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Folder Title:

South American Trip [3]

Staff Office-Individual:

Special Envoy for the Americas-McLarty, Thomas (Mack)

Original OA/ID Number:

CF 1042

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: [Presidential Speech] (2 pages)	09/29/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
McLarty, Thomas (Mack)
OA/Box Number: CF 1042

FOLDER TITLE:

South American Trip [3]

2009-1155-F

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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

So Am
Trip

PRESIDENT'S TRAVEL TO SOUTH AMERICA

AGENDA

OCTOBER 7, 1997

1. Deliverables – Update (Dobbins)

Venezuela	Caracas	presidential communique? counter-narcotics alliance signed by Albright
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2. President's Travel Schedule – Review (A. Steinberg/Graham)

Highlights/Outstanding Issues:

Venezuela	Caracas	Energy meeting breakfast – press coverage? Speech site
Brazil	Brasilia –	Reception/State Dinner timing Congress
	Rio -	Education Event
Argentina	Buenos Aires -	Duration of Small and Expanded Bilats
3. Delegations –

Cabinet (Balderston)
Codel (Leg Affairs)
4. Communications Ramp Up – (Lewis/Blinken/Leavy)
5. Schedule & Advance – (Rosenthal)

So Am
Trip File

Congress of the United States
House of Representatives
Washington, DC 20515-0530

October 2, 1997

The Honorable William J. Clinton
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the Congressional Hispanic Caucus (CHC) I wanted to take this opportunity to thank you again for your invitation to have CHC representation on your upcoming visits to Latin America.

It is a great privilege and honor for us to be able to send a CHC designee to join you on your historic Latin America trip. Since our membership is very interested in U.S. policies toward Latin America, we respectfully request that, if space permits, additional CHC Members be considered to join you on the Latin America trip. Thus, we are forwarding the names of four Members to be considered, in the order provided, to accompany you on this trip. Our designees for the October trip to South America are as follows:

- First Designee--Rep. Ruben Hinojosa (TX-15)
- Second Designee--Rep. Nydia Velazquez (NY-12)
- Third Designee--Rep. Carlos Romero-Barcelo (PR-Delegate)
- Fourth Designee--Rep. Ciro Rodriguez (TX-28)

Also, for your information, Minority Leader Gephardt has designated me as his alternate on your visit to South America.

We look forward to joining you on these timely and historic encounters.

Sincerely,



XAVIER BECERRA
Chairman, Congressional Hispanic Caucus

IMMEDIATE

UNCLASSIFIED
WHITE HOUSE SITUATION ROOM

File -
So Am Trip

PAGE 01

PRT: COSGRIFF DAVIES ELKON MCLARTY RICEE ROSENTHAL STEINBERG-A
SIT: DELAURENTIS DESOUZA DOBBINS HAINES HOFMANNK PICCONE SIGLER SUM2
SIT: NSC

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① Andrew
② Eric
③ Nelson

NSC FOR BERGER AND DOBBINS
WHITE HOUSE FOR PODESTA AND ROSENTHAL
STATE FOR A/S JEFF DAVIDOW

E.O. 12958: N/A
TAGS: OVIP (CLINTON, WILLIAM), BR
SUBJECT: PRESIDENT'S VISIT TO BRAZIL - STOP AT MANAUS

1. I RECOMMEND STRONGLY THAT THE PRESIDENT STOP IN MANAUS FOR A FEW HOURS ON HIS RETURN FROM ARGENTINA ON OCTOBER 19. A BRIEF STOPOVER WOULD PROVIDE AN OPPORTUNITY TO HIGHLIGHT OUR IMPORTANT ENVIRONMENTAL PARTNERSHIP WITH THE GOB. THE AMAZON RIVER WOULD PROVIDE A PERFECT BACKDROP IN THE PRESENCE OF PRESIDENT CARDOSO (WHOSE STAFF HAS TOLD US HE WOULD TRAVEL TO MANAUS IF THE PRESIDENT DECIDES TO GO) TO ANNOUNCE OUR \$10 MILLION CONTRIBUTION TO THE G-7 AMAZON PILOT PROGRAM, TRANSFER A C130-B AIRCRAFT TO MONITOR ENVIRONMENTAL CHANGES IN THE REGION, AND SIGN A BILATERAL PARKS AGREEMENT.

2. I APPRECIATE THAT THE LOGISTICS ARE COMPLICATED, BUT I CAN ASSURE YOU THAT OUR EMBASSY STAFF WILL MAKE ALL THE NECESSARY ARRANGEMENTS. I AM ALSO CONFIDENT THE PRESIDENTIAL PARTY WOULD ENJOY THE STOPOVER. IT WILL BE A CHANCE TO EXPERIENCE EVEN IF ONLY BRIEFLY, THE BEAUTY AND MYSTERY OF THIS IMMENSE REGION, SO IMPORTANT FOR THE ENTIRE PLANET.

3. WITH THE KYOTO CONFERENCE ON CLIMATE CHANGE NEARING, I CANNOT IMAGINE A BETTER WAY TO HIGHLIGHT THE PRESIDENT'S ENVIRONMENTAL CONCERNS AND OUR INTEREST IN WORKING TOGETHER WITH THE BRAZILIANS ON THESE ISSUES THAN BY A PRESIDENTIAL STOP IN MANAUS.

LEVITSKY
<^SECT>SECTION: 01 OF 01
<^SSN>4441
<MSGID> M2957528

UNCLASSIFIED

R. L. - South
America

SCHEDULE REQUEST

Date: 09/19/97 Trip

____ACCEPT

____REGRET

____PENDING

TO:

Thomas F. McLarty
Counselor to the President
Special Envoy for the Americas

Thurgood Marshall
Cabinet Secretary

FROM:

Aida Alvarez
Administrator
Small Business Administration

REQUEST:

To offer the President the opportunity to deliver a major address before an audience of key small businesses during his trip to Argentina. Strong and growing small businesses can assist in the economic and political development in Latin America thereby increasing opportunities for trade by United States small businesses.

PURPOSE:

To highlight to the importance of small business to the economies of Latin American and the United States. To also announce an alliance between the SBA and Program Bolivar which would establish a multi-national strategy to assist small businesses, increase their opportunities for trade, and create new private sector jobs.

BACKGROUND:

The SBA, the Inter-American Development Bank and Programa Bolivar will sponsor this event to promote strategies to assist U.S. small businesses to establish alliances with Latin American businesses. Programa Bolivar is an institute that supports the development small business in Latin America.

Copy to Mack
Nelson?

~~Asst. Dir. for Int'l Affairs~~
~~David Beardsley~~

The folks at SBA seem
willing to have Alvarez go to
Argentina only, if she is to
go on trip at all.
- Andrew

The Inter-American Development Bank is the largest developmental institution in Latin America. It was established to accelerate economic and social development in Latin America. (Its financial lending programs are similar to the SBA's).

Programa Bolivar identifies business opportunities for small businesses and provides "match making" assistance to help those businesses find suitable partners in other countries. It's structure and operations compare to the 1000 Small Business Development Centers funded by the SBA.

DATE AND TIME:	During the President's visit to Argentina. Flexible Time
DURATION:	Flexible
LOCATION:	TBD in Argentina
OUTLINE OF EVENTS:	TBD
REMARKS REQUIRED:	SBA will provide remarks for the President.
MEDIA COVERAGE:	International, national and trade press
1 ST LADY'S ATTENDANCE:	Not required
RECOMMENDED BY:	Aida Alvarez
CONTACT:	Paul Weech, Chief of Staff 202/205-6605



1100 New York Avenue, NW
Washington, DC 20527

To: Andrew Friendly

Phone: (202) 456-7575
Fax: (202) 456-2464

From: Robert Schiffer
Overseas Private Investment Corporation
Phone: 202 336-8610
Fax: 202 408-5155

Date: September 18, 1997

Pages including this cover
page: 5

OPIC's new President George Muñoz has made Latin America a top-priority and would like to participate in the President's upcoming trip to Argentina, Brazil and Venezuela.

The attached memo includes potential site visits, announcements and signings that may be useful for the trip. Please feel free to contact me with any questions or to get further information.

Copy to Mack
Nelson
Kris Balderston
(Cabinet Affairs)

Possible Announcements and Site Visits Argentina, Brazil and Venezuela

“...To keep America growing, to keep America leading, we have to continue to create high-wage jobs, and to do that, we must continue to expand American exports. After all, 95 percent of the world's consumers live beyond our borders... in the coming century... emerging markets in Latin America and Asia are expected to grow three times as fast as our own – and their demand for United States goods and services is already taking off. If we don't seize these new opportunities, our competitors surely will.”

President Clinton, Radio Address, August 23, 1997

OPIC's new President and CEO, George Muñoz, sees President Clinton's upcoming trip as an excellent opportunity to showcase the positive benefits – for everyone - derived from direct U.S. investment in Argentina, Brazil and Venezuela. There are a number of OPIC projects – new and existing – that present ideal opportunities for President Clinton to illustrate the importance of Latin American markets.

In South America alone, OPIC is providing more than \$6.3 billion in political risk insurance and financing to projects that help America expand its presence abroad. These projects represent 36% of OPIC's global portfolio. South America is clearly an important region to OPIC, and Venezuela, Argentina and Brazil are three of the most attractive markets for U.S. investors. In these countries, OPIC is providing \$823 million in direct project financing for 19 projects and nearly \$2.9 billion in political risk insurance to some 61 projects.

Mr. Muñoz is committed to continuing to use OPIC support for U.S. investments to demonstrate the Administration's commitment to expanded U.S. trade and investment in South America. Moreover, in recognition of the changing foreign investment climate throughout Latin America, OPIC President Muñoz is spearheading an effort to develop new OPIC finance products, particularly to assist U.S. small businesses. OPIC projects, big and small alike, create jobs and economic growth in Argentina, Brazil and Venezuela, as well as here at home.

Attachment

Argentina

In Argentina, OPIC is currently providing \$421 million in financing for 8 projects, and more than \$1.1 billion in political risk insurance to some 25 projects. These projects are helping Argentina build a strong and stable economic infrastructure. In fact, while in Buenos Aires, President Clinton will be staying at the Sheraton Hotel. In 1990, a \$34 million OPIC loan helped Sheraton expand its Buenos Aires facilities. As a result of this and other OPIC-assisted projects that have had a demonstrably positive effect on the local economy, Argentina's President, Carlos Saul Menem has been a vocal supporter of OPIC. The following projects are remarkable examples of the success of OPIC support in Argentina and **offer potential site visit and signing ceremony opportunities for President Clinton.**

Potential Signing Ceremony - CMS Generation Co.

Backed with \$50 million in OPIC political risk insurance, CMS Generation Co. will invest up to \$264 million in the privatization and expansion of a 386-megawatt oil and gas-fired electric generation facility in Mendoza, Argentina. This project, Centrales Termicas Mendoza, will result in \$419 million in local procurement and is one of two CMS projects in Argentina currently supported by OPIC.

Message: U.S. private investment in the power sector creates local jobs, fuels American exports, and provides Argentina with the energy necessary to grow.

Potential Site Visit - BellSouth/Motorola Cellular Phone Joint Venture

In 1988, BellSouth and Motorola formed a joint venture in Buenos Aires to develop the first private cellular phone system in the country. Backed with more than \$55 million in combined OPIC financing and political risk insurance, this project paved the way for later Argentine privatization and deregulation of the telecommunications sector. Buoyed by the success, OPIC provided an additional \$14 million for the system's 1991 expansion. This joint venture has generated more than \$250 million in U.S. exports from more than 240 equipment suppliers across the U.S.

Message: Bringing down barriers to foreign investment in the telecommunications sector connects Argentina to the world.

Brazil

OPIC is currently providing \$395 million in financing to ten projects and more than \$1.4 billion in political risk insurance to some 27 projects in Brazil. These projects, which include the manufacturing, telecommunications, power, oil and gas, and the financial service sectors, are expected to create thousands of Brazilian and American jobs. Two of these projects, one in the state of Rio de Janeiro and one in the state of Sao Paulo, offer site visit opportunities and are especially notable for the positive impact on the local economy.

Potential Site Visit - State of Rio de Janeiro: AES, Houston Industries Energy ("LIGHT")

OPIC provided \$200 million in political risk insurance for the Light Servicos de Electricidade, SA ("LIGHT") project, one of the largest power privatizations in the world, and the first major privatization in Brazil's electricity sector. This privatization resulted in the Government of Brazil selling its controlling interest in the utility for \$1.73 billion. LIGHT is the electricity generating, transmission and distribution company that serves the city of Rio de Janeiro and 27 other municipalities in southeastern Brazil. MIGA, AIG and Lloyds of London all participated in this highly successful project.

Message: Privatization is opening the door for U.S. participation in Brazil's multi-billion dollar energy sector while helping Brazil achieve its energy needs.

Potential Site Visit - Sao Paulo: Three adjacent factories (buns, beef and chicken, and distribution) supply McDonald's restaurants throughout Brazil.

