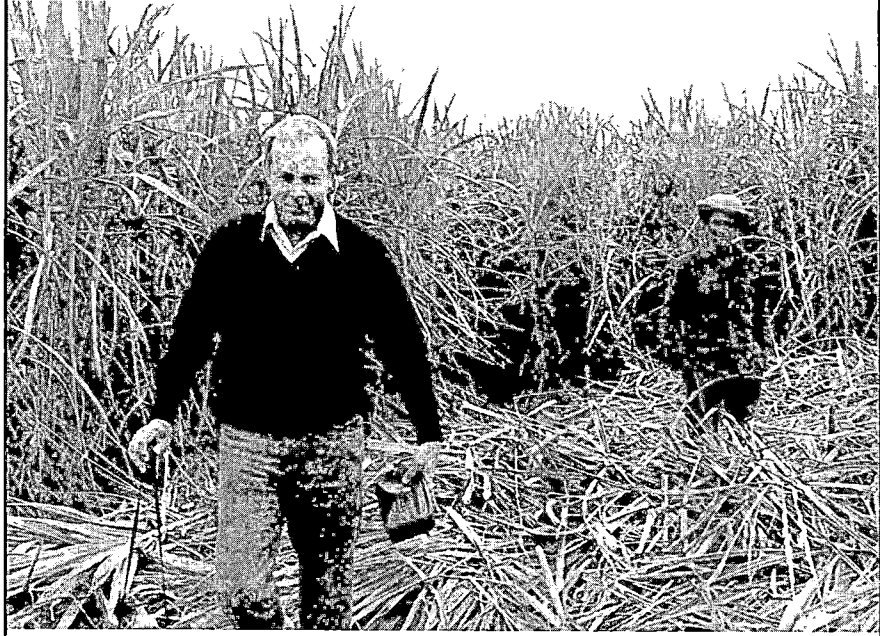
**VERNON THUNEM**  
Former Texaco Executive



**GEOFFREY R. WEINER**  
Operations Support Group  
Former Executive Director  
The Abbot House, Irvington, NY



**STANMORE V. WILSON**  
Former Chairman and CEO  
U.S. Bronze Powders, Inc.



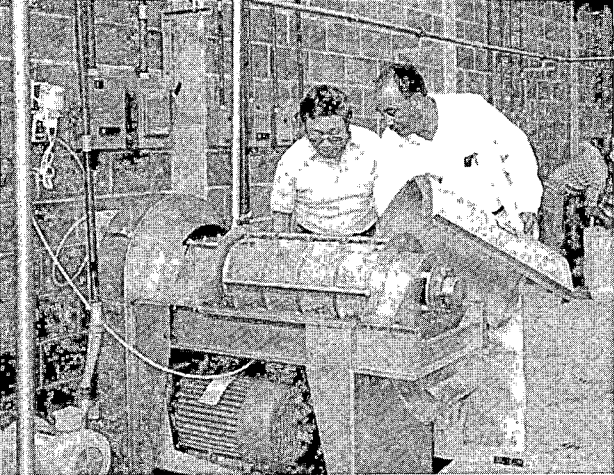
(Above) John Siemer of Susanville, California, checks sugar cane field in Paraguay.

## A few examples of IESC projects

(Below) Volunteer Frank Busst of Burnaby, British Columbia, supervises molding operation in Honduran foundry.



skills bank of registered volunteers. Also, they can call on one of the 350 IESC field associates across the U.S. to do an individual check on a prospective volunteer.



(Above) IESC Volunteer Dr. Harvey Chan of Hilo, Hawaii, assists in making mango puree in plant in Guatemala.



(Above) IESC Volunteer Robert McCann of Reedley, California, inspects grape vines for producing raisins in Morocco.



(Right) Frederick Cox of Bedford, Texas, checks tire fabric in factory in India.



Helen Cummings of Pasadena, California, conducts dressmaking workshop in Dominican Republic.

(Right) Volunteer Charles Hill of Ontario, New York, checks color and clarity of product in Honduran food plant.



(Above) Barnett Grossman of Plantation, Florida, works with employees in Guatemalan garment plant.

(Right) Simon Schram of Milwaukee, Wisconsin, instructs worker in automotive battery factory in Guatemala.



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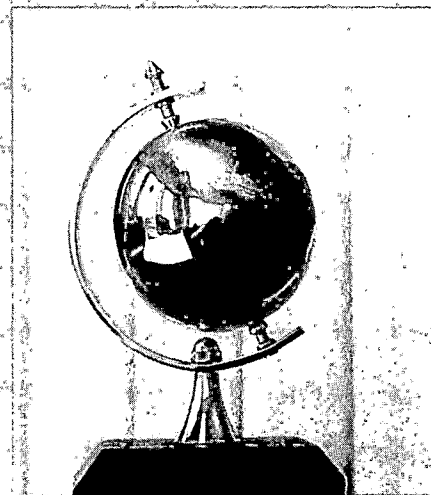
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## The Frank Pace Award for 1989

The Frank Pace Award, established in memory of the late Frank Pace, Jr., president and CEO and also chairman of the board of IESC for more than 23 years, is presented at the Annual Advisory Council meeting to the Volunteer Executive whose contribution is judged to be the most outstanding and reflects the highest principles of IESC.

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Vulcan Materials

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Schumann Foundation

Cartoon by Randy Jones  
appeared in Newark  
Star-Ledger  
October 15, 1989.



## READY TO MEET THE CHALLENGES

IESC is well positioned to meet the new challenges of the '90s — the problems of bringing Poland, Hungary and other Eastern European nations into a free market economy; the need for expanding human services programs in many developing countries, and a worldwide need for education and training at many levels throughout the world.

In place and ready for such challenges is IESC's global network of experienced, business oriented people in its Board and Council, its Management and Staff, its Country Directors and their supporting National Advisory Councils, its

Executive Recruiters, and most of all its ranks of dedicated Volunteer Executives.

The efforts of this strong team are supported and enhanced by a continuing close relationship with the Bureau of Private Enterprise of the Agency for International Development and increasing cooperation from the USAID Missions which provided grants in 25 countries. In addition, contributions from corporations and private foundations increased to a new high in 1989, and we will increase our efforts to bring even greater support from the private sector.

We have expanded computerization of our operations and now have FAX capability with most of the countries in which we operate which should lead to faster handling of requests for assistance.

IESC's Trade and Investment Services (TIS) is growing rapidly. We operated USAID Mission-supported country investment promotion programs in seven countries in 1989, and by the end of 1990 will have at least three additional programs in operation.

With new territories opening up in Eastern Europe and expanded operations in all other areas, IESC looks for a banner year in 1990.

This booklet is published by  
International Executive Service Corps  
at 8 Stamford Forum, Stamford, CT.  
Mail address: Box 10005  
Stamford, CT 06904

*Thomas S. Carroll*  
President and CEO

*Edy Johnson*  
Chairman of the Board

**25 YEARS OF  
ACHIEVEMENT**



**1964 1989**