

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

Folder Title: Barber Conable - Liaison Files - United States and International Agencies - Government - United States Senate - Correspondence - Volume 2

Folder ID: 1780994

ISAD(G) Reference Code: WB IBRD/IDA EXC-11-51S

Series: Liaison files - U.S. Government

Sub-Fonds: Records of President Barber B. Conable

Fonds: Records of the Office of the President

Digitized: 12/10/2018

To cite materials from this archival folder, please follow the following format:  
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK  
Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or  
The World Bank  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-473-1000  
Internet: [www.worldbank.org](http://www.worldbank.org)

B. Conable Liaison Files  
U.S. Gov't & Int'l Agencies

U.S. Senate

Aug. 1989 - Dec. 1991  
vol. 2



**DECLASSIFIED  
WITH RESTRICTIONS  
WBG Archives**

 **Archives**  
R1992-124 Other #: 3 **1780994**  
Barber Conable - Liaison Files - United States and International Agencies - Government  
United States Senate - Correspondence - Volume 2 **209599B**

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

June 12, 1991

The Honorable John Warner  
United States Senate  
275 Russell Senate Office Building  
Washington, D.C., 20310-4601

Dear John,

Thank you for your letter of May 20, 1991, concerning the qualifications of Hydrosystems, Inc.

As you are aware, increasing attention is being paid by the countries in Latin America to the problems of both pollution and renewable resource management. The Bank is actively involved in many countries in both reducing pollution of air and water and improving the management of natural resources.

I have passed on your letter to the Environment Division of the Latin America and the Caribbean Region's Technical Department. It would be helpful if Hydrosystems could send some material on its staff and activities directly to the Environment Division, to the attention of Mr. Philip Hazelton, Environmental Assessment Coordinator. From your description of Hydrosystems, it appears that they could well be qualified to provide consulting services for Bank projects. While each decision is made on a project-by-project basis, we would be pleased to add Hydrosystems to our list of consultants.

With my best personal regards,

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable

Cleared with and cc: Mr. Shakow, EXTDR

cc: Messrs. Qureshi, OPNSV; Husain, LACVP; Segura, LATDR;  
Schneider, Dixon, LATEN

WORLD BANK OFFICE TRACKING SYSTEM  
OFFICE OF THE PRESIDENT  
Routing and Action Transmittal Sheet

TO: Mr. M. Qureshi (E-1241) | DATE: 6/04/91 |

SUBJECT:

Document From: Sen. John Warner

To: bbc

Dated: 5/20/91

Reference No.: EXC910529008

Topic: Would appreciate any consideration for Hydrosystems Inc., re:  
any technical consulting projects in Latin America.

ACTION INSTRUCTIONS:

| DUE DATE: |

- HANDLE
- REVIEW AND RECOMMEND
- FOR YOUR INFORMATION
- DISCUSS WITH \_\_\_\_\_
- AS WE DISCUSSED
- PREPARE RESPONSE FOR BBC's SIGNATURE
- FOR YOUR FILES
- RETURN TO \_\_\_\_\_
- OTHER: \_\_\_\_\_

6/14/91

Remarks: ATTN: Please clear final response with EXT prior to submission  
for Mr. Conable's signature by due date.  
cc: Mr. Shakow

**EXPEDITE**

JOHN WARNER

VIRGINIA

COMMITTEES

ARMED SERVICES

SELECT COMMITTEE ON INTELLIGENCE

ENVIRONMENT AND PUBLIC WORKS

SPECIAL COMMITTEE ON AGING

225 RUSSELL SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-4601  
(202) 224-2023

CONSTITUENT SERVICE OFFICES:

490 WORLD TRADE CENTER  
NORFOLK, VA 23510-1624  
(804) 441-3079

PARCEL POST BUILDING  
1100 EAST MAIN STREET  
RICHMOND, VA 23219-3538  
(804) 771-2579

235 FEDERAL BUILDING  
180 WEST MAIN STREET  
ABINGDON, VA 24210-0887  
(703) 628-8158

DOMINION BANK BUILDING  
213 S. JEFFERSON ST. SUITE 1003  
ROANOKE, VA 24011-1714  
(703) 982-4676

# United States Senate

May 20, 1991

The Honorable Barber B. Conable  
President  
World Bank  
Room E 1227  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

I am writing on behalf of Hydrosystems Inc., a company located in my state of Virginia. The company specializes in environmental management and consulting. They have national experience and are involved in projects which provide services in numerous areas including Superfund, hazardous and solid waste management, underground storage tank management, environmental liabilities studies and site assessments and much more.

Hydrosystems employees are able to provide technical expertise on the Masters and Ph.D. levels. They have the background to integrate the objectives of World Bank Loans and IABD Loans to Latin American and Caribbean countries. This experience can be utilized in preparation of feasibility studies and project work plans which require utilizing hydrogeology, analytical chemistry, toxicology, chemical engineering, biology, ecology and more. Further, many of the Hydrosystems employees are native born Latin Americans. They possess the bi-lingual requirements necessary for technical training, supervision and management of environmental projects in these countries.

Hydrosystems appears to be a viable candidate to be considered for World Bank loan projects which arise in relation to environmental consulting in Latin America. I would appreciate your consideration of Hydrosystems for any technical consulting project which may arise.

If any questions arise, please feel free to contact my office. I appreciate your attention to this matter.

With kind regards, I am

Sincerely,

  
John Warner

JW:lhv

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

May 15, 1991

The Honorable Trent Lott  
United States Senate  
Washington, D.C. 20510

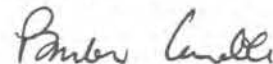
Dear Trent:

Thank you for your letter on behalf of your constituent,  
Mr. Wayne Hengen of Biloxi, Mississippi.

I was interested to learn of Timstar's efforts to improve the  
method for unloading bulk cargos from ships and barges, and understand the  
value of this new method for the industry. As you know, the World Bank  
lends money to developing country governments. For this reason, I'm not  
sure we can be of much assistance to Timstar, but I have forwarded your and  
Mr. Hengen's letters to the Bank's External Affairs Department for further  
analysis and response.

Best personal wishes.

Sincerely,



WORLD BANK OFFICE TRACKING SYSTEM  
OFFICE OF THE PRESIDENT  
Routing and Action Transmittal Sheet

TO: Mr. Shakow (T-8011)      DATE: 5/15/91

SUBJECT:

Document From: Trent Lott  
To: bbc  
Dated: 5/08/91

Reference No.: EXC910514009

Topic: Encls. corresp. from Wayne Hengen, Timstar, Inc. - wants fundi  
for project (method for unloading bulk cargos from ships/barge)

ACTION INSTRUCTIONS:

DUE DATE:

HANDLE  
 REVIEW AND RECOMMEND  
 FOR YOUR INFORMATION  
 DISCUSS WITH \_\_\_\_\_  
 AS WE DISCUSSED  
 PREPARE RESPONSE FOR \_\_\_\_\_ SIGNATURE  
 FOR YOUR FILES  
 RETURN TO \_\_\_\_\_  
 OTHER: \_\_\_\_\_

5/28/91

Remarks: NOTE: Mr. Conable has sent interim response. Additional resp.  
is required from EXT to ~~Wayne Hengen~~. Pls. respond by due date  
and provide copy to EXC. *Cong. Lott*

TRENT LOTT  
MISSISSIPPI

CHAIRMAN:  
COMMITTEE ON  
COMMITTEES

COMMITTEES:  
ARMED SERVICES  
COMMERCE, SCIENCE, AND  
TRANSPORTATION  
BUDGET

# United States Senate

WASHINGTON, DC 20510-2403

May 8, 1991

Honorable Barber B. Conable  
President  
The World Bank  
1818 H Street, Northwest  
Suite E-1227  
Washington, D.C. 20433

Dear Barber:

I wanted to write you on behalf of Wayne Hengen of Biloxi, Mississippi.

Enclosed is correspondence that I have received which provides some necessary details on this matter. I would sincerely appreciate your looking into this and doing everything that you possibly can to be of assistance. Additionally, I would appreciate your letting me know of further developments as soon as possible.

Again, thank you very much for your time and careful attention to this matter for me.

With kind regards and very best wishes, I am

Sincerely yours,



Trent Lott

TL:mm

Enclosure





979 Howard Avenue • Biloxi, Mississippi 39530 • USA  
(601) 374-7844

May 1, 1991

Senator Trent Lott  
United States Senate  
Washington, DC 20510-2403

ATTN: Mercer Miller

Dear Mr. Miller:

Pursuant to our phone conversation of April 12, I am sending you the following background information on Timstar, Inc. We hope that this short summary will assist you.

Timstar, Inc. has developed a method for unloading bulk cargos from ships and barges. Bulk cargos include iron ore, coal, grain, fertilizers, and other raw materials which are shipped non-containerized.

The traditional method for unloading these cargos is to scoop them from a ship's hold using a large "clam shell" bucket. This method has many drawbacks which cost the industry millions of dollars each year. Nonetheless, it is the accepted method.

For many years manufacturers (mainly foreign) have been trying to develop what is known as a continuous unloader to take the place of the "clam shell" bucket. But, these alternatives have had only limited success mainly because they just do not work as good as the "clam shell" bucket unloader.

Timstar, Inc. has for the past 10 years closely studied the need, history, development, and available technology associated with unloading these cargos. This effort has been comprehensive and has included the development and testing of new technology.