Three Chicago-based companies are using OPIC financing to expand their operations as suppliers to McDonald's throughout Brazil. The first, Fresh Start Bakeries Industrial Ltd., is the exclusive hamburger bun baker for McDonald's Corporation restaurants in Brazil. In 1991, when OPIC provided the initial financing for Fresh Start, the company was a U.S. small business. A 1996 \$14 million OPIC Investment Guaranty helped finance their subsequent expansion. The company was recently purchased by the Campbell's Soup Company, and its Brazilian Fresh Start baking operations rank among the largest in the country. The second project, Braslo Produtos de Carne, Ltda. ("Braslo") is the exclusive supplier of beef and chicken to McDonald's in Brazil. Braslo is expanding their facilities with \$10 million in OPIC financing. The third related project receiving OPIC financing is Brapelco Comercio, a small business that handles distribution for McDonalds throughout Brazil.

Message: International growth of a big business is helping other U.S. businesses to grow.

Venezuela

OPIC is currently providing nearly \$370 million in political risk insurance and financing to nine projects in Venezuela. Three OPIC projects, in particular, could be useful in illustrating a number of positive themes during the President's trip.

Potential Signing Ceremony – WilPro Energy Services

OPIC expects to commit a \$165 million loan guaranty to WilPro Energy Services for a major gas compression project. The project will result in significantly enhanced oil recovery in the El Furrial field in northeastern Venezuela, one of the country's largest. Importantly, the project will facilitate compliance with Venezuelan environmental laws restricting the flaring of gas. WilPro is sponsored by two U.S. industry leaders in gas compression and pipelines - The Williams Companies of Oklahoma and Production Operators Corp. of Texas, a subsidiary of Texas-based Camco International. The project, WilPro's first significant investment overseas, will procure millions of dollars in goods and services from companies across the U.S., including contracting services from Missouri, compression equipment from Ohio, piping from California and motors from Texas. Further, the project represents one of the first foreign investments in the oil sector to be developed on a build, own, and operate basis.

Message: Protecting the environment and developing energy resources can be compatible.

Success Story – Pride Petroleum Services

In 1994, OPIC provided \$50 million in political risk insurance to Pride Petroleum Services ("Pride") for its investment in a project involving the acquisition and expansion of an oil well drilling company in Venezuela. At that time, Pride was a small Houston-based business with \$100 million in revenues and 2,000 employees. In May 1997, Pride reported that, largely as a result of OPIC's support, the project's revenues and number of employees had grown to \$700 million and 9,000 respectively.

Message: Small businesses can become big players by investing abroad.

Potential Site-Visit and/or Signing -- PDVSA

A joint venture between California-based SAIC and a subsidiary of Petroleos de Venezuela, S.A. (PDVSA), the state petroleum company of Venezuela, will supply information technology including hardware and software procurement, computer applications development and support, information technology training, help desk support, and computer system security to PDVSA. This venture is the second major outsourcing for PDVSA, helping the company to privatize and outsource many of its functions. OPIC expects to provide \$25 million in insurance coverage to this project.

Message: Information technology is helping to make privatization possible.

September 17, 1997



Department of Energy

Washington, DC 20585

MEMORANDUM FOR CHRIS BALDERSTON

FROM: LIZ MONTOYA

RE: **Presidential Trip to Latin America**

DATE: SEPTEMBER 17, 1997

I would like to recommend that Secretary Peña accompany President Clinton on his trip to Argentina, Brazil and Venezuela on October 12-17. I have enclosed a copy of an August 25 memorandum from Elgie Holstein to you which states that this recommendation is based on the central role that energy will play in Venezuela, and the importance of climate change and clean energy in Brazil and Argentina. These issues remain on the agenda. In addition to these items, energy is critical to power economic growth in rural areas, especially for schools. We are working with both Argentina and Brazil on their rural electrification for schools. Finally, Secretary Peña has met with a number of the leaders from these nations and both his language skills and relationships with them could be an asset in our cooperation with these countries.

I hope that you will agree with me that Secretary Peña's participation will help further these issues by offering concrete actions and resources, and by working with his counterparts on the ground during the visit. I look forward to working with you as we work toward finalizing arrangements for the October trip.

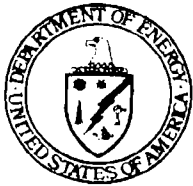
cc: Andrew Friendly, Office of the Special Envoy for the Americas
Ted Piccone, NSC/Latin America
David Sandalow, CEQ

Copy for
Mack
Nelson

- Andrew



Printed with soy ink on re



DEPARTMENT OF ENERGY
Washington, DC 20585

OFFICE OF THE SECRETARY

August 25, 1997

MEMORANDUM FOR CHRIS BALDERSTON

FROM: ELGIE HOLSTEIN *EH*
RE: **Presidential Trip to Latin America**

I would like to recommend that Secretary Peña accompany President Clinton on his trip to Argentina, Brazil and Venezuela on October 12-17. This recommendation is based on the central role that energy will play in Venezuela, and the major role that climate change and clean energy will play in Brazil and Argentina. As we move toward the climate change conference in Kyoto and the 1998 Summit of the Americas in Santiago, our successful advancement of these issues will be critical to meeting our economic, investment, and environmental goals in the region.

Specifically, we are working with the White House and State Department on the following messages and events:

Venezuela:

- Presidents Clinton and Caldera will join industry representatives (mainly energy companies) to sign the Bilateral Investment and/or Bilateral Tax Treaties;
- Both Presidents deliver speeches, with President Clinton delivering a major energy address focusing on energy cooperation in the Americas, energy security and sustainable development. The Presidents can also announce that the Hemisphere's energy ministers will gather in Caracas in January to further our progress on these issues;
- The Presidents witness the signing, by Secretary Peña and his counterpart, Minister Arrieta, of the U.S.-Venezuela energy agreement. This agreement builds on successful petroleum R&D cooperation to date by expanding it to include renewable energy, energy efficiency, and data/information exchange; and
- Finally, the Presidents participate in a photo opportunity with Venezuelan students about to begin a Fulbright energy study program in the United States.

Brazil:

- Presidents Clinton and Cardoso witness the signing by Secretary Peña and his counterpart, Minister de Brito, of the U.S.-Brazil clean energy agreement, including cooperation on energy efficiency, renewable energy, and advanced power systems. This agreement includes the participation of the U.S. Agency for International Development. While Brazil has been reluctant to move toward any agreement on addressing climate change, this agreement will provide concrete actions we can take jointly, on a win-win basis;
- The agreement can also be a hook for the President's climate change discussions with President Cardoso; and
- The energy secretaries can witness a private sector signing by a U.S. company selling clean energy generated by fuel cell technology developed with DOE support.

Argentina:

- Presidents Clinton and Menem witness the signing by Secretary Peña and his counterpart, Secretary Mirkin, of a bilateral Statement of Intent on Activities Implemented Jointly, a mechanism under the climate change treaty. The Statement of Intent will promote U.S. industry investments in Argentine clean energy projects that reduce greenhouse gases;
- This is followed by Secretaries Peña and Mirkin presiding over a U.S.-Argentina (perhaps Southern Cone--i.e., Argentina, Brazil, Chile, Paraguay, Uruguay) Business Roundtable, where our private sectors recommend governmental steps to promote clean energy opportunities in the vast Southern Cone market; and
- The energy secretaries can witness a private sector signing of a clean energy fuel cell project agreement.

I hope that you will agree with me that Secretary Peña's participation will help further these issues by offering concrete actions and resources, and by working with his counterparts on the ground during the visit. I look forward to working with you as we work toward finalizing arrangements for the October trip.

cc: Andrew Friendly, Office of the Special Envoy for the Americas
Ted Piccone, NSC/Latin America
David Sandalow, CEQ

VERNER · LIIPFERT
BERNHARD · McPHERSON & HAND
CHARTERED

901 - 15TH STREET, N.W.
WASHINGTON, D.C. 20005-2301
(202) 371-6000
FAX: (202) 371-6279

September 26, 1997

Nelson W. Cunningham
Staff Director
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. Cunningham:

As promised, I would like to follow-up on our conversation regarding the proposed University del Salvador venue in Bariloche, Argentina. Dr. Juan Tobias, president of the University, has requested the honor of conferring an honorary degree on President Clinton during his October trip to the Southern Cone.

Initially, Dr. Tobias extended an invitation to President Clinton to visit the University del Salvador while in Buenos Aires. However, it quickly became apparent that the Clintons will be operating on a tight time line and will be unable to participate in activities other than official political engagements. For this reason, Dr. Tobias proposed conferring the honorary degree on President Clinton in the relaxed and scenic resort town of Bariloche following his stay in Buenos Aires and before returning to the States.

The University del Salvador would like to host a small gathering of both American and Argentine students for a brief ceremony followed by a casual, outdoor barbeque or "asado," as it is called. The time and location, either lakeside by the University's research campus or on the grounds of the Governor of Bariloche's residence, are flexible and can be arranged to accommodate the President and First Lady's schedule.

Again, we thank you for considering this interesting and worthwhile venue, a venue that emphasizes the importance of higher education and strengthens the bond of friendship between the US and Argentina. If you have any questions or concerns, please feel free to reach me at 202. 371-6046 or Abbey Dodd at 202/ 371-6118.

With best regards,

Sincerely,


John A. Merrigan

File - South
America
Tr. & file

Aviva -
As we discussed.
M
9/29

THE WHITE HOUSE
WASHINGTON

South American Trip
File

September 21, 1997

DN 10-1-97
2-2-97

MEMORANDUM FOR SAMUEL R. BERGER
JAMES STEINBERG
MACK MCLARTY
ANTONY BLINKEN
ERIC SCHWARTZ

FROM: SIDNEY BLUMENTHAL *SB*

SUBJECT: FREE PRESS IN ARGENTINA

Since Carlos Menem became President of Argentina there have been 880 attacks or threats of physical violence against journalists, according to the Argentine Press Workers' Union. Earlier this year, a photojournalist was murdered; his body was found handcuffed and burned. As of the first week in September, according to the Buenos Aires press association, 118 reporters investigating this incident have been attacked or threatened. In the second week of September, Adolfo Scilingo, a torturer from the "dirty war" of terror conducted in the 1970s by the junta and right-wing groups, who had been telling reporters about those crimes, was kidnapped. He was released after being beaten and having the initials of three journalists who had been reporting his statements carved into his face. President Menem has expressed contempt for the press throughout. The Argentine public, however, gives the press high approval ratings. In one poll, journalists are ranked as the most trustworthy members of Argentine society. In another, two-thirds of the public ranks journalists as the "worst enemies of criminals."

The theme of the trip is the new era of partners, based on democracy and trade. I believe strongly that if we are making the case for hemispheric cooperation on the basis of civil societies, then we must make the point about the importance of a free press in a democracy. These assaults on the free press are the most egregious violations of human rights in Argentina. If unaddressed, the issue has a potential to cast a pall over the entire South American trip. The New York Times has already editorialized on the subject. It will be an issue of great sensitivity for the traveling U.S. press corps. The President will visit with leaders of the Jewish community, which has been under assault. Ignoring the free press question, while acknowledging the Jewish one, would only underline it for the U.S. press. Furthermore, if the issue of the free press is not dealt with in Argentina our commitment to human rights will be opened to general questioning on its seriousness and consistency. Not engaging the free press issue in Argentina could be viewed as hypocritical by the press when we raise human rights issues later in the month with

Jiang Zemin.

Of course, the President should address the free press issue during his Town Hall event if he's asked about it and in his private talks with Menem. But more must be done. I believe that while it is appropriate for the President to meet with Jewish leaders, it is not appropriate for him to meet with a roomful of foreign reporters with harsh grievances and possibly volatile emotions. It would also be inappropriate for the Secretary of State or the National Security Adviser to meet with them for the same reason. I suggest an unofficial event. On the final day in Buenos Aires, in the morning, the day after the Town Hall and the state dinner, I suggest that I arrange a meeting in a hotel room with members of the press association. As a lifelong journalist, I believe I would have credibility with them and that as a result they would be willing to acknowledge the good faith of the Administration. The meeting would be organized for them to tell their stories to a member of the President's staff, who would report back to the President and the National Security Adviser. Individual members of the traveling U.S. press, if they wished, could attend this event, which, I am certain, they would register as an expression of respect for them as well.

Such an event could add to a positive aura for the trip, foster good-will with the press, and reinforce our policy towards China and human rights generally. But a failure to deal with this problem in more than a passing rhetorical way could have far-reaching negative consequences.

THE WHITE HOUSE
WASHINGTON

South
American
Trip File

September 30, 1997

Tony --

Attached are two items that may be helpful to you in drafting speeches for the President's SouthAm trip:

1) Excerpts from a book on Bolivar's political thought. While not very good (this is the only book our library evidently has on Bolivar), it does give some perspective on the links between South American founding fathers and our own.

2) Facts and factoids from Dan Buck, Pat Schroeder's former chief of staff, who is a Southern Cone/Wild West history buff, and has provided a somewhat random list of early connections between the U.S. and the Bariloche region (including a Butch Cassidy/Sundance Kid connection, a Will Rogers connection, and a Teddy Roosevelt connection). There are some good nuggets there.

Ciao.

Nelson 

bcc Mack

PHOTOCOPY
PRESERVATION

100 Tenth St. SE, Washington, DC 20003-3909

T: 202-544-6541 F: 202-544-6556

E-mail: dbuck@compuserve.com

30 September 1997

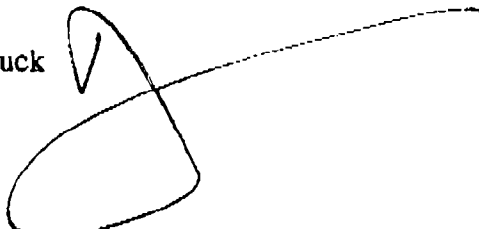
Attn: Nelson Cunningham

Fax: 456-2464

Nelson--

Per our conversation, here are some historical facts and anecdotes, mostly in reference to Bariloche, that your speech-beavers can chew on for the Argentina trip. (Seven pages in all.)

Dan Buck

A handwritten signature in black ink, appearing to be 'Dan Buck', with a large, stylized loop and a long horizontal stroke extending to the right.

(1) **Will Rogers:** Will Rogers sailed for Argentina in March 1902 with the intention of settling there. After several months struggling--he didn't have enough money to buy a ranch and he couldn't find regular work as a cowhand--he hired on a ship delivering mules to the Boer War. (Neither here nor there, but Rogers met a young, itinerant juggler in Cape Town named W.C. Fields--wouldn't you love to have been present at the first meeting of Will Rogers and W.C. Fields?) While in South Africa, Rogers signed on with a Texas Jack's Wild West Show, ultimately returning to the United States, and the rest is show business history.

Rogers admired the Argentine gauchos. He wrote home that the gauchos, using their bolas, could "rope a steer further than I could hit him with a rock." Later, in a newspaper interview back in the United States, Rogers said: "I consider them [the gauchos] the best ropers and riders in the world."

Rogers had trouble learning Spanish: "I think I can say six words--did know seven but forgot one,"

In another letter, he said: "Buenos Ayres is the prettiest place I ever saw."

While Rogers was in Argentina he was reduced to such dire circumstances that he slept on park benches. During remarks in the Plaza San Martín, the President might joke "that Will Rogers slept here." (There is a basis for this remark: when Rogers ran out of money, he left his lodgings at the Hotel Phoenix, which still stands on the corner of San Martín and Córdoba, just a short walk from the Plaza San Martín, so he probably did bunk there.)

(Sources: *Will Rogers, His Life and Times*, Richard M. Ketchum; *Will Rogers*, Ben Yagoda; *Will Rogers, a Biography*, Donald Day.)

(2) **Theodore Roosevelt:** TR came to Argentina on a speaking tour prior to joining his expedition to the River of Doubt in Brazil. From October-November 1913, TR traveled from Buenos Aires to Santiago, south to Puerto Varas, and then back across the Andes via mule, ox-cart, and boat, to Bariloche. He overnights in Bariloche, November 30, 1913, and early the next morning he and his party set off in three open-air Mercedes touring-cars north to the railhead at Neuquén, then by rail back to Buenos Aires.

Ricardo Vallmitjana, a photo historian in Bariloche with an encyclopedic knowledge of the city (Office: 54-944-26102; Home: 54-944-21846) has copies of a number of photos from TR's visit.

TR was travelling with, among others Francisco Perito Moreno (known universally in Argentina as Perito Moreno). After a four-hour crossing of Lake Nahuel Huapi by steam launch (most likely on the *Cóndor*, the same launch that carried Butch Cassidy, the Sundance Kid, and Ethel Place in the opposite direction in 1905 when they were fleeing from Argentina to Chile), TR's party approached the "low rolling hills" on the eastern side of the lake, where nestled "the little village of Bariloche." (Except as noted, all quotes from TR's *Outlook* article.) Describing Bariloche as "a real frontier village," TR went on to say:

The town is nearly four hundred miles from a railway, and the people are of the vigorous, enterprising frontier type. It was like one of our frontier towns in the old-time West as regards the diversity in ethnic type and nationality among the citizens. The little houses stood well away from one another on the broad, rough, faintly marked streets. In one we might see a Spanish family, in another blond Germans or Swiss, in yet another a family of gaucho stock looking more Indian than white. All worked and lived on footing of equality, and all showed the effect of the wide-spread educational effort of the Argentine government; an effort as marked as in our own country

TR was honored with a dinner in Bariloche that evening that satisfied his appetite as much as it stimulated his intellect. Among the guests were several Argentines, a Belgian, a Russian, a German, an Irishman, and an Italian. Of the dinner, TR said:

After awhile we got to talking of books, and it was fairly startling to see the way that polyglot assemblage brightened when the subject was introduced, and the extraordinary variety of its taste in good literature. The men began eagerly to speak about and quote from their favorite authors--Cervantes, Lope de Vega, Camoens, Moliere, Shakespeare, Virgil, and the Greek dramatists.

But it was the Italian [Primo Capraro, a leading citizen of early Bariloche] who capped the climax, for when we touched on Dante he became almost inspired and repeated passage after passage, the majesty and sonorous cadence of the lines thrilling him so that his listeners were almost as much moved as he was.

According to Moreno, TR told one of his Argentine escorts that crossing the Andes from Puerto Varas to Bariloche "were the happiest two days he had spent since arriving in South America, because he had been left to do as he pleased. He said he felt the way he had as a young man in the American West." (Quote from Ornig.)

(Sources: "From Oxcart to Motor Car in the Andes," Theodore Roosevelt, *The Outlook*, May 23, 1914; *Bariloche, My Home*, Ricardo Vallmitjana [Note: Vallmitjana's book is a heavily illustrated, English-language history of Bariloche.]; *My Last Chance to be a Boy: Theodore Roosevelt's South American Expedition, 1913-1914*, Joseph R. Ornig.)

(3) Early American settlers in the Bariloche area (arriving in the 1880s through about 1905): Jarred Jones from Texas, and Juan Crockett, said to have been a descendent of Davy Crockett, were among the first American settlers, coming in 1884.

Jones is said to have founded the first estancia, along the northern side of Lake Nahuel Huapi. A daughter-in-law, Edith Jones, lives near the village of Nahuel Huapi, in one of the original ranch buildings. (If you have a spare lunch/dinner available, El Boliche Viejo, right next door, is an excellent parrilla.) A granddaughter Carol Jones and grandson Martín Jones live nearby. Carol runs horseback riding excursions. (Of all the early American settlers, the Jones family is the only one that still has a presence in Bariloche itself. If you want to arrange something with them, you can call Carol at 54-944-26508 or fax 54-944-23835. She speaks English.)

Other Texas families that homesteaded up and down the northern Patagonian *cordillera*, as the locals call the foothills region, included Sowell, Coker, and Perry. We can't leave out Martin Sheffield, a legendary shepherd, gold miner, and professional old-timer, who perpetrated a notorious hoax on the Argentine scientific community in the early 1920s by claiming to have discovered the skin of a prehistoric mammal (a plesiosauras, to be precise). The pelt was actually that a guanaco, which Sheffield had killed.

Also migrating to the region were George Newbery from New York, the Freemans from Pennsylvania, the Taylors from Ohio. (And of course, our bandit trio, Butch Cassidy, the Sundance Kid, and Ethel Place, who came down in 1901. Their ranch was a two-day ride south, in the Cholila Valley. See *Digging Up Butch and Sundance*, Anne Meadows.)

(3) **Parque Nacional Nahuel Huapi:** Perito Moreno donated the land for the Nahuel Huapi National Park in 1903, inspired by Yellowstone National Park. I'm not sure what date the Argentines use for the founding of the park, 1903, or various dates in the 1920s when the government moved to officially designate the park, or in 1934, when the government set up the national parks system--probably 1903 because it's the earliest. (Our own National Parks Service people can sort that one out.) Moreno, by the way, is buried on Lake Nahuel Huapi's Centinela Island, which the President can point to during his speech.

From Moreno's selfless contribution, the Argentine people have gone on to create one of the most magnificent national park systems in the world, stretching 3,500 kilometers from Tierra del Fuego in the far south to Jujuy in the far north.

Huapi means "tiger" and huapi means "island," but no one seems to know why. Some say the Indians of the area were so brave they were known as "tigers." Others say Victoria Island, in the middle of the lake, had tigers on it. All speculative.

The first recorded visits to Lake Nahuel Huapi were by Spanish missionaries around 1620-30--not many years after the founding of North America's Jamestown, Quebec, and Santa Fe. The point being, although the region was not settled in earnest until the late 1800s, it has a long history that parallels the history of North America. Recent advancements in our knowledge of early man in North and South America indicate that the first Native Americans came into the southern Andes much earlier than had previously been thought (for whatever that's worth).

After TR left Argentina, he wrote to Perito Moreno, expressing his profound admiration and respect, adding that he had "done certain kinds of work which it falls to the lot of very, very few men in a generation to do."

(Two best good reference books on Nahuel Huapi history are: *Toponimia del Parque Nacional Nahuel Huapi* and *Crónica Histórica del Lago Nahuel Huapi*, both by Juan Martín Biedma. As for Perito Moreno, see *Francisco P. Moreno*, Aquiles D. Ygobone. Also see, *South American National Parks*, William C. Leitch, and *Los Parques Nacionales de la Argentina*, Francisco Erize.)

(4) Because of recent news stories (*Clarín* and *La Nación*) about celebrity foreigners buying estancias in Patagonia, namely Ted Turner & Jane Fonda and Sylvester Stallone, exacerbated by several years' squabbling between local governments and the Benetton company (which owns several large estancias in the region) over water rights, enviro concerns, and taxes, the President might get asked about it.

It is worth pointing out that it's not who owns the land, but how the land is cared for. And we all have to work together. Etc., etc. Second, foreign settlement--Welsh, English, Italian, Spanish, Chilean, Irish, American, German, Russian, Yugoslav, Basque, etc.--in southern Argentina goes back more than a century. It's nothing new. Yesterday's foreign settlers are today's old-timers. Just look at your neighbors in Bariloche. Third, the President might point out that his ancestors came to Arkansas from (wherever they came from) just as Menem's ancestors came from Lebanon (right, Lebanon?). Finally, the ancestors of Perito Moreno, for whom we can thank for the Nahuel Huapi National Park, came from Spain and England.

(5) **San Carlos de Bariloche:** what the heck does it mean? San Carlos was not a saint, just a shopkeeper. Carlos Wiederhold, one of the early settlers (1895, for the fact checkers among you), received a letter mistakenly addressed to San Carlos Wiederhold instead of Don Carlos. He thought it was so amusing he renamed his general store "San Carlos," and it soon became the name of the community. Later, to distinguish this particular San Carlos from others of the same name in Argentina, they added "de Bariloche," badly misspelling the local pass over the Andes, Vuriloche. (Some argue Bariloche was the original spelling.) As for the word's etymology, one version has it that "iloche" means "cannibal." Others say it refers to the fact that the earliest inhabitants ate meat (just as some people call Americans "McDonalds.") Still others say it simply refers to the Indians

living in the region, without casting aspersions on their eating habits.

(6) **Jorge Luis Borges:** (Yes, I'm jumping around.) Borges was a student of American literature, and once wrote a charming little book, *An Introduction to American Literature* (1967). In it, Borges touches on everything from the transcendentalists to the detective story and science fiction. Faulkner, whose 100th birthday we celebrate this year, Borges calls "a man of genius, although a willfully and perversely chaotic one." He compares Benjamin Franklin with Argentina's Diego Sarmiento.

(7) **Che Guevara:** Before Ernesto Guevara de la Serna was a revolutionary, before he was Che, he was a tourist. He and a friend set off in early 1952 on a motorcycle (a Norton 500, for the cycle buffs among you) trip around South America. They came through northern Patagonia in the height of summer, late January-early February. Like many young vagabonds, they were traveling as frugally as possible. In Bariloche, they camped at the police station. So we can say that the Bariloche police once had Che Guevara in custody, and they let him go.

Che was enchanted by the lakes district and said that one day he wanted to return here to live. He should have acted on his impulse right then and there.

(Source: *The Motorcycle Diaries*, Ernesto Che Guevara.)

(8) **Victoria Ocampo (1890-1979):** Noted Argentine poet and literary figure (imprisoned by Peron, but wasn't everybody). As she was approaching the Bariloche train station, fatigued by the long journey from Buenos Aires, she was revived:

A few minutes before we entered the pleasant stone station I forgot my fatigue. The lake had come up to meet us. How blue it looked against the background of the snow-capped mountains, beside the bushes covered with flowers so red that they seemed like corral reefs! These bushes, the harbingers of spring in the Andes, whose name and existence I was unaware of . . . gave us a dazzling welcome all along the way, like Lake Nahuel Huapi itself. Not a breath of wind stirred it that day; vast and calm, it looked up at the sky without blinking, while the sky descended to its very depths.