These efforts have resulted in a prototype unloader that proves that a better method is available. However, manufacturers and users (ports) of this equipment are doubtful and reluctant to take the risk of being the first customer. Contrary to popular belief, better ideas are not easy to sell, until customers see them in operation.

It is because of this reason that we seek your help for government funding in the form of a grant or other funding assistance. We believe that once we get the first new unloader into operation at a port facility that it will sell itself by demonstrating the large savings it generates.

Timstar, Inc. plans to utilize the funds to place into operation its first unloader at the Port of Gulfport. This is the ideal location for several reasons. Perhaps the most important reason is that the existing facilities will allow this endeavor to be carried out at a fraction of the cost that would otherwise be required at another port. It is also important since the folks at the Port of Gulfport know of our efforts and endorse our project.

We are presently trying to sell Gulfport the first unloader for which they have a need, but they may not have the authority to buy one. Notwithstanding, they have agreed to allow us to use the unloader at the port should we get outside funding. Once again, that is why we need your help.

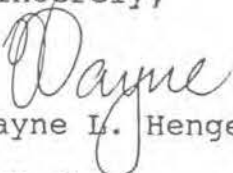
This unloader will cost \$495,000 to fully complete and put into operation. It will feature Timstar's proprietary designs. It will take from 8 to 12 months to complete, will weigh about 28 tons, and be powered by a 200 horsepower motor.

The majority of this funding will be spent in South Mississippi. It will be spent mainly on salaries, tooling, and sub-components. Once the unloader is in operation and additional sales are made, the manufacturing of unloaders for a worldwide market will generate all kinds of economic benefits for the area.

We believe that you will be pleasantly surprised at the quality and scope of our efforts. We can supply references as requested, including those from the Port of Gulfport. However, we request that you do not contact the Port before letting us know since this may jeopardize our efforts to sell them an unloader. These efforts are presently underway, and the results should be known shortly. We hope that your preliminary efforts and ours at the Port can be carried out simultaneously in order to save time.

Please advise us if there is additional information that you will require. We appreciate your courtesy and efforts, and we look forward to hearing back from you as soon as possible.

Sincerely,

  
Wayne L. Hengen

WLH:dta

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

March 14, 1991

The Honorable Paul Simon  
United States Senate  
Washington, D.C. 20510

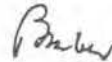
Dear Paul:

Thank you for your letter regarding the interest of Goodman Equipment Corporation in supplying locomotives to the Turkish Hardcoal Enterprise (TTK).

I understand your concern on behalf of your constituent company, and appreciate your bringing this to my attention. I have passed your letter on to appropriate Bank managers, with the request that all parties receive full and fair consideration.

Best personal wishes.

Sincerely,



WORLD BANK OFFICE TRACKING SYSTEM  
OFFICE OF THE PRESIDENT  
Routing and Action Transmittal Sheet

*Subject*

=====

TO:	Mr. M. Qureshi (E-1241)	DATE:	3/18/91
-----	-------------------------	-------	---------

=====

=====

SUBJECT: |

Document From: Sen. Paul Simon

To: bbc

Dated: 2/22/91

Reference No.: EXC910305007

Topic: Writing on behalf of Goodman Equipment Corp. re World Bank's  
project in Turkey.

=====

=====

ACTION INSTRUCTIONS: | DUE DATE: |

- HANDLE
- REVIEW AND RECOMMEND
- FOR YOUR INFORMATION
- DISCUSS WITH \_\_\_\_\_
- AS WE DISCUSSED
- PREPARE RESPONSE FOR \_\_\_\_\_ SIGNATURE
- FOR YOUR FILES
- RETURN TO \_\_\_\_\_
- OTHER: \_\_\_\_\_

Remarks: NOTE: Mr. Conable has sent interim response (copy attached).  
Pls. provide copy of any further reply to EXC.  
cc: Mr. Shakow

=====

# United States Senate

WASHINGTON, DC 20510-1302

February 22, 1991

Mr. Barber Conable, President  
World Bank  
Room E-1227  
701 19th St., N.W.  
Washington, D.C. 20433

Dear Barber:

I am writing on behalf of Goodman Equipment Corporation (Goodman) of Bedford Park, Illinois, in regard to World Bank financing of underground mining locomotive sales to Turkey (loan #2856-TU), file #916-TTK/WBR16).

Goodman is currently competing for the sale of 22 locomotives to Turkey's government-owned coal mining company. Goodman's chief competitor for the contract is EIMCO of West Virginia. Goodman's quotation is one year old and has been renewed several times.

It is my understanding that Goodman's equipment has been selected by technical and purchasing departments of the Turkish Coal Company and that Goodman's equipment has successfully been used by them for the past 18 years. I am further told that the bidding process is very formal and EIMCO did not properly qualify itself as an acceptable bidder on time.

My concern is that each bid on this contract be considered entirely on its merits and be evaluated fairly on the basis of a common criteria. I urge you to review this loan and give your full and fair consideration to all parties involved.

Thank you for your consideration.

Cordially,



Paul Simon  
U.S. Senator

PS/jrw

*McLaughlin*

The World Bank  
Washington, D.C. 20433  
U.S.A.

W. A. WAPENHANS  
Vice President  
Europe, Middle East and  
North Africa Region

February 15, 1991

The Honorable  
Robert C. Byrd  
United States Senate  
Washington, D.C. 20510-6025

Dear Senator Byrd,

Further to my letter of January 30, 1991, I am now in a position to inform you that the Bank has completed its review of the bids evaluation reports for the purchase of flame-proof locomotives by Turkiye Taskomuru Jurumu (TTK) of Turkey. Following an in-depth analysis of all aspects of the bids, we have advised TTK on February 8, 1991 that the Bank has no objection to TTK awarding the locomotives contract to EIMCO, the lowest evaluated bidder.

Follow-up action is now in the hands of TTK, the beneficiary of the Bank loan, who has ultimate responsibility to award the contract.

Sincerely,

*W. A. Wapenhans*

bcc: Mmes. McLaughlin, Okonjo-Iweala, Maguire, Barrientos, Bentchikou  
Messrs. Qureshi, Shakow, Wyss, Bianchi, Srinivasan, Roa, Dyson,  
Batzella

FBatzella:nc

The World Bank/IFC/MIGA  
OFFICE MEMORANDUM

DATE: 15-Feb-1991 04:20pm

TO: Linda Jean McLaughlin ( LINDA JEAN MCLAUGHLIN )

FROM: Michael H. Wiehen, EM1DR ( MICHAEL H. WIEHEN )

EXT.: 33000

SUBJECT: Turkey Procurement - Sen. Byrd

Linda:

1. Further to my EM of Feb 8, the Bank has completed its review, has sent a "no objection" message to TTK (no objection to their recommendation to award the contract to EIMCO), and we know that TTK has received our message. The ball now is in TTK's court.

2. We have heard, semi-officially, that TTK meanwhile has changed its mind and wishes to award the contract to another firm (probably also US). So far there is no official submission from TTK. EIMCO having been the lowest evaluated bidder, it is highly unlikely that we would be prepared to change our position and give our "no objection" to a revised recommendation.

3. The situation is delicate and potentially messy (locomotive suppliers are very hungry). We are preparing a follow-up message from Mr. Wapenhans to Sen.Byrd saying simply what is in para 1 above (and will copy it to you). I trust that EIMCO and the Senators are fully aware of those facts, otherwise they would have been after us. If you feel this is helpful, you might call the several parties and tell them again the message of para 1 above. If you do, please let me know so that I have the whole story.

4. We will have to see whether TTK awards the contract or submits a changed recommendation. I will keep you posted.

Have a good weekend  
Michael Wiehen

CC: Franco Batzella ( FRANCO BATZELLA )

CC: Judith Maguire ( JUDITH MAGUIRE )



January 30, 1991

The Honorable  
Robert C. Byrd  
United States Senate  
Washington, DC 20510-6025

Dear Senator Byrd,

Mr. Conable has asked me to respond to your letter of January 24, 1991 and attached letter from EIMCO Coal Mining Machinery Incorporated of West Virginia, in which they expressed concern about the outcome of a procurement of mine locomotives by one of the Bank's borrowers, Turkiye Taskomuru Jurumu (TTK) of Turkey.

TTK have not made an award of contract yet. I have asked our staff concerned to investigate the matter raised by EIMCO. No award of contract may take place unless the Bank has advised the borrower that it has no objection to the award, and we will of course not so advise the borrower until after the technical review has been satisfactorily completed.

I will write to you again as soon as our staff review has been carried out.

Sincerely,

(signed by W.A. Wapenhans)

cc: Mms. McLaughlin, Okonjo-Iweala, Maguire, Barrientos, Bentchikou  
Messrs. Qureshi, Shakow, Wyss, Blanchi, Srinivasan, Roa, Dyson, Batzella

MHWiehen:ec



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

January 25, 1991

The Honorable Robert Byrd  
United States Senate  
Washington, D.C. 20510

Dear Robert:

Thank you for letting me know of your concern about your constituent company's bid for contract with Turkiya Taskomuru Kurumu for the purchase of flame-proof locomotives. Given the time sensitivity of this matter, I have passed your letter on to the Bank managers involved, with the request that the information contained in the letter from Mr. Steffenino of EIMCO be taken into consideration.

We will keep you informed of developments.

Best personal wishes.