Ocampo goes on to describe the road to Lao-Lao the *coihue* forests, the Enchanted Valley. She praises the National Park and the work of the park service as "perfect." She is enraptured by the place.

. . . I have fallen in love with the lake country. I wonder if the same thing has not happened to all the others who have visited it. Neither wind, nor rain, nor distance can keep me from it now.

We possess only what we really love. We possess things only to the extent that we love them. All other possession is illusory. I have discovered that my trip to Patagonia, where I thought I had nothing to do, has not been just travel.

I went there to take possession of a piece of land that belonged to me, for I have loved it with that special love that pays the price of things better than money. Now I have lakes, forests, falls, mountains whose beauty I had never imagined. The mysterious lake country is mine.

(Sources: *Traveler's Literary Companion: South & Central America*, Jason Wilson, ed.; *The Green Continent: A Comprehensive View of Latin America by its Leading Writers*, Germán Arciniegas, ed.; and *The Golden Land: An Anthology of Latin American Folklore in Literature*, Harriet de Onís.)

(9) **Trout fishing:** The U.S. and Argentine governments have an almost century-old history of cooperation here. Again, we have the involvement of Perito Moreno. During his early trips to the region, starting in 1875, he noticed that there were few fish, but obviously a great potential for a freshwater fishing industry. Acting upon his suggestions, the government tried to get French and Italian cooperation, finally it turned to American fisheries biologist John W. Titcomb, who arrived in 1903. Titcomb and the other American fisheries experts who followed over the ensuing years, shipped tens of thousands of Brook Trout, Lake Trout, Rainbow Trout, and Landlocked Atlantic Salmon eggs to the area. The eggs came by refrigerator ship from the U.S., then in ice-packed boxes by train and wagon. Working with the Argentines, the Americans also established several fish hatcheries.

Today, trout fishing (catch-and-release) in Patagonia is famous world-wide, and is now, like camping, trekking, and skiing, a major tourist industry.

(Source: *Argentine Trout Fishing*, William C. Leitch.)

(10) Another fine example of U.S.-Argentine cooperation is **Bailey Willis**. Willis, a USGS geologist, was hired by the Argentine government in 1911 to head up a commission to conduct a comprehensive study of the natural resources (mainly the water resources--but Willis's team studied everything) and potential for development of northern Patagonia. His team members hailed from Argentina, the US, New Zealand, and Switzerland. Willis's assistant director and topographer was Emilio Frey, a celebrated Argentine scientist, well-known in the region even today.

For purposes of the study, northern Patagonia was what is now the province of Río Negro, and the northern part of Chubut and the southern part of Neuquén provinces.

Willis predicted that the Lake Nahuel Huapi zone would become a tourist center, and praised the development of the national park. One of Willis's recommendation that was fortunately never acted upon was the construction of an sprawling industrial city on the shore of the lake at the village of Nahuel Huapi (at the Río Limay outlet). He envisioned "the industrial city of Nahuel Huapi," and compared its potential as a railroad hub to that of Chicago on the shore of Lake Michigan.

Thank you Mr. Willis, we'll get back to you on that one.

(Sources: *Northern Patagonia* and *A Yanqui in Patagonia*, Bailey Willis.)

(11) **Bruce Chatwin:** Chatwin's absorbing travelogue, *In Patagonia*, and the text of a joint appearance he made with Paul Theroux before the Royal Geographical Society,

published as *Patagonia Revisited*, are both chock-a-block with the stories and legends of southern Argentina--the City of the Caesars, early explorers, etc. No point in going in to them here, since the books are widely available.

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AUTHOR	Belaunde, Victor Andres, 1883-	
TITLE	Bolivar and the political thought of the Spanish American Revolution.	
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lated the Farewell Address of Washington, and Moreno quoted Jefferson's notes on Virginia.¹³

In the year 1812 Father Camilo Henríquez translated the speeches of Madison, the inaugural speech of Jefferson, and a speech on treason and rebellion taken from the *Baltimore Register*.

In the same year, there was published in Philadelphia a pamphlet entitled *Manual de un Republicano para el uso de un Pueblo Libre*. It contains a dialogue between a teacher and a pupil and presents a defence of the North American government in the form of an exposition of the ideas of Rousseau. The translator, who appears to have been a Venezuelan, adds some notes in which he defines "equality before the Law", defends the bicameral system and the presidential veto, as well as the election of senators by the state legislatures; and maintains that the judicial power is not only a sub-agent of the government, but a power as independent as the others. This pamphlet, of course, was destined to spread political ideas of the United States throughout South America.

¹³ The following quotation regarding a pamphlet published about an address of the Archbishop of Charcas refers to the fact that the ideas and work of Franklin were well known in this remote Spanish region.

"Carta apologética de la breve Arenga. El objeto de la Arenga citando a tan inmortal personaje (Franklin), ha sido mostrar que con la llegada del señor Arzobispo a Charcas, la Universidad auxiliada con sus luces presentará modelos tan completos en la cultura de las ciencias, como ha presentado la Pensilvania en el héroe Franklin. Juicio crítico sobre las impugnaciones hechas a la Arenga." (René Moreno, 28.)

We owe to Chandler's book, *Inter-American Acquaintances*, interesting data regarding the commercial relations established between the United States and South America during the early years of the nineteenth century.

Regarding the influence of the American constitution, we shall simply recall that the Acts of Federation of 1776 served as a basis for the federal acts of New Granada; that the American constitution of 1787 was practically copied, as Gil Fortoul says, by the Venezuelan constitutional assembly of 1811. In the La Plata region, the Uruguayan *caudillo*, Artigas, in his famous instructions of the year 1813, tried to find a middle ground between the two great North American constitutional documents.

Robertson has said that Austin translated the American constitution and gave it to the President of Mexico, Ramos Arispe.¹⁴ It is not necessary to mention the fact that the Mexican constitution of 1824 and the Central American constitution of 1825 were inspired by the constitution of the United States.

The influence of the United States ought to be studied chiefly in the process of the South American Revolution through the writers who, having lived in the United States, became admirers of its institutions. Some examples are Rocafuerte, Vidaurre, and Dorrego. The first, born in Guayaquil, educated in Europe, arrived in the United States in 1820, and soon became thoroughly acquainted with the government and institutions of that country. He decided to spread the knowledge of American ideals and institutions in the southern continent, and for this purpose published, in 1821, the pamphlet entitled *Ideas Necesarias para todo Pueblo Independiente que Quiera Ser Libre*, with translations of Paine's *Common Sense* and of John Quincy Adams' speech made on the anniversary of the Declaration of Independence.

¹⁴ *Op. cit.*, 64.

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South
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that Bolívar
enviaged

Brazil. We believe that, besides these opportunist motives, there were others which produced this effect on the men of La Plata. They were of the sincere, though mistaken, belief that a monarchy was not only possible but necessary. They did not see that independence and the republican form of government were united, that autochthonous monarchies were impossible, and that monarchies under the leadership of members of the European ruling houses were subject to the danger that new reactions might again attach them to the older countries, thus destroying the work of the Revolution. They did not see, lastly, that for those thrones there were no candidates who wished to come to America.

The Assembly was moved to Buenos Aires, and after slow preparation, it finally adopted the constitution of 1819 without making any decision as to the form of government, probably with the idea of leaving the door open to any monarchic possibility. The document of 1819 was centralism exaggerated. "In this constitution", says Avellaneda, "so detailed that it even describes the ceremonial of the sessions, there does not appear one mention of the provinces". Thus the jacobin tendency was followed by an authoritarian reaction; after the extreme provincial sectionalism, came a strict centralism, thus widening the gap between Buenos Aires and the provinces.

A year before, in 1818, the Director, O'Higgins, with independence proclaimed in Chile, proclaimed the law which organized the executive authority and a senate of five members, and provided for the calling of a congress.

Such, in brief outline, is the picture of the political institutions of Spanish America at the time when Bolivar presented his plan before the Assembly of Angostura. In the North in New Granada and Venezuela the ultra-democratic

federal ideas were predominant, the two always united, as Justo Sierra observes. In the South, as a reaction to the anarchy which had endured so long, the centralistic and monarchic idea is strongest.

The first set of ideas has its support in the great North American model; the second in the reaction in Europe. The possibility of conciliating the democratic tendencies and the monarchic plan of government appears in the Spanish attempt at a Constitution in 1812.

Bolivar, as we noted in the beginning of this work, parts from these currents and presents a new formula. His judgment is principally inspired by actual conditions in Spanish America. Citing Montesquieu, he affirms that the laws ought to conform to the topography of the country, the climate, the quality of the ground, to the kind of life led by the people and to their customs. "Behold", he exclaims, "the code which we should consult, and it is not that of Washington." The excellency of a government does not consist in its theory, its form; not in its mechanism, but in its appropriateness to the nature, the character of the nation for which it is designed."

He emphasizes, as he does in the Jamaica letter, the difference that exists among the peoples of South America, in Venezuela especially. "We realize that our people is not the European people nor yet that of North America, but a compound of Africa and America rather than an emanation of Europe, since even Spain itself is not European, on account of its African blood and its institutions and general character." He then alludes to ethnic inequalities. The greater part of the indigenous race has vanished; the European has mixed with the African and the American, and the former has mixed with the Indian and the European.

In the light of these ideas, Bolivar criticises the Constitution of Venezuela of 1811, insisting that our moral constitution does not yet have the necessary consistency to benefit from a government completely representative. It is noteworthy that Bolivar, on this occasion as on the previous ones, does not advance as a definite argument against the federal form of government, the findings of other thinkers such as Herrera, Mier, Gorriti, and Monteagudo, who all said that federalism was invented in North America with the idea of uniting what was divided, but, on being applied to Spanish America, tended to divide what previously had been united.

Besides the difficulties arising out of following the American model, which was impracticable for its purpose, the Congress of 1811 also made the error of vesting the executive authority in a collective body "consequently subject to the inconveniences caused by the establishment of a periodic government which was suspended and dissolved whenever its members separated". "Our triumvirate", adds Bolivar, "lacks unity, continuity, individual responsibility; it is deprived of prompt activity, continuous life, of real uniformity, of immediate responsibility; and a government that does not possess these things which constitute its modality, should be called null."

But if Bolivar, because of real conditions in Venezuela and previous experiences, can criticise the institutions established in 1811: federation, the omnipotent character of the legislative authority and, above all, collective government, he does declare himself a partisan of the republican form of government, of the sovereignty of the people, division of powers, civil liberty, emancipation of the slaves

and abolition of special privileges. "A republican government", he says, "has been, is, and should be, the government of Venezuela". Referring to the first constitution, he calls it "the immortal document of our rights and of our laws". He did not hesitate to proclaim political equality, which is the foundation and basic feature of all democracies.

Marius André, in his book, *Bolivar et la Démocratie*, asks whether Bolivar was sincere and convinced of what he said. He attributes these emphatic declarations to tactful policy. In the opinion of this distinguished writer, Bolivar tried to camouflage matters to the Angostura Congress so that he could obtain from it the institutions which were precisely in opposition to these doctrines.

In our opinion, the problem is even more complex than Marius André believed it to be. We must not forget that Bolivar had been nourished on the democratic philosophy of the eighteenth century and that, besides, he was perfectly well aware of all the implications of the Revolution. Let us repeat that this democratic philosophy had been the soul itself of the struggle for Independence.

The experiences of the first years, and later and even more serious meditations had caused Bolivar to see the fallacy in the idea that it was enough to proclaim the most advanced democratic principles and jacobin policies; but, on the other hand, this evolution in his thought had not caused him to go to the other extreme. His ideal was to find the formula which would conciliate fundamental democratic principles with the necessity for an efficient government. Was this compromise impossible, as Marius André believes? Without rendering a decision on this question, we believe that Bolivar was sincere in his search for that formula; in his

Angostura speech it was not his purpose to cover with a mantle of flowers of liberal and democratic rhetoric a plan of authority and reaction. Precisely because he was a realist, he reasoned from the point of view of the geography, ethnology and economics of Venezuela, and he saw that Venezuela required a strong and stable government. The other reality, no less concrete, was the public opinion created by the Independence which would accept only a republican régime with democratic orientation. The jacobins had tried to realize a pure democracy, forgetting the first reality; the deluded reactionaries forgot the second when they tried to set up thrones in America. The merit of Bolivar is evident in having differed from both these extremes. It is not merely a meaningless phrase or a bit of scholasticism when he establishes the difference between what is owing to humanity and what is due to politics, between fundamental rights and liberties and general democratic orientation, and the practical organization of the State. As far as the first is concerned, he considers all the faith and enthusiasm of the revolutionary epoch; towards the second, his policy is relativistic and practical. The distinction made by Bolivar between the democratic ideal and the practical forms of state organization is found expressed clearly in these words of Barthélemy: "The democratic principle appeared only as a rational ideal, towards which the state should tend, always keeping in mind social realities and practical necessities. It does not specify, and it cannot, a precise type of popular government." With the sincerity and valor which are characteristic, he formulates the severest criticisms of pure democracy. "The wisest Greek law-

¹ *Traité élémentaire de droit constitutionnel*, 72.

maker did not see his republic ten years, and suffered the humiliation of seeing the insufficiency of absolute democracy in ruling any kind of society, even the most cultured, temperate and limited." Later he proclaims emphatically that indefinite liberty, absolute democracy, are the reefs upon which the republican hopes are to be wrecked. . . . "Angels, not men, are the only individuals who can exist free, tranquil, and happy in the exercise of sovereign power. From absolute liberty there is a descent to absolute power, and the stage between these terms is supreme social liberty. Abstract theories are the things that produce the pernicious idea of unlimited liberty."