Sincerely,

*Barber Conable*

WORLD BANK OFFICE TRACKING SYSTEM  
SENIOR VICE PRESIDENT OPERATIONS  
Routing and Action Transmittal Sheet

Received by CODPR  
1/25/91 09:00 A.  
Dir. CHG: BATZELA 32300  
ODJOLOWU: 32295  
Proc. → PAUL WYSON: 82883  
Tech. Mgr. → ALBERTO EGUREN: 32395  
Ma Elena Barrientos:

TO: Mr. H. Wyss (F.1237) | DATE: 1/24/91  
WB → TTK: request EIMCO provide info. re which mines in long listing of equipt. are "Group I" "Highly Easy". [P.D. to check with Bureau of Mines].

SUBJECT:  
Document From: Sen. Robert Byrd  
To: bbc  
Dated: 1/24/91 Reference No.: OPS910124021  
Topic: re EIMCO's bid documents and eligibility with TTK

Incoming Reference Number: EXC910124006  
Incoming Action Requested: PREPARE RESPONSE FOR  
Requested Due Date: 1/29/91

ACTION INSTRUCTIONS: | DUE DATE: |  
| | 25  
| | 1/29/91  
\_\_\_XXX\_\_\_ HANDLE  
\_\_\_ REVIEW AND RECOMMEND  
\_\_\_ FOR YOUR INFORMATION  
\_\_\_ DISCUSS WITH \_\_\_\_\_  
\_\_\_ AS WE DISCUSSED  
\_\_\_ PREPARE RESPONSE FOR \_\_\_\_\_ SIGNATURE  
\_\_\_ FOR YOUR FILES  
\_\_\_ RETURN TO \_\_\_\_\_  
\_\_\_ OTHER: \_\_\_\_\_

Remarks: PRIORITY #1  
PLEASE CLEAR RESPONSE WITH MR. SHAKOW'S OFFICE Y  
cc: Mr. Shakow

**EXPEDITE**

WORLD BANK OFFICE TRACKING SYSTEM  
OFFICE OF THE PRESIDENT  
Routing and Action Transmittal Sheet

TO: Mr. M. Qureshi (E-1241) | DATE: 1/24/91 |

SUBJECT:

Document From: Sen. Robert Byrd  
To: bbc  
Dated: 1/24/91 Reference No.: EXC910124006  
Topic: re EIMCO's bid documents and eligibility with TTK

ACTION INSTRUCTIONS: | DUE DATE: |

- HANDLE
- REVIEW AND RECOMMEND
- FOR YOUR INFORMATION
- DISCUSS WITH \_\_\_\_\_
- AS WE DISCUSSED
- XXX PREPARE RESPONSE FOR \_\_\_\_\_ SIGNATURE 1/29/91
- FOR YOUR FILES
- RETURN TO \_\_\_\_\_
- OTHER: \_\_\_\_\_

Remarks: Mr. Qureshi's office: pls. clear final resp. with Mr. Shakow's office prior to submission for ~~Mr. Conable's~~ sig.  
cc: Mr. Shakow

ROBERT C. BYRD, WEST VIRGINIA, CHAIRMAN

DANIEL K. INOUE, HAWAII  
IRNEST F. MOLLINGS, SOUTH CAROLINA  
J. BENNETT JOHNSTON, LOUISIANA  
QUENTIN M. BURDICK, NORTH DAKOTA  
PATRICK J. LEAHY, VERMONT  
JIM SASSER, TENNESSEE  
DENNIS DICONCINI, ARIZONA  
DALE BUMPERS, ARKANSAS  
FRANK R. LAUTENBERG, NEW JERSEY  
TOM HARKIN, IOWA  
BARBARA A. MIKULSKI, MARYLAND  
HARRY REID, NEVADA  
BROCK ADAMS, WASHINGTON  
WYCHE FOWLER, JR., GEORGIA  
J. ROBERT KERREY, NEBRASKA

MARK O. HATFIELD, OREGON  
TED STEVENS, ALASKA  
JAMES A. MCCLURE, IDAHO  
JAKE GARN, UTAH  
THAD COCHRAN, MISSISSIPPI  
ROBERT W. KASTEN, JR., WISCONSIN  
ALFONSE M. D'AMATO, NEW YORK  
WARREN RUDMAN, NEW HAMPSHIRE  
ARLEN SPECTER, PENNSYLVANIA  
PETE V. DOMENICI, NEW MEXICO  
CHARLES E. GRASSLEY, IOWA  
DON NICKLES, OKLAHOMA  
PHIL GRAMM, TEXAS

## United States Senate

COMMITTEE ON APPROPRIATIONS  
WASHINGTON, DC 20510-8025

JAMES H. ENGLISH, STAFF DIRECTOR  
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

January 24, 1991

The Honorable Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

Enclosed is a letter I have received from EIMCO Coal Machinery Incorporated, a West Virginia company, concerning its ongoing efforts to fulfill a tender issued by Turkiye Taskomuru Kurumu (TTK) for the purchase of 96 flame-proof locomotives.

Apparently, questions have been raised as to whether EIMCO's bid documents were deficient due to the flameproof certificate not being included at the time of the original bid submission. As made clear by the enclosed letter, EIMCO firmly believes that it has fulfilled all of the tender requirements set forth by TTK and the World Bank, and that, therefore, it should be eligible to compete for the contract with TTK.

As a result, I am respectfully forwarding the enclosed letter to you. Since the issue of EIMCO's eligibility may be decided as early as today, timely consideration of this matter would be most appreciated,

With kind regards, I am

Sincerely yours,

  
Robert C. Byrd

RCB:jbw

Enclosure

January 24, 1991

The Honorable Robert C. Byrd  
 United States Senate  
 311 Hart Senate Office Building  
 Washington, DC 20510

Dear Senator Byrd:

It has come to our attention that further questions have been raised regarding EIMCO's eligibility to fulfill TTK's tender, specifically items detailed in Article 7.2, General Terms.

Per our previous correspondence, EIMCO Coal Machinery has fulfilled the tender requirements as detailed.

- 7.2 a) The parts which should be flameproof and all other parts of the purchasing equipment shall be brandnew and standard and the latest serial current production of the manufacturer.

Acknowledged and will be complied with. Equipment manufactured by EIMCO Coal Machinery is the most innovative and state-of-the-art in the industry today.

- b) Firms: They shall be certified themselves as the flameproof locomotive manufacturers for Group-1 gaseous environment by giving the last five years references which include the customer's name, telephone and telex number, type and model of the equipment, quantity and delivery date.

*Original text*

An addendum was received prior to bid submission changing this paragraph to read ten years rather than five years. Complete reference list were given at the time of bid submission for previously manufactured locomotives. In 1972, National Mine Service which is now part of EIMCO Coal Machinery supplied TTK with twenty 6-Ton Flameproof Locomotives.

EIMCO Coal Machinery has produced in excess of 10,000 flameproof models of machinery for use in U.S. coal mines, as well as mines and tunnels throughout the world.

*The references of locomotives sold in the last 10 years excluding the ones which manufactured in the previous prototype and test*

*↑  
in addendum*

The United States Bureau of Mines selected EIMCO Coal Machinery to manufacture a 4-1/2 Ton Flameproof Locomotive for use in its' underground coal mine. This installation receives visitors from throughout the world to view innovative mining techniques and equipment.

- c) Firms: They shall give their flameproof manufacturing certificates about the locomotives using suitably for Group-I gaseous (methane) environment which given by the official authorities of the source country, together with their bids. (e.g. English FLP, German, Sch., etc.)

At bid submission, per the above paragraph, component certificates were provided for the locomotives. These components had previously been tested and certified by the United States Mine Safety and Health Administration for use in a methane environment.

The complete locomotive flameproof certificate was not included at the time of bid submission due to Paragraph 7.2 d detailed below.

The Mine Safety and Health Administration cooperates with institutions around the world to assure the highest standards available.

- d) Firms: At the time of delivery, they shall give the certificates for Group-I gaseous environment of all equipments which have the flameproof property for a locomotive and complete locomotive.

This article was acknowledged at the time of bid submission. TTK was assured that flameproof certificates, as well as a certificate for the complete locomotive would be supplied at the time of delivery. This paragraph is very explicit in that it requires the complete locomotive certificate at the time of delivery rather than at the time of bid submission.

- e) The bids of the firms who will not give the flameproof manufacturing certificates and the reference lists indicated on item 7.2.b and c with THEIR OFFERS SHALL NOT BE EVALUATED.

This article was acknowledged and fully complied with above.

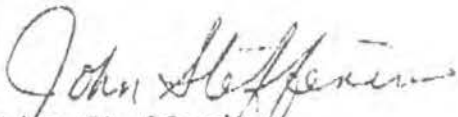
The Honorable Robert C. Byrd  
January 24, 1991  
Page Three

Obviously, the flameproof certificate was available due to the 20 flameproof locomotive previously received by TTK in 1972. This certificate was in our possession. However, it was not requested in either paragraph c or d by the original tender document. This certificate was requested by TTK after bid submission and their request was fully complied with.

The issue currently being raised is that EIMCO Coal Machinery's original bid documents were deficient due to the flameproof certificate not being supplied at the time of original bid submission. This is certainly not the case. If TTK had originally requested this document, it would have been complied with.

Senator Byrd, we urgently request your intervention to help us clarify this matter with World Bank Officials.

Sincerely,

  
John Steffenino  
Marketing Manager, Equipment

ss/627

cc: Congressman Mollohan



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

February 6, 1991

The Honorable John D. Rockefeller IV  
United States Senate  
Washington, D.C. 20510

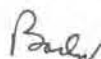
Dear Jay:

Thank you for your letter regarding the interest of EIMCO Coal Machinery Company in supplying locomotives to the Turkish Hardcoal Enterprise (TTK).

I have been following this as a result of inquiries from other members of the West Virginia congressional delegation. I am assured that normal procedures are being followed and that once the technical review is completed, the borrower will be advised whether the Bank has no objection, and then TTK will make an award of contract. Your letter is most timely, as the Bank expects to respond to the borrower in the very near future.

I understand your concern on behalf of your constituent company, and appreciate your bringing this to my attention. Best personal wishes.

Sincerely,



The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: 08-Feb-1991 03:44pm

TO: Michael H. Wiehen ( MICHAEL H. WIEHEN )

FROM: Linda Jean McLaughlin, EXC ( LINDA JEAN MCLAUGHLIN )

EXT.: 81137

SUBJECT: RE: Turkey Procurement

I understand and agree. I will not call. If they call again, I will simply say the process is ongoing and Mr. Conable has asked to be kept informed.

Thanks, Mike, for the careful explanation, which helps given the sensitive nature of these things.

Linda

CC: Franco Batzella ( FRANCO BATZELLA )

*Monans 10,500  
Quito*

*my Kilmurray  
212 E 112nd*

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: 08-Feb-1991 03:31pm

TO: Linda Jean McLaughlin ( LINDA JEAN MCLAUGHLIN )

FROM: Michael H. Wiehen, EM1DR ( MICHAEL H. WIEHEN )

EXT.: 33000

SUBJECT: Turkey Procurement

Linda,

in early January, our borrower in Turkey, TTK, sent us a recommendation that the contract for fireproof locomotives be awarded to EIMCO, the lowest evaluated bidder.

Other bidders (including another US supplier) learned about this recommendation and made representations to the Bank to the effect that EIMCO was not a qualified bidder.

Bank staff have reviewed the matter, obtained supplemental information and concluded that EIMCO is qualified.

This afternoon, by fax, we advised TTK of our "no objection" to their recommendation to award the contract to EIMCO.

We have requested TTK to advise us as soon as the contract has been signed. In fact, we expect to receive an acknowledgment of our "no objection" fax early next week. In view of the fact that other suppliers have already been in touch with the Bank regarding EIMCO's qualifications, the actual contract award by TTK may not take place immediately, and we may indeed be brought into the process once again, by other bidders or TTK.

In view of this we need to be extremely careful as to what and when we communicate with the Senators from West Virginia. A bidder must not learn about our "no objection" fax before the borrower has received it; we will not be certain that TTK has received it until TTK itself confirms its receipt to us. In any case, the contract has not yet been awarded; if we communicate, we need to be clear that all that has happened to date is that we have issued our "no objection".

Linda, as you know this is all very delicate. I recommend that you do not communicate with the Senators today at all; I will inform you as soon as TTK has acknowledged receipt of today's fax, and then it would be safe to tell the Senators that we have issued the "no objection". I would of course be more comfortable if you could hold off any contact with the Senators until after the contract has actually been awarded by TTK (which may, however, not take place for some time).

CC: Franco Batzella ( FRANCO BATZELLA )

WORLD BANK OFFICE TRACKING SYSTEM  
OFFICE OF THE PRESIDENT  
Routing and Action Transmittal Sheet

(Hitza - Caa. I have  
copy of other interim  
replies & interim sent  
by WW. pls. Thanks.

LMA\*

L -

TO: Mr. B. Conable (E-1227) | DATE: 2/05/91

SUBJECT:

Document From: Sen. John Rockefeller  
To: bbc  
Dated: 1/29/91

Reference No.: EXC910205006

Topic: Re -- EIMCO's bid documents and eligibility with TTK Firm.

ACTION INSTRUCTIONS: | DUE DATE: |

- \_\_\_\_\_ HANDLE
- \_\_\_\_\_ REVIEW AND RECOMMEND
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ DISCUSS WITH \_\_\_\_\_
- \_\_\_\_\_ AS WE DISCUSSED
- XXX PREPARE RESPONSE FOR BBC'S SIGNATURE \*
- \_\_\_\_\_ FOR YOUR FILES
- \_\_\_\_\_ RETURN TO \_\_\_\_\_
- \_\_\_\_\_ OTHER: \_\_\_\_\_

2/12/91

Remarks: LM: pls see remarks on previous corresp. from Mollohan & Byrd  
on the same subject and how it was handled. m

## United States Senate

WASHINGTON, DC 20510-4802

January 29, 1991

Dear Barber,

I was recently contacted by the West Virginia firm, EIMCO Machinery, who has been chosen to provide 96 locomotives for the Turkish firm TTK. EIMCO feels that its bid is receiving an unusual amount of World Bank review.

The attached letter suggests that outside lobbying has occurred to apply greater scrutiny to the EIMCO bid than that which usually occurs. If true, this clearly creates cause for concern.

I would very much appreciate your looking into this matter and am confident that the EIMCO bid will be treated fairly. EIMCO officials claim that they have lived up to all of TTK's and the World Bank's requirements and, since being chosen by the Turkish firm, should now be allowed to fulfill the contract.

Please contact Mr. Beryle Randall on my staff at 202/224-6472 if existing problems cannot be quickly rectified. I greatly appreciate your cooperation on this matter which is very important to West Virginia.

Sincerely,



John D. Rockefeller IV

Mr. Barber B. Conable  
President  
World Bank  
1818 H Street, NW  
Washington D.C. 20433

Thanks, Barber.



**EIMCO**

January 25, 1991

The Honorable John D. Rockefeller  
United States Senate  
241 Dirksen Senate Office Building  
Washington, DC 20510

2030 Pleasant Valley Road  
Fairmont, West Virginia 26554  
Tel. (304) 363-7700  
Fax (304) 363-1141  
Telex 62895344

Dear Senator Rockefeller:

Please find enclosed a letter to the Honorable Morton J. Abramowitz, American Ambassador to Turkey, detailing our displeasure with the unfair accusations made against EIMCO Coal Machinery.

It is very clear that lobbying by our competitors took place with World Bank officials, which is strictly forbidden according World Bank rules.

We would very much appreciate your assistance to make said officials at World Bank very aware that these accusations should not have been initially entertained. The firms, by contacting World Bank, violated the ethics of World Bank rules. This should have resulted in severe penalties by World Bank against the firms making the accusations.

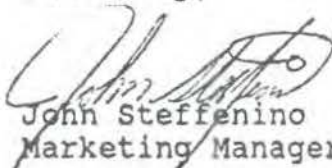
We at EIMCO Coal Machinery, at the time of bid submission were very aware that all conditions of the tender had to be followed and made every effort to assure satisfactory compliance.

TTK has recommended EIMCO Coal Machinery to the World Bank as the supplier for their 96 flameproof locomotives. We are very honored to be selected.

Efforts to discredit our offer is nothing more than "sour grapes" by our competition. It is beyond belief that this type of slander would even be considered by World Bank.

If you require further information, please do not hesitate to contact us.

Sincerely,



John Steffenino  
Marketing Manager, Equipment

sas/631

Enclosure

U S States Senate

WASHINGTON, DC 20510

OFFICIAL BUSINESS

Jay Rockefeller  
U.S.S.

Mr. Barber B. Conable  
President  
World Bank  
1818 H Street, NW  
Washington D.C. 20433

101110010101010101

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

August 9, 1990

The Honorable Claiborne Pell  
United States Senate  
Washington, D.C. 20510

Dear Senator Pell:

Thank you for your thoughtful letter of July 24 expressing concern about the Tropical Forestry Action Plan (TFAP). The World Bank shares many of your misgivings about how the TFAP is being implemented, and we agree that more emphasis should be placed on forest conservation and protection of biological diversity. The original cosponsors of TFAP (FAO, UNDP, the World Bank and the World Resources Institute) will meet shortly to decide what steps must be taken to restructure TFAP. The World Bank is also undertaking its own thorough review to determine its most appropriate role in this process.

You expressed concern about the channeling of "large increases in World Bank forestry spending through the TFAP process" and suggested we "discontinue funding for forestry projects through TFAP."—The TFAP is only one source the Bank uses in developing its lending strategy. Forestry lending possibilities suggested by TFAP are taken into account in our lending strategy, but are subject to rigorous analysis, just as are proposals from other sources.

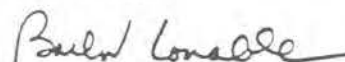
The Bank's forestry lending programs actually emerge from dialogue with member countries, usually based on extensive Bank-initiated agricultural and forestry sector reviews, country economic and environmental actions plans. Subsequent project preparation assistance is provided by the FAO/World Bank Cooperative Program in Rome and by consultants.

You will be pleased to know that the Bank's policy and environmental directives are consistent with the emphasis in your letter. Our forestry policy is being reviewed to incorporate recent experience. The scope of the Bank's forestry projects has widened to include non-wood forest products, the traditional use of natural forest ecosystems, natural resource management, and watershed rehabilitation. Forestry projects are being designed to enhance environmental benefits of forests.