And continuing in this tone, he thus condemns the utopians who, aspiring to impossible liberties have tried to dissolve the social body: "The shouts of human kind in the fields of battle and in tumultuous bodies cry out to heaven against the unreflecting and blind legislators who have thought that chimeric institutions could be attempted with impunity."

Knowing history, Bolivar was forced to admit that monarchies and aristocracies had set up strong and enduring régimes. And he is also aware of the weakness, or better, the fragility of the republican régime, especially in countries of complicated structure. "The diversity of origin requires an infinitely steady pulse, an extremely delicate tact, to manage a heterogeneous society whose complicated organism is dislocated, dissolved, or divided by the slightest change."

Having discarded pure democracy, the pragmatic judgment of Bolivar, so far as the organization of the state is concerned, comes to this incontrovertible principle: "The

most perfect form of government is that which produces the greatest degree of happiness possible, the greatest degree of social security, the greatest amount of political stability."

Would it be possible to find such a Government inside of the republican-democratic orientation? The sense of reality of Bolivar makes him fix his attention on the most interesting experience of history, the attempt to conciliate the principles of human liberties with governmental efficiency; I refer to the British constitution. The admiration felt for it by Bolivar probably dated from his diplomatic mission to London in 1810, or perhaps from his early journeys to Europe. In the Jamaica letter, that is to say four years previous to the Angostura Speech, in referring to the government which New Granada and Venezuela might adopt, he recommends the British model with great fervor. In political preferences Bolivar parts from nearly all the men of the revolutionary period, who did not cultivate any other than the North American or French models. It was not natural sympathy for the only nation that favored, though indirectly, Spanish-American independence, that led Bolivar to praise the excellence of the British constitution. It was rather because of the manner in which it agreed with the conclusions at which he himself had arrived.

The fundamental idea of Bolivar was to adapt and add to the inevitable and fatal republic, the organization of powers, legislative and executive, of the British system. He praised the division of the legislative power into two chambers: the first of representatives, designated according to the old Venezuelan constitution without any essential reform, and the second, the senate which instead of being

elective was to be composed of the men who had fought for independence and their descendants. Thus he tried to perpetuate the *élite* of the men of state and war who were the true creators of the country. This Senate was, according to Bolivar's own words, "the basis, tie, and soul of the republic".

In continuity of power through the hereditary principle, Bolivar finds the solidity, cohesion, and the superior culture that he desired as features of his form of government. For two fundamental reasons, he champions the hereditary character of the senate: first, because of the independence it would gain, second, its members might receive the proper technical education. "This neutral body, in order that it may remain so, must not owe its origin to the government or to the people, so that it enjoys a full independence which neither fears nor expects anything of these two founts of authority." Bolivar, with admirable intuition, points out the essential vice of popular elections; the lack of liberty of the lawmakers from their constituents; the necessity of catering to their interests, feelings, and preferences. All the modern conception respecting what we may call electoral servitude, the *surenchère démagogique* palpitates in the words of Bolivar.

The future senators, in his opinion, should be educated in a college especially designed to instruct the future lawmakers of the country. "It is an office for which the candidates should prepare, as it is a position requiring much knowledge. All should not be left to chance and the outcome of the elections. The people can deceive themselves more easily than nature perfected by art."

In a letter directed to White, Bolivar had the opportunity of defining his thought upon the hereditary senate in even

tatorship of Bolivar, now declared for the maintenance of the Cucuta constitution. The situation of Colombia is graphically described in these words of Gil Fortoul: "Dictatorship and anarchy are the terms which best characterize the existence of the Republic; dictatorship where Bolivar is to be found, anarchy far from him."¹⁰

But the rising of the Colombian troops in Peru was only a symptom of the profound division between the two parties which had come to exist in Colombia: one wished the maintenance of a constitutional and liberal government to be headed by Santander, and another desired, in one form or another, the personal government of Bolivar, considering this as the only guarantee of peace and order. Bolivar had conciliated Páez; but on assuming command in Bogota and retaining it on his journey to Venezuela, he had accentuated the rift which had been produced between Santander and himself.

Unfortunately, this division between the two men passed the stage of being simply ideologic and political, and took on a personal character. Newspapers which the Colombian vice-president inspired or directed had attacked the policy of the Liberator. Santander himself had applauded the uprising of the Colombian troops in Peru. On the other side Bolivar had let slip some phrases of bitter criticism in regard to the vice-president, even in the affair of the English loan. Santander attempted a reconciliation which was rebuffed by Bolivar.

The ideologic struggles became of secondary importance. Programs for gradual and legal reform or for plebiscitary changes are no longer considered. In the personal strife

¹⁰ *Op. cit.*, I, 422.

which began inconceivable mutations were brought about. The federated program and the unitarian program are no longer convictions but simply strategic positions; there were only two camps in all of Colombia, and unfortunately in Peru and in Bolivia: the friends of Bolivar and the enemies of Bolivar. One can say that the name of Bolivar is the symbol of controversy in the period of anarchy which develops in all the countries which he had liberated. This is the true criterion with which to contemplate, not only the internal political movements of the epoch, but even the international struggles which will derive from them.

Friends and enemies of Bolivar agreed at that moment on the necessity of reforming the constitution of Cucuta; the former because they believed that the executive established by it was weak and ineffective; and the latter because they desired the establishment of the federation as a means of opposing the omnipotence of Bolivar. Under these converging influences the Colombian congress met for its great convention. It agreed that there was urgent necessity for examining and reforming the constitution and it summoned the great convention. The congress thus anticipated the time which the constitution had provided for constitutional reform (as ten years was the period which the letter of 1821 provided, reform was to be taken up in 1831).

Before this same congress Bolivar presented his irrevocable renunciation of the presidency. He alluded in this document to the suspicion which hung over him, and he invoked the example of Washington. This allusion and the idea which he expresses that his presence was the pretext for anarchy and for political dissensions indicate that Bolivar had a clear understanding that the moment might come when the preservation of his work or the avoiding of greater evils

would demand his absolute retirement. He says ingenuously: "I do not feel myself to be innocent of ambition and therefore, I wish to tear myself from the claws of this fury." Bolivar had outbursts of sincerity becoming to the strong in spirit. An ambition, yes, but high and noble, lay upon him, inexorably; and I consider it united in an inseparable manner with his work. He felt himself the victim of a kind of fate against which it was vain to struggle alone. He was profoundly sincere in the wish that a strong external force tear him from it. But this force did not exist; the friends of Bolivar were more interested than he that he not abandon the government. The congress did not accept the renunciation; but decreed in exchange a series of measures to limit his authority and to make his influence lacking in efficacy.

Santander openly assumed the rôle of chief of the opposition. Under his influence and that of his friends there took place the elections for the convention which was to meet in Ocaña; thus a majority of enemies of the Liberator might have been predicted. And without doubt, as often happens, the electoral results did not correspond to reality. The documents of the convention of Ocaña, examined by Joaquín de Herrera, reveal that opinion was unanimous for the unitarian system and the partisans of Bolivar were an overwhelming majority. The acts of all the people asked for the maintenance of the unity of Colombia, and the command of Bolivar.

According to the testimony of the historian Restrepo, Bolivar believed the division of Colombia to be inevitable as is proved by the project, which he had outlined to Santander the previous year, of uniting Colombia and Peru, and of forming three states of Colombia. But in the year

1827, Bolivar thought only of obtaining for Colombia an organization of a central power of immense influence. He said to Rafael Arboleda in his letter of August 24, 1827: "the republic must either confer immense authority on me or it is lost";¹¹ and to Briceño Méndez that he believed only in a powerful and just government, "provisional or not provisional, since everything is provisional in a revolution and, therefore, the provisional is better for it quiets jealousies and fears". This is an observation of great political wisdom which, unfortunately, Bolivar did not heed when the life-term constitution was proposed.

When the convention was about to meet, he reiterated his old ideas on the need of a strong government: "the destruction of Colombia seems inevitable to me if you do not give her a government of immense power, capable of struggling with anarchy which will raise its thousand heads".¹²

¹¹ Lecuna, *Cartas del Libertador*, VII, 13.

¹² *Ibid.*, VII, 138. Letter to Páez, Jan. 29, 1828.

THE WHITE HOUSE
WASHINGTON

File -
South America trip

October 1, 1997

Tony --

More potentially useful info from Dan Buck on
Bariloche -- an article he wrote on national parks
in South America. Some good history here.

Nelson 

-Tony Blinken
-SCC: Mick

South America's National Parks

By Dan Buck

INCAFO's Natural History in Spanish America Series:

Los Parques Nacionales de Venezuela, 224 pages, 1977, 4,200 pesetas.

Los Parques Nacionales de Costa Rica, 224 pages, 1978, 4,200 pesetas.

Los Parques Nacionales del Perú, 224 pages, 1978, 4,200 pesetas.

Bellezas Naturales de México, 224 pages, 1979, 4,200 pesetas.

Os Parques Nacionais do Brasil, 224 pages, 1979, 4,200 pesetas.

Los Parques Nacionales de la Argentina, 224 pages, 1980, 4,200 pesetas.

In preparation:

Los Parques Nacionales de Ecuador

Instituto de la Caza Fotográfica y Ciencias de la Naturaleza (INCAFO), Apartado No. 202 F.D., Madrid, Spain.

You see there are in our countries rivers that have no names, trees that nobody knows, and birds that nobody has described. It is easy to be surrealistic because everything we know is new.

—Pablo Neruda

The earth has been sailing around the sun 4,500 million years, give or take an eon. Yet it was not until the late 1800's that people began to think seriously about preserving corners of it for public use.

Our ancestors rarely threatened their environment, in part, because a subsistence economy forces a harmony with nature that an industrial economy does not. The

Andean foot hoe is hardly a competitor to the bulldozer. Chan Chan and Machu Picchu would have survived an environmental impact statement; Chicago is another question.

In 1870, a group of eastern gentlemen sportsmen visited Yellowstone and over a campfire cooked up a plan to turn the site into a national park. Two years of persistent lobbying and a couple of *Scribner's Monthly* articles later, Congress created Yellowstone National Park, "for the public good."

The example spread quickly. Australia established the Royal National Park in New South Wales in 1879; Canada began collecting land around a mineral hot springs in Banff, Alberta, in 1885; New Zealand created Tongariro National Park in 1894; and South Africa set up three game preserves near Natal in 1897.

In 1903, inspired by Yellowstone, Argentine explorer and naturalist Francisco Perito Moreno (whose name adorns a Patagonian glacier) donated land near Lake Nahuel Huapi in the Argentine Andes for the purpose of establishing a national park.

By the early 1940's, there were 30 national parks in Latin America (6 in Argentina, 3 in Brazil, 6 in Chile, 1 in the Dominican Republic, 13 in Mexico, and 1 in Venezuela), when members of the Pan American Union, predecessor of the Organization of American States, convened to discuss nature protection. The result was the Pan American Convention on Nature and Wildlife Preservation in the Western Hemisphere of 1942, which established the basic pattern for parks and preserves in the Americas and heralded rising hemispheric

interest in national parks.

International park planners fuss over the precise definition of a national park, but they agree on three essential elements: legal protection by statute; *de facto* protection, such as that provided by park staff; and minimum size of 1,000 hectares, except islands. (A hectare is 2.47 acres or 10,000 square meters.)

According to the United Nations List of National Parks and Equivalent Reserves, the official registry, there are now 126 national parks, nature reserves, and provincial parks in Latin America, among 1,400 worldwide. They stretch from Chile's Cape Horn National Park in the uttermost south, to Mexico's San Pedro Martir National Park in the uppermost north.

Now comes the Madrid-based Instituto de la Caza Fotográfica y Ciencias de la Naturaleza (INCAFO), publishers of *Periplo*, a bi-monthly natural science photography magazine, with a stunningly handsome series of books on Latin American national parks, "The Natural History of Spanish America."

INCAFO began the project in 1977 and has six titles to date, on Venezuela, Costa Rica, Peru, Mexico, Brazil, and Argentina, and one on Ecuador in the works. The entire series would crush one's coffee table and demolish one's budget. Each volume weighs three pounds five ounces and costs 4,200 pesetas, about \$40. *Periplo* subscribers are favored with a 20% discount. With the exception of the Brazil volume, which is in Portuguese, the entire series is in Spanish. Each volume contains a map of the country locating the national parks, an introduction to the country's geography and natural history, an extensive biblio-

graphy, and one chapter per national park, extolling its history, flora, and fauna. There are 150 to 200 photographs in each book, all in color.