I have taken a strong interest in strengthening the Bank's response to environmental concerns. For example, an environmental assessment is now required for any proposed project which may have an adverse environmental impact. This ensures that environmental issues are fully examined and appropriate mitigatory actions considered before we approve any project.

I appreciate your interest in Bank programs, and hope this responds to your concerns. Please let me know if I can provide further information.

Sincerely,



cc: Mr. Coady, EDS01



WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

AK  
JWS

CORRESPONDENCE DATE : 90/07/24 DUE DATE : 90/08/08  
LOG NUMBER : 900801013 FROM : Claiborne Pell  
SUBJECT : Chairman, Cmte on Foreign Relations: writing to express his  
concern to review the TFAP process re Bank's environmental proj.  
OFFICE ASSIGNED TO FOR ACTION : Mr. Thalwitz (D-1202)

A. Klein

Cherof

CP  
8/8

checked  
again - 8/9

ACTION:

- APPROVED
- PLEASE HANDLE
- FOR YOUR INFORMATION
- FOR YOUR REVIEW AND RECOMMENDATION
- FOR THE FILES
- PLEASE DISCUSS WITH \_\_\_\_\_
- PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- AS WE DISCUSSED
- RETURN TO \_\_\_\_\_

COMMENTS :Mr. Thalwitz office: pls. clear final resp. with EXT prior to  
submission for Mr. Conable's sig.  
cc: Messrs. Qureshi, Shakow



CLAIBORNE PELL, RHODE ISLAND, CHAIRMAN

JOSEPH R. BIDEN, JR., DELAWARE  
PAUL S. SARBANES, MARYLAND  
ALAN CRANSTON, CALIFORNIA  
CHRISTOPHER J. DODD, CONNECTICUT  
JOHN F. KERRY, MASSACHUSETTS  
PAUL SIMON, ILLINOIS  
TERRY SANFORD, NORTH CAROLINA  
DANIEL P. MOYNIHAN, NEW YORK  
CHARLES S. ROBB, VIRGINIA

JESSE HELMS, NORTH CAROLINA  
RICHARD G. LUGAR, INDIANA  
NANCY L. KASSEBAUM, KANSAS  
RUDY BOSCHWITZ, MINNESOTA  
LARRY PRESSLER, SOUTH DAKOTA  
FRANK H. MURKOWSKI, ALASKA  
MITCH MCCONNELL, KENTUCKY  
GORDON J. HUMPHREY, NEW HAMPSHIRE  
CONNIE MACK, FLORIDA

# United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

GERYLD B. CHRISTIANSON, STAFF DIRECTOR  
JAMES P. LUCIER, MINORITY STAFF DIRECTOR

July 24, 1990

The Honorable Barber Conable  
President, the International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Conable:

I am writing to express my concern about the Tropical Forestry Action Plan (TFAP) and to urge you to suspend bank funding for forestry projects through TFAP pending completion of a thorough review of the TFAP process. As originally conceived, I believe that TFAP was well intentioned; however, there is now mounting evidence that the implementation of TFAP at the national level is failing to achieve the objectives of the plan and may in fact cause rates of deforestation to increase. In response to this concern, the leaders of the Group of Seven nations withdrew their endorsement of TFAP given at the Paris Summit and in Houston called for a restructuring of TFAP to place "more emphasis on forest conservation and protection of biological diversity." In this light, the declared intention of bilateral and multilateral aid organizations, including the World Bank, to channel large increases in forestry sector spending through the TFAP process is cause for serious concern.

An analysis of TFAP's implementation through National Forestry Action Plans (NFAPs) in nine countries -- Peru, Guyana, Tanzania, Nepal, Cameroon, Colombia, Papua New Guinea, Ghana, and the Philippines -- has identified the following principal concerns:

1) Insufficient support for forestry conservation.

TFAP envisages spending roughly \$8 billion in the forestry sector over five years. Of this amount, only 8 percent is allocated for conservation purposes while 55 percent is designated for industrial use and fuelwood and agroforestry activities. For a plan that is supposed to help preserve forests, this appears to be a serious misallocation of resources.

2) NFAPs will increase the rate of logging. In six of the nine countries analyzed, the NFAPs are expected to maintain or actually increase rates of logging. Moreover, there are serious concerns that the institutional capacity

of the countries analyzed is inadequate to ensure that logging that does take place is carried out in a sustainable manner.

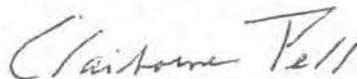
3) NFAPs fail to address root causes of deforestation. Although a major goal of TFAP is to reduce deforestation, the NFAPs frequently do not address the fundamental causes of such deforestation, including: skewed land distribution, perverse economic incentives promoting deforestation, and inappropriate government policies regarding land tenure and ownership. Without addressing these issues, effective protection of forests will not be possible.

4) NFAPs do not provide for sufficient local involvement or access to information. Experience has shown that effective development plans require the active participation of local residents in development projects. To date, development of NFAPs has been accomplished with minimal involvement of local populations and non-governmental organizations. Moreover, access to NFAP related documentation is routinely restricted. Absent these two factors, NFAPs may well be a prescription for failure.

Current rates of tropical forest destruction will have disastrous environmental impacts. Aside from the destruction of thousands of acres of forest each year, untold numbers of plant and animal species are being drive to extinction. Moreover, deforestation is estimated to contribute between 15 and 30 percent of worldwide annual carbon dioxide emissions, one of the principal greenhouse gases. In light of the consequences of deforestation, and the concerns that have been raised regarding the TFAP, I urge you to discontinue funding for forestry projects through TFAP until a thorough review of the plan can be completed.

With every good wish.

Ever sincerely,



Claiborne Pell  
Chairman

US Senate

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 90/07/20

DUE DATE : 00/00/00

LOG NUMBER : 900720008

FROM : Judy Maguire

SUBJECT : Briefing: mtg. with Senator Sarbanes on Tuesday, July 24, 1990  
at 4:40 pm.

OFFICE ASSIGNED TO FOR ACTION : Mr. B. Conable (E-1227)

ACTION:

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- \_\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_
- \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR \_\_\_\_\_ SIGNATURE
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :cc: AK, SS, JWS

Sarbanes may be on Aspen Institute  
Working Group session with you if Senate  
adjourns in time - session on Economic & Social  
Development, July 20, 1990  
Chaired by  
McNamara.  
L-

TO: Bill Stanton  
FROM: Judith Maguire *JM*  
SUBJECT: Mr. Conable's Meeting with Senator Sarbanes

On the assumption that Mr. Conable's meeting with Paul Sarbanes goes ahead as scheduled, I wanted to suggest a couple of topics that might be discussed - since the original purpose of the meeting has already been accomplished.

- Mr. Conable should begin by thanking Sarbanes for his efforts to ensure that the IDA legislation was reported out by the Senate Foreign Relations Committee. He single-handedly made this happen (with urging from Janice O'Connell of course). It might not be a bad idea to stress the consequences if this isn't enacted into law (although it seems almost sure that this will be done either in an independent bill or in the Foreign Aid Appropriations bill).
- Mr. Conable might want to bring Sarbanes up-to-date on our Global Environment Fund. Sarbanes is extremely interested in the environment, and he is certainly one of the key people on the Hill who should be fully briefed on our activities in this area. He would probably be interested in knowing where the U.S. fits into the scenario - particularly on the funding side.
- Mr. Conable might want to very briefly tell Sarbanes what we are and will be doing in Eastern Europe. It's important that he - and others - be reminded that much/most of the early development money for these countries will be channelled through the World Bank.

cc: Alex Shakow, EXTDR  
JM:amg

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

July 19, 1990

Dear Trent:


Thank you for your letter forwarding an inquiry from your constituent Mr. Ray Crowell. Mr. Crowell is interested in learning how much the United States has provided in direct contributions to the World Bank in the years 1980 through 1990.

As Mr. Crowell is undoubtedly aware, the World Bank Group consists of four closely associated institutions: The International Bank for Reconstruction and Development (IBRD); The International Development Association (IDA); The International Finance Corporation (IFC); and The Multilateral Investment Guarantee Agency (MIGA). I have enclosed a chart showing the direct U.S. contributions to each of these affiliates for the years in question. Enclosed also, as you requested, is a copy of the World Bank's Annual Report for FY1989.

As you know, the International Monetary Fund is a separate, independent organization headed by Mr. Michel Camdessus. I have forwarded a copy of your letter to Mr. Robert Russell of the External Relations Department of the Fund. He will be contacting you directly with information on the U.S. contributions to that institution.

All best wishes.

Sincerely,



The Honorable Trent Lott  
United States Senate  
SR-487 Russell Senate Office Building  
Washington, D. C. 20510

Encs.

U.S. Contributions to the World Bank Group, 1980-1990  
(\$ Million)

	<u>IBRD</u> <u>1/</u>	<u>IDA</u> <u>2/</u>	<u>IFC</u> <u>3/</u>	<u>MIGA</u> <u>4/</u>
1980	16.31	1,072.00	19.00	
1981	32.79	520.00	-	
1982	146.89	700.00	14.45	
1983	126.04	945.00	-	
1984	79.72	945.00	-	
1985	139.72	900.00	-	
1986	105.00	669.90	27.83	
		71.78 <u>5/</u>		
1987	55.81	830.10	-	
		64.81 <u>5/</u>		
1988	40.18	915.00	20.30	44.40
1989	50.00	995.00	4.89	-
1990	49.78	960.85	74.61	-

- 
- 1/ The International Bank for Reconstruction and Development  
2/ The International Development Association  
3/ The International Finance Corporation  
4/ The Multilateral Investment Guarantee Agency. (Established in 1988)  
5/ Contributions to the Special Facility for Sub-Saharan Africa.  
This Facility was later merged into IDA.

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

7/17/90  
Extended: 7/14/90  
① Chertany  
since 7/9

CORRESPONDENCE DATE : 90/06/22

DUE DATE : 90/07/09

LOG NUMBER : 900702006

FROM : Trent Lott

SUBJECT : Would like to know the budget level contribution from the taxpayer  
ea. yr. from FY80 through and including FY90 to IMF and WB.

OFFICE ASSIGNED TO FOR ACTION : Mr. Thalwitz (D-1202)

ACTION:

- APPROVED
- PLEASE HANDLE
- FOR YOUR INFORMATION
- FOR YOUR REVIEW AND RECOMMENDATION
- FOR THE FILES
- PLEASE DISCUSS WITH \_\_\_\_\_
- PLEASE PREPARE RESPONSE FOR \_\_\_\_\_
- AS WE DISCUSSED
- RETURN TO \_\_\_\_\_

July 5  
6

② Not received  
yet - per  
Athena  
7/10/11

BBC'S SIGNATURE (to Sen. Lott)

COMMENTS :Attn. and cc: Mr. Shakow (EXT)

EXPEDITE

J. Maguire  
due: 7/19



# United States Senate

WASHINGTON, DC 20510-2403

June 22, 1990

Honorable Barber B. Conable  
President  
The World Bank  
1818 H Street, Northwest  
Suite E-1227  
Washington, D.C. 20433

Dear Barber:

I am taking the liberty of contacting you on behalf of Mr. Ray Crowell, a friend of mine from Gulfport, Mississippi.

Enclosed for your information is correspondence I have received which details the nature of the inquiry. I would sincerely appreciate your providing me with information that would be of assistance in responding to this inquiry.

Thank you very much for your time and assistance in this matter.

With kind regards and very best wishes, I am

Sincerely yours,

  
Trent Lott

TL:sbh

Enclosure

RAY L. CROWELL  
91 BAYOU CIRCLE  
GULFPORT, MS 39507

June 14, 1990

Honorable Trent Lott, Senator  
730 Hart Building  
Washington, D. C. 20510

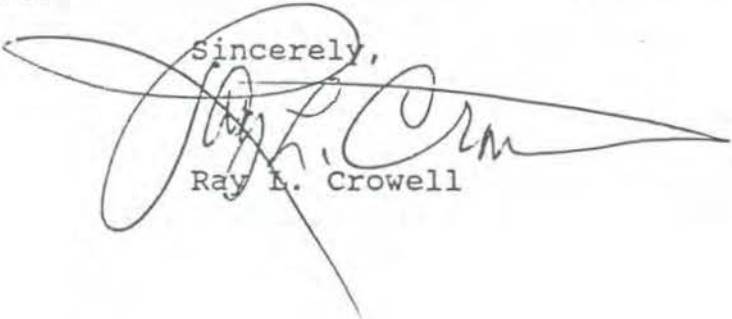
Dear Honorable Lott:

Will you kindly forward the following question to the proper channel(s) so that I may receive a definitive answer:

What has been the budget level contribution from the taxpayer each year from FY80 through and including FY90 to the International Monetary Fund and to the World Bank?

Your response to this inquiry will be helpful. I would like to receive an annual report from each entity if it is disclosed to the public. Thank you.

Sincerely,



Ray L. Crowell

April 18, 1990

The Honorable  
Robert W. Kasten  
United States Senate  
Washington, D.C. 20510-6025

Dear Senator Kasten:

Thank you for your letter of March 20, 1990, regarding the Bank's efforts to address the global population problem. As you know, I place a very high priority on strengthening the Bank's work in this area as it is vital to the success of development programs. I am delighted to have your interest and support.

The Bank can and will do more to help our borrowers build effective family planning programs. But it is not correct to say that the Bank plays a relatively minor role in international family planning assistance. As the attached table shows, the Bank's lending for population, health and nutrition increased an impressive five-fold in the 1980s compared with the previous decade, and I have made clear my intention to increase it still further. Population lending alone accounts for about one-fifth of total external assistance in the sector. But equally important is the policy dialogue that we conduct with our member governments. Other lending -- for education, women in development and environment, for example -- contributes importantly to the determinants of fertility and, in the case of the environment, protecting the world's natural resources from the consequences of rapid population growth.

If we are to successfully address the population problem, each agency in the development business needs to play a greater role. As we expand our activity we shall do so in close concert with USAID, UNFPA and other leaders in this field so that our strengths will complement each other.

We are sorry to be losing Dr. Sai, who has provided great leadership and dedicated service for many years. As we seek a successor, we are looking for someone who will be highly credible with finance ministers and Bank economists, as well as with the population community. We are close to a decision on selecting from a very well-qualified list of candidates and I am confident that you will be pleased with the final choice.

A major effort is underway in the Bank to expand our population lending in general and a special effort is being made in Africa. An African Task Force on Population recommended in 1989 ways to strengthen regional capacity to deal with population issues, including an action plan for about 20

countries where there appeared to be potential for successful projects. Other recommendations now being implemented are staff training in population, more emphasis on population issues in economic work, and additional resources for population activities. These activities will be evaluated at the end of the fiscal year (June 30, 1990) by a committee of internal and external experts.

As for the amount lent for population, it is difficult to determine the exact magnitude in projects which combine population, health and nutrition. Resources devoted to health systems development contribute considerably to the population effort, not only by providing the channel for delivery of family planning services but also by reducing infant mortality, which is necessary for acceptance of small families.

Finally, I am pleased to report that the Africa Region proposes to retain the services of Dr. Sai for a substantial part of his time after he formally retires from the Bank in June 1990.

Thank you again for your letter.

Sincerely yours,

*(Signature)*

Barber B. Conable

Attachment

Cleared with and cc: Mr. Shakow  
Mrs. Hamilton

cc: Mss. Husain (AFTPN), Maguire (EXT)  
Dr. Sai (PHRDR)

ARMeasham/am

BANK LENDING FOR POPULATION, HEALTH AND NUTRITION (PHN) PROJECTS, FY70-FY89

Fiscal Year Approved	Project Total (US\$m) of which		
	Bank Total	IDA (US\$m)	IBRD (US\$m)
FY70-FY79 =====			
Jamaica I (P)	1970	2.0	2.0
Tunisia I (P)	1971	4.8	4.8
India I (P)	1972	21.2	21.2
Indonesia I (P)	1972	13.2	13.2
Malaysia I (P)	1973	5.0	5.0
Iran I (P) *	1973	16.5	16.5
Egypt I (P)	1974	5.0	5.0
Kenya I (P)	1974	12.0	12.0
Trinidad & Tobago I (P)	1974	9.4	9.4
Bangladesh I (P)	1975	15.0	15.0
Phillipines I (P)	1975	25.0	25.0
Brazil I (N)	1976	19.0	19.0
Jamaica II (P)	1976	6.8	6.8
Dominican Rep. I (P)	1977	5.0	5.0
Indonesia I (N)	1977	13.0	13.0
Indonesia II (P)	1977	24.5	24.5
Colombia I (N)	1978	25.0	25.0
Thailand I (P)	1978	30.0	30.0
Bangladesh II (P)	1979	32.0	32.0
Egypt II (P)	1979	25.0	25.0
Malaysia II (P)	1979	17.0	17.0
Phillipines II (P)	1979	40.0	40.0
Total FY70-FY79		366.4	215.1
Number of Projects		22	151.3
FY80-FY87 =====			
India I (N)	1980	32.0	32.0
India II (P)	1980	46.0	46.0
Indonesia III (P)	1980	24.2	24.2
Korea I (P)	1980	30.0	30.0
Tunisia II (P/H)	1981	12.5	12.5
Brazil I (H)	1982	13.0	13.0
Kenya II (P)	1982	23.0	23.0
Indonesia I (H)	1983	27.0	27.0
Malawi I (H/N)	1983	6.8	6.8
Pakistan I (P)	1983	18.0	18.0
Peru I (H)	1983	33.5	33.5
Senegal I (H)	1983	15.0	15.0

\* Iran Population Project was cancelled in 1977.