Los Parques Nacionales de Venezuela, which inaugurated the series, features 19 parks.

Venezuela did not create its first national park until 1937, and that was at the instigation of Henri Pitier, a Swiss. The second park, Sierra Nevada, was not founded until 1952. Since 1969, however, Venezuela has set up 12 national parks, almost twice as many as it did in the preceding 25 years.

El Avila National Park, in the mountains between Caracas and the coast, is one of the country's most popular. From its woody slopes we view the city's skyscrapers and thick smog.

The largest of Venezuela's national parks is Canaima, established in 1972. At more than three million hectares, it is the second largest park in the world.

The many fevered expeditions to El Dorado trudged and canoed about Canaima in the 17th and 18th centuries. Sir Walter Raleigh spent a good part of his life roaming this region or scheming to return. This book will certainly invite such scheming on the part of its readers.

Within Canaima's vast imperium are Angel Falls, the world's highest waterfall, which drops 900 meters off Anyan-Tupui; Kukenan, the world's second highest waterfall; and *La Gran Sabana*, a neotropical grassland strewn with *tepui*, sandstone mesas that have withstood centuries of erosion. Some *tepui*s are quite large (Anyan-Tupui is 700 square kilometers) and appear in these photographs to be stone battleships ploughing through a steamy, green ocean.

Roraima, the most famous *tepui*, marks the junction of Venezuela, Brazil, and Guyana, and served as the locale for Arthur Conan Doyle's fictive *The Lost World*.

Los Parques Nacionales de Costa Rica describes a system of 12 national parks, monuments, and reserves in a country one-twentieth the size of Venezuela.

Corcovado National Park, 35,000 hec-

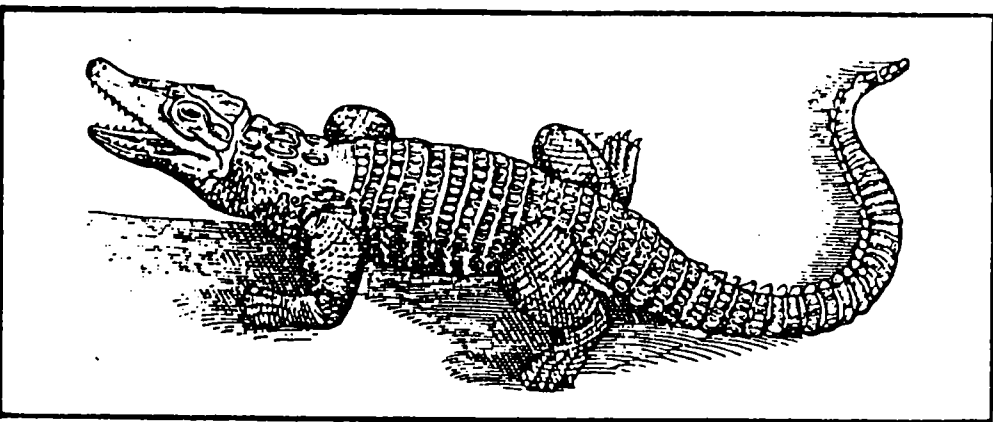
tares, is one of the finest virgin rain forests in the world: the forest proper receives a delugic 5.5 meters of rain annually. The park, which was created after a spirited, international lobbying campaign, is reachable only by chartered plane. Its isolated location, on the Osa Peninsula kicking out into the Pacific down near the Panama border, further protects its ecosystem.

Volume three in the series, **Los Parques Nacionales del Peru**, displays 14 national parks, reserves, and sanctuaries. Machu

like an ecclesiastic rocket ready to blast heavenward from its lava launchpad.

Another *belleza* is the San Benito Islands, off the coast of Baja California, where hundreds of sea elephants and sea lions slump on rocky shingles like beached cigars.

Os Parques Nacionais do Brasil opens to a double page photograph of a creamy moon hovering over what appears to be a flock of spirits in flowing, incandescent robes. It is Iguazú Falls, as surreal as Neruda claimed.



Picchu, for example, is an historical sanctuary.

Mimicking the early U.S. practice of turning otherwise useless property into parklands, Peru has established two mammoth parks in the jungle: Manu National Park in the upper Amazon rain forest at the edge of the Andes due east from Machu Picchu; and Pacay-Samira National Reserve, a 1.8 million hectare wedge of jungle between the Ucayli and Marañon Rivers just before they join to form the Amazon.

The Paracas National Reserve, on Peru's southern coast, is 335,000 hectares of desert, sea, and islands. The reserve has a fabulous array of birdlife — cormorants, boobies, flamingos, condors, penquins; sea lion colonies; and the tombic remains of the Paracas culture.

At the Pampas Galeras National Reserve, 4,000 meters in southern Peru, we see a group of vicuñas, frozen in mid-drink, watering at a stream. The smallest and most graceful of the llamoids (llamas, alpacas, guanacos, and vicuñas), the vicuña was once on the doorstep of extinction. Pampas Galeras is a major reason the vicuña has survived, and the vicuña is the only reason the reserve exists. Indeed, the reserve has been such a success there was a squabble recently about whether to thin the herds.

Bellezas Naturales de Mexico, volume four, has 7 national parks and 10 *bellezas naturales*, a catch-all term for natural reserves and wildlife sanctuaries not yet inducted into the national park regimen.

The Parícutin Volcano depicted here is a rather bleak *belleza natural*. It erupted in 1943, discharging 34 million tons of lava and ash. The nearby village of San Juan Paragarcitino was promptly overwhelmed, save the bell tower of the church, which we see standing poised yet today,

In 1797, the Queen of Portugal instructed the governor of Paraíba to take "precautions to protect the Brazilian forests." The wheels of state creaked slowly, for not until 1876 did the first national park proposal come forth—sparked by Yellowstone—and another 60 years passed before the Itatiaia National Park was formally established in 1937 in the Mantiqueira mountains midway between Rio de Janeiro and São Paulo. Itatiaia was an obvious choice since Brazilian botanists, ornithologists, entomologists and excursionists had long frequented its slopes.

Today, Brazil has 20 national parks and 8 biological reserves. Two are in the Amazon, 8 in the mountains, 12 along the Atlantic littoral, 4 in the southern highlands and 1 in the Mato Grosso.

In the northeast, west of Fortaleza, is the Seven Cities National Park. The cities were first thought to be the ruins of 7 preColumbian settlements, perhaps of Viking hand. Scientific minds prevailed, however, concluding that the ruins were geological formations—sandstone eroded over millions of years into hulking mounds, slender towers and minarets, and immense labyrinths cut in stone.

[**Los Parques Nacionales de la Argentina**, volume six in the series, and the last published, has not yet arrived from Spain at press time.]

There is a simplicity to the Latin America we see in the *INCAFO* books. It is a cosmorama of cloud shrouded mountains, yawning crocodiles, palm trees and epiphytes and vines, rivers named and unnamed, sloths hugging trees, bright flashes of parrots and toucans, horizonless grasslands, snakes spooled and unspooled, capering monkeys, expanses of green, green, and more green. And no people. ■



Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: [Presidential Speech] (2 pages)	09/29/1997	P1/b(1)

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Clinton Presidential Records
Special Envoy for the Americas
McLarty, Thomas (Mack)
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South American Trip [3]

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RESTRICTION CODES

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- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE
WASHINGTON

September 23, 1997

*Mack
Abelson
Eric*

*File. South
America
Trip*

MEMORANDUM FOR DISTRIBUTION

FROM: LAEL BRAINARD

SUBJECT: Materials for U.S. Embassy, Brazil

Please find attached several documents that we want to send to the Embassy in Brazil by noon Wednesday. They reflect input from all of your agencies. Please review and provide comments by 11 a.m. as follows:

<u>Document</u>	<u>Name</u>	<u>Telephone</u>	<u>Fax</u>
Cover Memo	Lael Brainard	456-2801	395-6853
Talking Points & Background	Christian Kennedy	647-3141	736-7618
Trade Statement	Bennett Harmon	395-5190	395-9675
Delegation List	Lael Brainard	456-2801	395-6853

DISTRIBUTION:

Ira Magaziner	WHO
Andrew Friendly	WHO
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Peter Allgeier	USTR
Don Abelson	USTR
Dorothy Dwoskin	USTR
Bennett Harmon	USTR
Terry Peterson	Education
Linda Roberts	Education
Christian Kennedy	State

September 20, 1997

CABLE TO AMBASSADOR LEVITSKY

FROM: Lael Brainard
Special Assistant to the President for International Economic Policy

SUBJECT: Technology Agenda for President's Visit to Brazil

Over the next two weeks, we are planning to intensify efforts to achieve a package of technology commitments in the areas of trade and education for the President's visit. This would give the United States and Brazil a positive, forward-leaning message on trade and create a shared vision going forward to Santiago. Thematically, it would weave together the message for the speech in Sao Paulo and the visit to the Mangueira School in Rio. It would illustrate the ways in which Brazil and America are leading the hemisphere in embracing the technologies of the 21st century, sharing a common vision that all members of our societies should have the means to participate in the information revolution. Possible elements of the package could include:

Education Technology: We are exploring the possibility of a specific deliverable in the area of education technology to illustrate concretely the common educational challenges both countries face and to connect the Mangueira school visit with the Memorandum of Understanding (MOU) on Education. One such possibility is a Brazilian "Net Day" event, paralleling our own highly successful Net Day last year at which President Clinton set a goal of connecting every classroom to the Internet by the year 2000 and emphasized the importance of partnership between the private sector, government, and educators to achieve this goal. We are exploring whether a similar partnership could be used to support U.S.-Brazilian cooperation in educational technology. For instance, this might entail securing commitments by a variety of U.S. companies to wire or computerize a target number of Brazilian schools over the next year. We might also aim to connect the Mangueira school to a school in the United States for the President's visit.

Electronic Commerce: Second, we want to encourage President Cardoso to join President Clinton in endorsing the principle that the private sector should lead in the future development of electronic commerce and pledging to keep the Internet tariff-free. This would give Brazil the opportunity to be the first country to sign on to the electronic commerce initiative, projecting the image of a modern economy embracing new technologies. It would also create momentum for this initiative in the FTAA process. Some Brazilian officials have expressed interest in this initiative, but they do not yet have enough information to fully evaluate it. We need to broaden understanding of this initiative among government officials and the business community in Brazil in order to build support.

Information Technology Agreement (ITA): Finally, we would like to take another shot at persuading Brazil to reconsider joining the ITA. In recent months, some members of the Brazilian business community have realized that being outside the ITA could be a competitive disadvantage. In addition, some Brazilian officials appear to be reconsidering their position in

light of the knowledge that even India has joined up.

Next Steps: We are preparing to intensify efforts over the next two weeks to advance these initiatives. In particular, we are proposing the following action items:

- We have prepared a set of talking points and background information on all three topics (attached), which we would propose that you use in discussions with senior GOB officials over the next few days.
- On the trade initiatives, we would place the Information Technology Agreement and the Electronic Commerce Initiative in the context of a broader joint statement on trade focusing on common commitments for the FTAA and the WTO, which USTR is sending to its counterparts separately. We have attached a draft for your information.
- We will send a team to Brasilia on Monday, September 29, to meet with a variety of government officials. Most delegation members would then travel to Sao Paulo on Tuesday, September 30, to meet with U.S. and Brazilian business associations. The delegation list is attached. We would appreciate help from your office in setting up meetings with the appropriate government officials and the appropriate business associations. (Several members of the team will continue on to Buenos Aires to carry a similar message on the trade/technology agenda for the Argentina part of the trip).
- Special Envoy Mack McLarty will communicate the same message in his meeting with President Cardoso and Foreign Minister Lampreia on Tuesday, September 29 in Chile.

Please call me at (202) 456-2801, Brian Samuel or Christian Kennedy at the State Department, or any member of the delegation for additional information. Thank you in advance for your help.

Tab A Talking Points and Background on Three Technology Initiatives
Tab B Draft Joint Statement on Trade
Tab C Delegation List

Draft Cable to Ambassador Levitsky and Chargé d'Affaires
Goddard

Brazil occupies a leading position in computer sciences and information technology in the Western Hemisphere. In the US/Brazil Partnership for Education, which will be unveiled during the President's trip, Brazil's special capabilities get important consideration. This includes the possibility of Brazil's participating in the Next Generation Internet Initiative (NGII) though Brazil must make a decision to spend about \$10 million annually to meet its commitments under this research project. There is no other country in Latin America with which we could hope to cooperate at a technical level on NGII.

US/Brazil Partnership for Education Event

We want to highlight Brazil's information technology advances and the two presidents' commitment to better education for our countries' peoples. The President's appearance at the Mangueira School could become an electronic meeting on the Internet or on the "Net" together with a satellite hookup between President Clinton, President Cardoso -- if his schedule permits -- Pele and children from Mangueira and a school in the US.