	Fiscal Year Approved	Bank Total	Project Total (US\$m) of which	
			IDA (US\$m)	IBRD (US\$m)
Yemen AR I (H)	1983	10.5	10.5	
Yemen, PDR I (H)	1983	7.6	7.6	
Botswana I (H)	1984	11.0		11.0
Brazil II (H)	1984	57.5		57.5
Brazil (H)	1984	2.0		2.0
China I (H)	1984	85.0	85.0	
Comoros I (P/H)	1984	2.8	2.8	
India III (P)	1984	70.0	70.0	
Mali I (H)	1984	16.7	16.7	
Burkina Faso I (H)	1985	26.6	26.6	
Indonesia II (H)	1985	39.0		39.0
Indonesia IV (P)	1985	46.0		46.0
Jordan I (H)	1985	13.5		13.5
Lesotho I (P/H)	1985	3.5	3.5	
Morocco I (H)	1985	28.4		28.4
Nigeria I (H)	1985	34.0		34.0
Bangladesh III (P)	1986	78.0	78.0	
Brazil III (H)	1986	59.5		59.5
China II (H)	1986	80.0	65.0	15.0
Colombia I (H)	1986	36.5		36.5
Cote d'Ivoire I (H)	1986	22.2		22.2
Ghana I (H)	1986	15.0	15.0	
India IV (P)	1986	51.0	51.0	
Indonesia II (N/Comm. H)	1986	33.4		33.4
Niger I (H)	1986	27.8	27.8	
Rwanda I (H)	1986	10.8	10.8	
Sierre Leone I (P/H)	1986	5.3	5.3	
Gambia (H)	1987	5.6	5.6	
Guinea-Bissau (PHN)	1987	4.2	4.2	
Jamaica (P/H)	1987	10.0		10.0
Malawi (P/H)	1987	11.0	11.0	
Oman (H)	1987	13.3		13.3
Zimbabwe I (H)	1987	10.0		10.0
<b>Total FY80-FY87</b>		<b>1208.7</b>	<b>664.2</b>	<b>544.5</b>
<b>Number of Projects</b>		<b>45</b>		

**FY88-FY89**

Brazil (H)	1988	109.0		109.0
Burundi (P/H)	1988	14.0	14.0	
Ethiopia (H)	1988	33.0	33.0	
Guinea (P/H)	1988	19.7	19.7	
India V (P)	1988	57.0	57.0	
Kenya III (P)	1988	12.2	12.2	
Sri Lanka (H/P)	1988	17.5	17.5	
Uganda I (H)	1988	42.5	42.5	

	Fiscal Year Approved	Bank Total	Project Total (US\$m) of which	
			IDA (US\$m)	IBRD (US\$m)
Benin (H)	1989	18.6	18.6	
Brazil (H)	1989	99.0		99.0
China (H)	1989	52.0	52.0	
India (Family Welfare)	1989	124.6	113.3	11.3
Indonesia III (H)	1989	43.5		43.5
Mozambique (H/N)	1989	27.0	27.0	
Nigeria (H/P)	1989	27.6		27.6
Phillipines (H)	1989	70.1		70.1
Turkey (H)	1989	75.0		75.0
Yemen, PDR II (H)	1989	4.5	4.5	
Zaire (H)	1989	8.1	8.1	
Total FY88-FY89		854.9	419.4	435.5
Number of Projects		19		
<b>GRAND TOTAL</b>		2430.0	1298.7	1131.3
Total Number of Projects		86		

KEY P = Population  
H = Health  
N = Nutrition

WORLD BANK OTS SYSTEM  
Office of the SVPPR

RECEIVED

90 APR -5 AM 11:21

OFFICE OF THE  
DIRECTOR

CORRESPONDENCE DATE : 90/02/20 DUE DATE : 90/04/16  
LOG NUMBER : 900404005 FROM : LEAHY: SEN. KASTEN,  
SUBJECT : L - RE BANK'S SR POP. ADVISOR REPLACEMENT: URGING TO APPOINT AN  
EXPERT TO PROVIDE MUCH NEEDED LEADERSHIP  
OFFICE ASSIGNED TO FOR ACTION : Mr. Rajagopalan

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
 PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : PLEASE PREPARE RESPONSE FOR BBC'S SIGNATURE

Mrs. Hamilton

Please prepare a response  
as requested in Consultation  
with Alex.

WJ  
4/5/90



ROBERT C. BYRD, WEST VIRGINIA, CHAIRMAN

DANIEL K. INOUE, HAWAII  
ERNEST F. HOLLINGS, SOUTH CAROLINA  
J. BENNETT JOHNSTON, LOUISIANA  
QUENTIN N. BURDICK, NORTH DAKOTA  
PATRICK J. LEAHY, VERMONT  
JIM SASSER, TENNESSEE  
DENNIS D'CONCINI, ARIZONA  
DALE BUMPERS, ARKANSAS  
FRANK R. LAUTENBERG, NEW JERSEY  
TOM HARKIN, IOWA  
BARBARA A. MIKULSKI, MARYLAND  
HARRY REID, NEVADA  
BROCK ADAMS, WASHINGTON  
WYCHE FOWLER, JR., GEORGIA  
J. ROBERT KERREY, NEBRASKA

MARK O. HATFIELD, OREGON  
TED STEVENS, ALASKA  
JAMES A. MCCLURE, IDAHO  
JAKE GARN, UTAH  
THAD COCHRAN, MISSISSIPPI  
ROBERT W. KASTEN, JR., WISCONSIN  
ALFONSE M. D'AMATO, NEW YORK  
WARREN RUDMAN, NEW HAMPSHIRE  
ARLEN SPECTER, PENNSYLVANIA  
PETE V. DOMINICK, NEW MEXICO  
CHARLES E. GRASSLEY, IOWA  
DON NICKLES, OKLAHOMA  
PHIL GRAMM, TEXAS

## United States Senate

COMMITTEE ON APPROPRIATIONS  
WASHINGTON, DC 20510-6025

March 20, 1990

JAMES H. ENGLISH, STAFF DIRECTOR  
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

The Honorable Barber B. Conable  
President  
The World Bank  
Washington, DC

Dear Mr. Conable:

In our capacities as chairman and ranking minority member of the Subcommittee on Foreign Operations, we have made population control in the developing countries a top priority. We are deeply concerned that much of what we are trying to achieve with our foreign aid--spur economic growth, support stable, democratic governments, protect the environment--will be swallowed up unless we can solve this enormous problem.

In the report accompanying last year's foreign operations appropriations bill, the Committee expressed concern about the relatively minor role the World Bank has played in international family planning assistance. The Committee concluded that the Bank, with its enormous resources, is "vital to solving the global population problem," and made several recommendations for how the Bank can become a real leader on this issue.

In that regard, we were very encouraged by your speech to the International Planned Parenthood Federation in Ottawa on February 7, 1989, when you announced that World Bank lending for family planning services will increase significantly during the next three years.

One of the difficulties the donor countries and multilateral development banks face is how to convince the leaders of the developing countries of the urgent need to control population growth. Of particular importance are the finance ministers of these countries who are directly involved in setting budgetary priorities and negotiating loans.

It is our understanding that Dr. Frederick T. Sai, the Bank's senior Population Advisor, is retiring and a search is in process for his successor. We hope that as you move to fill this important position you will give serious consideration to appointing a trained economist who also has experience in population. Rather than someone whose expertise is limited to population programming, a person who is in the first instance an economist could speak the language of Bank economists and finance ministers, and argue persuasively for greater support for family planning services.

A related issue is the critical need for a significant increase in funding for family planning services in sub-Saharan Africa, where most countries are doubling in population in less than 25 years.

We understand that in 1988, total World Bank lending for population programs in Africa was only \$19.9 million, \$12.2 million of which was in Kenya. In 1989, that amount decreased to a mere \$0.4 million.

We urge you to consider strengthening the Bank's leadership in this desperate region by appointing a senior population program expert as a special advisor to provide much needed leadership.

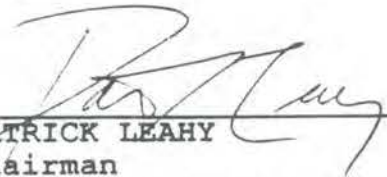
Thank you for your consideration.

Sincerely,



---

ROBERT W. KASTEN  
Ranking Minority Member  
Subcommittee on Foreign  
Operations



---

PATRICK LEAHY  
Chairman  
Subcommittee on Foreign  
Operations

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

April 26, 1990

The Honorable J. Robert Kerrey  
U.S. Senate  
Washington, D.C. 20510

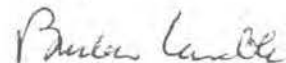
Dear Senator Kerrey:

Thank you for your letter encouraging my acceptance of the invitation extended to me by Gary Schwendiman to participate this fall in the E. J. Faulkner lecture series at the University of Nebraska.

Unfortunately, I have had to regret Dean Schwendiman's invitation. Since becoming President of the World Bank, I have done very little public speaking. Between managing this institution, which requires my presence in Washington during the week, and the travel required to the Bank's member countries, my time is fully consumed.

I consider it an honor to have been invited to participate in this lecture series at the University of Nebraska, and regret not being able to accept. I appreciate knowing of your special interest in the University.

Sincerely,



\* LM

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 90/04/23

DUE DATE : 90/05/04

LOG NUMBER : 900426010

FROM : Sen. Robert Kerrey

SUBJECT : Re Gary Schwendiman's inv. to speak at the University of Nebraska

OFFICE ASSIGNED TO FOR ACTION : Mr. Aguirre-Sacasa(E8065)

01

ACTION:

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- \_\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_
- \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :note: attached is a copy of BBC's ltr. (4/11) to Mr. Schwendiman declining the inv.

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

April 11, 1990

Mr. Gary Schwendiman  
Dean  
University of Nebraska-Lincoln  
College of Business Administration  
Lincoln, Nebraska 68588-2311

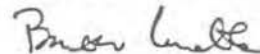
Dear Dean Schwendiman:

Thank you for your kind invitation to participate in the  
E.J. Faulkner Lecture series between October 29 and November 9, 1990.

I very much regret that, due to prior commitments, I will be  
unable to join you. My responsibilities at the World Bank greatly limit  
the number of speaking engagements which I am able to accept - particularly  
those which would require me to be away from Washington.