US/Brazil Technology Initiative

Additionally we would like to explore the possibility of using the President's visit and Brazil's technological capabilities to create new opportunities for both countries in two other areas.

The Clinton Administration has undertaken a new important initiative to help support the support global trade in information, goods and services across the Internet. Just as a largely unregulated Internet has created new vistas in education, we believe it opens the way to tremendous opportunities in electronic commerce. During the President's visit to Brazil, we would like to get a commitment from Brazil to keep its Internet relatively

unfettered and untaxed so that electronic commerce in both goods and services may flourish.

We want to extend the benefits of connectivity in the information age, and the community of nations must ensure that people have access to the equipment they need to put themselves "on-line." We must strive to bring down equipment costs and increase competition among the makers of electronic components and equipment. One of the most effective tools we have for this task is the Information Technology Agreement (ITA). For the President's visit we want to encourage a commitment from Brazil to negotiate its entry into ITA.

Talking Points:

US/Brazil Partnership for Education

- Our two countries are in the final stages of concluding our Partnership for Education. Among the areas it specifies for cooperation is using technology for education.
- Brazil has undertaken a truly innovative and ambitious program to put computers in schools across the country.
- If you agree, we would like to highlight the importance both our countries place on using information technology in education during President Clinton's visit to Rio de Janeiro. President Clinton, President Cardoso -- his schedule permitting -- Peel and children from the school could meet on the Internet and/or by satellite with children from US schools.
- We would like to send an expert team to Brazil next Monday and Tuesday to discuss this proposal. It would also include experts on two other areas.

Global Electronic Commerce (GEE)

- Commerce over the Internet will be an important engine of growth for the world economy in the 21st century.
- For this digital economy to flourish, the private sector must continue to lead, with governments allowing electronic commerce to be a market-driven activity.
- To this end, governments and the private sectors worldwide need to work together to ensure a predictable

global legal and commercial environment for the conduct of business on the Internet.

- Our Presidents can provide critical leadership to support development of Electronic Commerce. We propose to send a team of U.S. experts to Brasilia ((Buenos Aires)) next week to discuss how we can take advantage of President Clinton's visit next month to advance our shared interest in nurturing the emerging digital global marketplace. The team would be prepared to discuss general principles that could form the basis of a joint press release or joint statement in support of Global Electronic Commerce, as well as some concrete areas where our nations might advance the development of Global Electronic Commerce.

Information Technology Agreement (ITA)

- The ITA is a rapidly evolving process. Since its inception less than a year ago, 43 countries have joined. Together these countries account for over 93 percent of world trade in information technology.
- In addition to tariff reductions, ITA enables countries to improve product coverage and take advantage of new developments in this dynamic industry.
- Because of its rapidly growing IT industry, Brazil belongs in the ITA. We would be very pleased if President Clinton's visit could be the occasion when Brazil announces its commitment to negotiate entry into the ITA.

9/23/97 draft

Draft Joint Statement on Trade:
United States - Brazil

The Presidents of Brazil and the United States discussed our shared vision for preparing our citizens to thrive in the global economy of the 21st century. They agreed on the importance of bringing the benefits of trade and technology to all members of our societies. Toward that end, they pledge to show hemispheric leadership in embracing initiatives that contribute to the dynamism of the vital information technology sector, pursuing vigorously negotiations toward the Free Trade Area of the Americas (FTAA) and advancing the important work of the World Trade Organization (WTO).

Recognizing the importance of the information technology sector for the competitiveness of our economies and the economic prospects of our people in the 21st century, both Presidents have made the availability of technology in education a major priority. Just as a market-driven Internet has created new vistas in education, so too it opens the way to tremendous opportunities in electronic commerce. Both Presidents embraced the principle that the private sector must lead in the development of the Internet, and pledged to refrain from imposing tariffs on electronic transmissions that constitute commerce over the Internet and to work for global acceptance of these principles. In order to fully extend the benefits of connectivity to all our people in the information age, the Presidents agreed that their ministers should consult further about Brazil's joining immediately the Information Technology Agreement (ITA).

Reaffirming their commitment to the achievement of the FTAA, the two Presidents indicated their support for the launch of comprehensive negotiations at the April 1998 Santiago Summit, with the initiation of negotiations simultaneously on all subjects identified in Miami Declaration and Plan of Action. The Presidents recognize that various negotiations within the FTAA will proceed at different paces. They reinforced their commitment, stated in the Miami Declaration, to achieve concrete progress by the turn of the century and agreed that this s Background on Three Technology Initiatives Tab C should include full implementation of Uruguay Round commitments to create the "floor" for the FTAA; business facilitation; and interim agreements that ultimately will be part of a comprehensive, balanced FTAA constituting a single undertaking.

The Leaders agreed that their Miami mandates that we "strive to make trade liberalization and environment policies mutually supportive" and "further secure the observance and promotion of worker rights" require that labor and the environment be addressed in an appropriate manner in the FTAA process. They reiterated their openness to the views of all elements of civil society in the course of the FTAA negotiations.

The Presidents recognized the different situations of smaller economies and are committed to facilitate their full participation in FTAA negotiations. They also recognized the positive roles of NAFTA and MERCOSUR in fostering the FTAA, by introducing additional competition and openness in our respective economies.

Reaffirming their support of the multilateral trading system, the Presidents pledged to work together for full implementation of the Uruguay Round results by all countries. Both affirmed their commitment to the successful implementation of the built-in agenda of the WTO, especially the success of the financial services negotiations by December 1997 and the launch of negotiations on agriculture in 1999.

The Presidents directed their respective technical experts to meet to assess the feasibility of a bilateral government procurement agreement on transparency and due process.

They also agreed to continue to work together to address each other's concerns on sanitary and phytosanitary matters affecting trade.

DELEGATION LIST

Peter Allgeier	Associate U.S. Trade Representative for the Western Hemisphere U.S. Trade Representative	395-6135
Tom Kalil	Senior Director National Economic Council The White House	456-5351
David Lane	Director of the Office of Policy and Strategic Planning Department of Commerce	482-4127
Patrick DeSouza	Director for InterAmerican Affairs National Security Council The White House	456-9135

File -
South
America
Trip

Andrew
Eric
Nelson

**BOLSA DE COMERCIO DE BUENOS AIRES****FACSIMILE TRANSMISSION**

TO: Thomas McLarty III
Counselor To the President
On Special Envoy for the Americas

COMPANY: The White House

FAX: (1) (202) 456-2215

PHONE: (1) (202) 456-1699

DATE: September 24, 1997

NUMBER OF PAGES INCLUDING THIS COVER: 2

FROM: Julio A. Macchi
Chairman

COMPANY: BUENOS AIRES STOCK EXCHANGE

FAX: (54) (1) 316-7081

PHONE: (54) (1) 316-7082

Comments:



BOLSA DE COMERCIO DE BUENOS AIRES

Buenos Aires, September 24th., 1997

MR THOMAS F. Mc LARTY III
Counselor to the President
On Special Envoy for the Americas
The White House
Fax: 202 456-2215

Dear Mr. McLarty,

It is a pleasure for me to contact you again after such a fruitful breakfast meeting we hosted in your honor at the Stock Exchange last november. Knowing about your trip to Buenos Aires next week, I'd gladly like to extend you an invitation to visit us here at the Stock Exchange again.

If for some reason you consider that it will be appropriate for you to meet with the most prominent leaders of the Argentine business community please let me know, as I will be most pleased to help in organizing that meeting.

We at the Buenos Aires Stock Exchange are very excited about the upcoming visit of President of the United States Bill Clinton to Buenos Aires. And it is for that reason that we will do whatever we can to help in making this a highly successful visit.

I will be expecting to hearing from you soon

Best wishes

Julio Macchi
Chairman

THE WHITE HOUSE
WASHINGTON

South
America
Trip

September 24, 1997

Personal

Mr. L. Ronald Scheman
U.S. Executive Director
Inter-American Development Bank
1300 New York Avenue, NW
Washington, DC 20577

Dear Ron:

Your memorandum to John Podesta is very well done, as usual. The IDB is a critical player in our hemispheric efforts, and I will advocate full consideration of your being appropriately included in the President's upcoming trip.

Personally,

W. J.

cc: Nelson

Eric

Andrew

Desk

MEMORANDUM

'97 SEP 23 PM3:53

FILE CLASSIFICATION: Pod9.23

DATE: September 23, 1997

TO : John Podesta, Assistant to the President, Deputy Chief of Staff

CC : Mack McLarty, Special Counselor to the President

FROM : L. Ronald Scheman, US EXD

SUBJECT : President Clinton's trip to Latin America.

Mack mentioned to me that you are in the process of deciding on the participants for the President's October trip to Latin America. Considering that the Inter-American Development Bank is the major source of finance for the development programs that will be addressed by the President and his staff, I would hope that you would consider my participation useful.

Bank lending to Brazil and Argentina each now exceed \$1 billion a year. Most of the deliverables currently on our agenda relate to the subjects that are on the President's bi-lateral discussions. Some examples include:

BRAZIL

- Education: \$300 million to upgrade technical education
- Reinventing Government: \$180 million modernization of the state program which includes \$10 million for training law enforcement officers
- Trade: \$10 million technical assistance grant to Brazil's foreign ministry to upgrade their capacity for trade negotiations
- Social: \$8 million for a program to rescue street children
- Environment: \$700 million to clean up the river system in Sao Paulo, \$300 million to clean up Guanabara Bay in Rio de Janeiro and almost \$1 billion over next two years for clean water and sewer projects throughout the country.

ARGENTINA

- Judiciary: \$10 million for judicial reform
- Environment: \$250 million to clean up Riachuelo River near Buenos Aires
- Microenterprise and small business: over \$400 million in global credits over last three years
- Banking: \$750 million to rescue the banking system in the aftermath of the Mexican financial crisis

- Social Programs: \$20 million for a program for disadvantaged children and \$500 million for a social safety net programs to minimize the effect of austerity measures on the poor.
- Reinventing Government: \$100 million to improve tax collection

VENEZUELA

- Health: \$150 million to upgrade and decentralize public health programs
- Social Security: \$45 million to reform social security
- Civil Society: \$12 million for technical assistance to NGOs.

Virtually every bi-lateral program that will be addressed on this mission, has an IDB loan or facility that the U.S. negotiators can use to further the President's goals. Moreover, by working closely with the bi-lateral negotiators on the spot, we will be prepared to come up with ways to be more responsive to any proposals made by the Argentines, Brazilians or Venezuelan.

In short, the United States has a potent instrument to meet the needs of these countries. Thirty percent of the money of the IDB is U.S. money. U. S. leverage has made these development opportunities happen.

Accordingly, my presence on the trip will contribute substantially to achieving successful negotiations on many of the issues.

Further details are in the copy of the memo on the IDB programs I prepared as a backgrounder for the trip.

File South
America
Trip

September 24, 1997

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

of pages 1

To

Dept./Agency

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From

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NSN 7540-01-317-7368

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GENERAL SERVICES ADMINISTRATION

MEMORANDUM FOR MACK MCLARTY

FROM: ERIC FARNSWORTH *ef*

SUBJECT: ARGENTINA ISSUES

Meeting with Jim Cheek today elicited the following:

- The President's meeting with opposition leaders in Argentina provides the only real potential pitfall in an otherwise "safe" trip. Cheek suggests that, as in Mexico, the President meet with *political* leaders vice *opposition* leaders during the hour scheduling has set aside. The political climate, according to Cheek, is currently one of jockeying for the 1999 presidential election; the mid-term elections are not the real issue. Menem will not be running in 1999; his Judicialist party will most likely be represented by Gov. Duhalde (who has employed Verner Liipfert to lobby for a meeting on his behalf), and time spent with Menem doesn't necessarily transfer to Duhalde. Cheek therefore suggests the President meet, in 15 minute increments, with the heads of their respective parties: Duhalde, fmtr. President Alfonsin, Mayor de la Rua, and, possibly, Cavallo. He claims this lineup will send a strong signal of impartial support for the democratic process. If the President only meets with opposition leaders, according to Cheek, we run the risk, ironically, of prejudicing the Judicialists.
- The GOA is increasingly preoccupied with the vacant Ambassador position in BA. It's a common concern in the region when Ambassador positions remain vacant, with governments frequently wondering whether the US is sending some sort of "signal" by not filling Ambassador slots. We should therefore consider using the President's trip (if not your own pre-advance) to move the issue internally as a potential deliverable for Argentina.

South
America
Trip

September 15, 1997

To: Goody Marshall

We should consider including Aida in at least part of our trip to South America. She is both well-known and well-liked in the region, and her points about small business are right on the mark. Moreover, she is an eloquent and forceful advocate of women's roles in business and society.

Let's keep in touch about Aida and other cabinet members' participation as we finalize our plans for the October trip.

Mac

Attachments

cc: John Podesta
Jim Dobbins
Tony Blinken - You might want to consider reference to the role and importance of small business in the President's economic speech in Sao Paulo.

bcc: Aida Alvarez

*bcc: Andrew
Nelson*

Giac

P- 9/25

Aida

THE WHITE HOUSE
WASHINGTON

September 15, 1997

The Honorable Aida Alvarez
Administrator
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Dear Aida:

Your insightful and succinct recommendation of the President's interacting with small business on our upcoming trip to Latin America is received and appreciated. As we have discussed, I think your views are right on point, and please know they will be fully considered. The schedule is a very tight one, as you would expect, but we will keep you fully apprised as plans progress.

I enjoyed seeing you at the fast-track announcement. I think we are off to a good start but have formidable work ahead.

Personally,

A handwritten signature in dark ink, appearing to read "Mark", followed by a horizontal flourish.

cc: Goody Marshall



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

① Nelson
② C-1
③ Anderson

September 10, 1997

Memorandum for: Thomas F. McLarty
Counselor to the President
Special Envoy for the Americas

From: Aida Alvarez, Administrator
U.S. Small Business Administration

Re: Proposed Speech on Small Business

response
Blaker / Doherty

Aida Alvarez

I am writing to follow up on our conversation at the Fast Track briefing last week. This memorandum requests your support for asking the President to deliver a speech on small business during his upcoming trip to Latin America. I believe the speech could serve to highlight three important points: 1) the importance of small business to the American economy; 2) the role that a strong and growing small business sector can play in economic and political development in Latin America; and 3) the increasing opportunities for trade with Latin America by small businesses.

I met recently with Ron Scheman at the InterAmerican Development Bank. He is also very supportive of having the President speak on the role that small- and medium-sized businesses can play in economic and political development in Latin America. Ron has connected the SBA to an organization in Latin America – Programa Bolivar – that supports the development of the small business sector there. Programa Bolivar identifies business opportunities for small- and medium-sized firms and provides direct assistance in helping those firms find suitable partners in other countries. The Institute's structure and services, including its network of offices throughout Latin America, resemble SBA's nationwide operation, especially SBA's more than 1,000 Small Business Development Centers.

As SBA is often noted for its comprehensive and effective services and programs for small businesses, the Programa Bolivar has expressed an interest in working with the SBA on joint ventures and on a strategy to assist U.S. small businesses in establishing alliances with businesses in the Latin America countries. It is clear that such a collaboration would benefit the economies of all the countries involved.



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MEMORANDUM

*So. America
Trip*

FILE CLASSIFICATION: Lip9.10

DATE: September 10, 1997

TO : David Lipton, Assistant Secretary

CC : Mack McLarty, Special Assistant to the President
Amb. Jeffrey Davidow, Assistant Secretary
Amb. James Dobbins, Special Assistant to the President
Mark Schneider, Asst. Administrator
William Schuerch, DAS

FROM : L. Ronald Scheman, US EXD

SUBJECT : President Clinton's Mission to Argentina, Brazil and Venezuela

*① Nelson
② Anderson
③ F-111*

Attached is a short summary of IDB activities in Argentina, Brazil and Venezuela as background for the President's impending trip to those countries. As you can see, the programs are large and comprehensive with annual approvals exceeding a billion dollars each in Argentina and Brazil.

There is additional information on specific sector programs that may be relevant depending on the bi-lateral agenda. If that is of interest, please advise me of the major agenda items and Cabinet members that may participate in bi-lateral meetings and we will prepare special sectoral reports on the substance of the Bank's projects and the ways that may be helpful furthering US policy goals.

ARGENTINA
Relations with the Inter-American Development Bank

BANK STRATEGY

The IDB's strategy for Argentina targets the government's commitment to improve efficiency within all levels of government:

- The Bank is providing financial support in excess of \$1 billion per year to foster economic and state reform, especially at the provincial and municipal levels. Loans are specifically targeted at provincial fiscal adjustment, improving health care, education, housing and sanitation and socioeconomic infrastructure to complement private investment and facilitate more modern production systems.

History: Since the inception of operations, the Bank has approved roughly \$10 billion in 177 loans for Argentina. The Bank's annual approvals for Argentina in 1991-96 averaged more than \$1 billion (up from an annual average of \$346 million from 1985-89). The current total is 37 loans in execution to Argentina totaling \$6.3 billion, approximately 14% of the Bank's debt portfolio. During 1991-6, the loans were initially focused on supporting structural reforms in the public sector, privatizing public enterprises, restructuring external debt, and opening up the country's investment climate. The loans since 1993 have been largely for investment projects in the social and productive sectors and, to a lesser degree, to consolidate the reform of the State. The financial crisis of early 1995 created a pressing need for fast-disbursing funds, and the bank responded quickly by approving two operations: \$750 million to the strained banking system and \$450 million targeted to protect social programs for the poor from budget cuts.

Project Portfolio: The bulk of the Bank's outstanding portfolio to Argentina consists of investment projects and 29 technical cooperations. From 1991-96, the sector distribution of loans was as follows:

- Reform of the State (48%)
- Social Sectors (30%)
- Productive Sectors (22%)

Social Sector and Environment Activities: Given its recent high-unemployment, projects aimed at reducing poverty have been a high priority. The bank has also been working with the government authorities on sustainable environmental projects as an integral part of the bank's overall strategy for Argentina. Some recently approved projects supporting these sectors are:

- National Plan for Youth Productivity and Employment. \$370 million loan to create emergency jobs for the poorest of the unemployed and to provide for school retention scholarships, training and guidance for job placement.
- Potable Water and Sewage in Santa Fe. \$85 million loan to improve the water and sanitation conditions in the province of Santa Fe.

- Small Business. A major \$300 million loan to Banco Inversion y Comercio Exterior (Argentina's Export-Import Bank) to support small and medium-sized enterprises.

Project Pipeline: The IDB's 1997/1999 project pipeline for Argentina currently consists of some 25 proposals, totaling roughly \$3.2 billion. Below are two of the larger programs expected to come before the Board in 1997:

- Reclamation Mantanza-Riachuelo Program for the decontamination of the major river in the Federal Capital (greater Buenos Aires). Proposed IDB funding: \$250 million.
- Major Cities Program Plan for comprehensive urban development, including institutional development and investments for the cities of Cordoba, Mendoza, Rosario, and Tucuman. Proposed IDB funding: \$260 million.

Sector Activity: IDB lending to Argentina has been allocated to the following sectors:

- Agriculture (3%)
- Education (7%)
- Energy (2%)
- Reform of the State (40%)
- Sanitation (10%)
- Science & Technology (2%)
- Social Investment (13%)
- Transportation (7%)
- Urban Development & Housing (5%)

BRAZIL

Relations with the Inter-American Development Bank

Bank Strategy

The IDB's strategy for Brazil focuses on three priority areas of action in the Government's development program. These are:

- * Opening the economy through improvements in productive infrastructure;
- * Addressing socioeconomic inequities and poverty alleviation by increasing the effectiveness of social spending; and
- * Modernization and strengthening of the state at the federal and sub-federal levels;

History: Brazil is the IDB's largest borrower. Since its inception in 1961, the Bank has approved \$14.1 billion in loans to Brazil, and has disbursed \$8.8 billion. Outstanding loans were \$3.6 billion at end-1996, or 13.8% of total lending by the IDB. The IDB is financing major urban renewal programs in Brazil focusing on the poorest and most vulnerable populations. Projects include: a project to provide one-third of Rio de Janeiro's slum dwellers with full urban services, including day care centers, an urban development in Parana which aims to develop municipal capacity to mobilize private sector capital through local banks and access to bond markets, a favela improvement project in Sao Paulo, and a program to help children and adolescents living in poverty in Ceara. On the energy front, the Bank, along with the World Bank, is playing a key role in financing the \$2.3 billion Brazil-Bolivia gas pipeline project.

Project Portfolio: The Bank assists Brazil not only with loans but with a large array of small projects and technical cooperation. As of July 31, 1997, the Bank's active portfolio with Brazil consists of 38 loans, 47 technical cooperation grants, and 10 small projects. The Bank's portfolio is performing satisfactorily with only one loan experiencing a delay.

Environmental and Transportation Activities: The IDB has ambitious programs focusing on decontamination of urban waterways with a strong impact on the health of surrounding urban populations. Projects underway include clean-up of major water systems in Sao Paulo (\$302 million), Guanabara Bay in Rio de Janeiro (\$350 million), the port of Bahia Todos os Santos, and flood control in Campinas. In addition, the Bank is implementing major road rehabilitation and expansion projects, including a private concession on Sao Paulo's yellow road and linking the Sao Paulo-Florianopolis highway with the Curitiba-Uruguay highway. The two latter projects directly support MERCOSUR integration.

Project Pipeline: The IDB's 1997/99 project pipeline for Brazil currently consists of 28 projects, including, among the most important:

- * Basic education and technical vocational training. Proposed IDB funding: \$250 million.

- 2 -

- * National highways upgrading. Proposed IDB funding: \$300 million. Loan would upgrade 13,000 kilometers of national highways and turns over to states responsibility for operation and maintenance;
- * Interconnection of the north-south electricity grid. Proposed IDB funding: \$300 million.

Photo-Opportunities in Bank-supported Projects:

- * Visit Bank's grant program for disadvantaged children and adolescents in Rio de Janeiro (\$8 million) aimed at street children and adolescents in especially difficult circumstances. The grant establishes temporary homes for street children, centers for teenage mothers, and recovery centers for minors addicted to drugs.
- * Visit the Bank's favela improvement project in Sao Paulo which is providing new housing for 11,000 families.
- * The Bank has sponsored a pioneering Woman Leadership Training Center in Rio de Janeiro with a Brazilian NGO administering the program.
- * Meet with members of the Bank's Community Solidarity program to discuss ways in which the civil society organizations help deliver essential social services.

Sector Activity: IDB lending to Brazil has focused on the following sectors:

- * Transportation (24%)
- * Sanitation (20%)
- * Urban development and housing (20%)
- * Modernization of the state (8%)
- * Environmental protection (7%)
- * Tourism (5%)
- * Health (5%)
- * Industry (4%)
- * Science & technology (2%)
- * Agriculture (2%)
- * Education (1%)
- * Social investment (1%)

VENEZUELA

Relations with the Inter-American Development Bank

Bank Strategy

The IDB's strategy for Venezuela focuses on three priority areas of the government's development agenda:

- Macroeconomic stability and structural reforms to strengthen public sector efficiency, including social security and public sector reform including the decentralization process.
- Increase the efficiency of social expenditure in education and health and increasing the participation of state and municipal governments and the private sector in providing services in the social sectors.
- Improve productivity of the non-petroleum economy through the investment in infrastructure and redefining the role of the state, opening sectors to private investment and strengthening the regulatory and supervisory capacity of the public sector.

History: Since the inception of operations, the Bank has approved 64 loans for Venezuela, totaling \$3.645 billion. During the period 1974-1982, Venezuela, voluntarily, did not request any loans from the Bank. The Bank's annual approvals for Venezuela in 1991-1996 averaged more than \$280 million (slightly up from an annual average of \$223 million from 1985-90). Currently, there are 22 loans in execution to Venezuela totaling US 1.9 billion, approximately 4.2 % of the Bank's debt portfolio. The loans since 1990 have been for investment projects in the social, infrastructure and productive sectors.

Project Portfolio: The Bank's outstanding portfolio to Venezuela consist of investment projects, the improvement of tax and custom administration, banking supervision and budget formulation and execution. In addition, the portfolio includes 27 technical cooperation. From 1991-1996, the sector distribution for loans was as follows:

- Social Sectors (28%)
- Reform of State (70%)

Social Sector and Environment Activities: The Bank has been working with the authorities in improving the social expenditure in health and education, by decentralization of services and strengthening of supervisory capacity. Authorities have been working with the bank on sustainable environmental projects -- two for water and sewage (Potable Water for the Central Region, Water Sector Modernization Program), one for the sanitation of Lake Valencia and one to protect watersheds in the Andean region.

Project Pipeline: The IDB's 1997/1998 project pipeline for Venezuela consists of 7 projects for Board approval totaling US\$ 750 million. The portfolio includes an innovative pilot operation in the social sector, a project to support the development of alternative solutions to social problems

through civil society, and a program to consolidate the child and young orchestral system. The largest program expected to come before the Board in 1997 is:

- Social Security Reform This sectoral program will support the reform of the social security system, including the reform of the pension, health and unemployment insurance systems. The operation will encompass the development of the supervisory framework of the new system.
- Bolivar Program for Small and Medium Enterprises Establishment of regional network of contacts to foster SMEs among Latin countries as well as cross-partnerships between industrial and Latin small and medium enterprises.

Sector Activity

- Agriculture (18%)
- Education (7%)
- Energy (24%)
- Environmental Protection (2%)
- Health (7%)
- Forestry (3%)
- Transportation (13%)
- Reform of the State (2%)
- Water and Sanitation (11%)
- Science and Technology (2%)
- Social Investment (4%)
- Urban Development and Housing (2%)
- Financial sector (4%)