I appreciate your efforts to include me in your Lecture series.  
Please accept our best wishes for the success of your program.

Sincerely,



cc: Mr. E.J. Faulkner

# United States Senate

WASHINGTON, DC 20510

April 23, 1990

Mr. Barber B. Conable  
President, World Bank  
1818 H Street, NW  
Washington, DC 20433

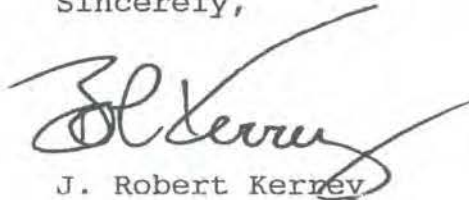
Dear Mr. Conable:

Gary Schwendiman, Dean of the College of Business Administration at the University of Nebraska, has asked me to write on his behalf. Gary is a friend of mine, and he is making arrangements for the 1990 E. J. Faulkner Lecture in Lincoln this fall. I am attaching a copy of his previous correspondence to you for your convenience.

As Gary mentioned in his earlier letter to you, this lecture has been well received by the University and the business community in Nebraska. It is an honor to be asked to participate, and I know you would find your reception in Lincoln to be a welcome one.

I hope you will give this request your most serious consideration. If you have questions or need further information, please contact Gary at (402) 472-2311.

Sincerely,



J. Robert Kerrey

cc: Gary Schwendiman



University of  
Nebraska  
Lincoln

College of Business Administration

Office of the Dean  
Lincoln, NE 68588-0405  
(402) 472-2311  
FAX: (402) 472-5180

March 27, 1990

Barber B. Conable  
President World Bank  
1818 H St. NW  
Washington, DC 20433

Dear Mr. Conable:

The College of Business Administration at the University of Nebraska-Lincoln annually presents a distinguished individual in commerce and industry to address relevant and timely issues through the E. J. Faulkner Lecture series.

Your Senior Advisor of External Affairs, Julian Grenfell, very kindly suggested we write you in detail concerning our E. J. Faulkner Lecture.

The Lecture series, now in its twelfth year, has been well-received by faculty, students, and the business community in Nebraska. An audience of at least 600 is usual. The address is held on campus at a date convenient to the speaker between mid-September and mid-November. Past lecturers include Paul A. Volcker of the Federal Reserve System, William E. Simon, former Secretary of the Treasury, and Clayton Yeutter, Secretary of Agriculture.

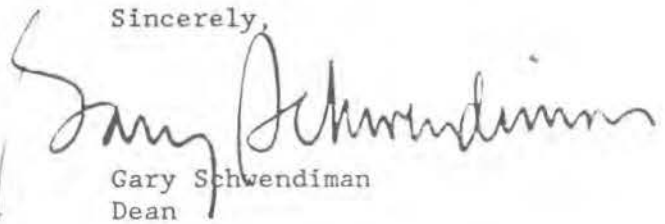
The subject of the address should be in the fields of economics, business or management but otherwise may be of the speaker's choosing. We are particularly interested in the relationship of political and economic events in the changing international arena.

These visits usually consist of the address, given midmorning, with a question and answer period followed by a noon luncheon. Interviews with local press representatives, faculty, graduate students, and business leaders may fill the afternoon. The address itself is usually printed and is circulated nationally and internationally depending on the wishes of the speaker. Usually the trip can be made with one overnight stay.

If you feel you can commit to a date between October 29 and November 9, 1990 we would be delighted to make appropriate arrangements for your visit. We can be quite flexible in accommodating any schedule which would facilitate your acceptance and enable you to be with us for a day next fall.

I believe your long and distinguished record of public service and extensive knowledge of international affairs would be of singular benefit to all who would be privileged to hear you. We would be most honored if you would accept our invitation to be the 1990 E. J. Faulkner Lecturer.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gary Schwendiman". The signature is written in dark ink and is positioned above the typed name and title.

Gary Schwendiman  
Dean



UNITED STATES SENATE

WASHINGTON, DC 20510

PUBLIC DOCUMENT

OFFICIAL BUSINESS



U.S.S.

Mr. Barber B. Conable  
President, World Bank  
1818 H Street, NW  
Washington, DC 20433



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

April 30, 1990

The Honorable Jim Exon  
U.S. Senate  
Washington, D.C. 20510

Dear Senator Exon:

Thank you for your letter encouraging my acceptance of the invitation extended to me by Gary Schwendiman to participate this fall in the E. J. Faulkner lecture series at the University of Nebraska.

Unfortunately, I have had to regret Dean Schwendiman's invitation. My responsibilities in managing this institution, coupled with the necessary travel, are all-consuming. As a result, I have done very little public speaking since joining the World Bank as its President.

I appreciate knowing of your strong interest in the University of Nebraska, and regret not being able to accommodate Dean Schwendiman's request.

Sincerely,

*Barber Conable*

\* LM

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 90/04/25 DUE DATE : 00/00/00  
LOG NUMBER : 900427012 FROM : Sen. Jim Exon  
SUBJECT : WRITING TO RECOMMEND TO PLEASE ACCEPT THE INVITATION TO SPEAK  
AT THE UNIVERSITY OF NEBRASKA !!!!!!!  
OFFICE ASSIGNED TO FOR ACTION : Mr. B. Conable (E-1227)

ACTION:

- APPROVED
- PLEASE HANDLE
- FOR YOUR INFORMATION
- FOR YOUR REVIEW AND RECOMMENDATION
- FOR THE FILES
- PLEASE DISCUSS WITH \_\_\_\_\_
- PLEASE PREPARE RESPONSE FOR BBC SIGNATURE
- AS WE DISCUSSED
- RETURN TO \_\_\_\_\_

COMMENTS :

J. JAMES EXON  
NEBRASKA

330 SENATE HART BUILDING  
WASHINGTON, DC 20510

287 FEDERAL BUILDING  
LINCOLN, NE 68508

8305 FEDERAL BUILDING  
OMAHA, NE 68102

275 FEDERAL BUILDING  
NORTH PLATTE, NE 69101

2106 FIRST AVENUE  
SCOTTSBLUFF, NE 69361

COMMITTEES:  
ARMED SERVICES  
COMMERCE, SCIENCE, AND  
TRANSPORTATION  
BUDGET

# United States Senate

WASHINGTON, DC 20510-2702

April 25, 1990

(01)

Barber B. Conable  
President, World Bank  
1818 H Street, NW  
Washington, DC 20433

Dear Mr. Conable:

I understand that the University of Nebraska - Lincoln (UNL), College of Business Administration has invited you to address the University as a part of the E. J. Faulkner Lecture series.

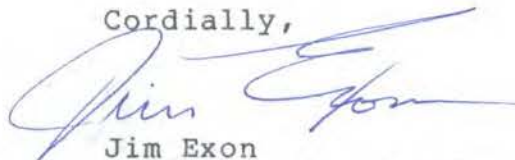
I ask that you give the UNL request the most serious consideration. You would be among a small group of distinguished Americans who have been E. J. Faulkner lecturers. Paul Volker, William Simon, and Clayton Yuetter have all been past lecturers.

The dramatic political changes around the world have captured Nebraska's attention. Events in Eastern Europe are of special interest, in part because of Nebraska's strong German, Polish, Czech and Lithuanian ethnic heritage. Your world view would be a most timely contribution.

Lincoln, Nebraska, is a warm hospitable place easily accessible from anywhere in the country. The University will work with you to accommodate your schedule. I know that you will enjoy your stay in Lincoln. It would be an honor to have you address the University.

With best wishes.

Cordially,



Jim Exon  
United States Senator

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

May 1, 1990

Dear Senator Cohen:

Thank you for your recent letter on behalf of Ms. Landes and Mr. Cummings. I wish to take this opportunity to assure you that your constituents' concern for the fate of the Amazonian rainforest is shared by many, and is certainly an important component of the World Bank's program on environmental issues.

As you know, over the past few years the environment has become an increasingly central concern for the World Bank. In collaboration with our member countries, we have worked hard to ensure that the measures necessary for sound environmental management are incorporated into all our activities, including those that may affect tropical rainforests. Significant progress has already been made, perhaps most visibly with the recent introduction of the staff directive on Environmental Assessment, a measure which standardizes and formalizes the existing environmental review process.

World Bank staff are similarly sensitive to the potential risks involved in the use of pesticides. Our guidelines thus promote the use of integrated pest management and stress the importance of the careful selection, application and disposal of pesticides.

Thank you for your interest in our work.

Sincerely,

(Signed) Barber B. Conable

The Honourable  
William S. Cohen  
United States Senate  
Washington, DC 20510

ZPartow/KPiddington/rcr  
cc: Mr. Conable (Log #900417011)  
Mr. Thalwitz (Log #900419001)  
Mr. Rajagopalan

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

~~DATA~~

CORRESPONDENCE DATE : 90/04/11

DUE DATE : 90/04/30

LOG NUMBER : 900417011

FROM : Sen. William Cohen

SUBJECT : Re his constituents, Ms. Landes and Mr. Cummings -- concern on the Amazon rainforests.

OFFICE ASSIGNED TO FOR ACTION : Mr. Thalwitz (D-1202)

ACTION:

- APPROVED
- PLEASE HANDLE
- FOR YOUR INFORMATION
- FOR YOUR REVIEW AND RECOMMENDATION
- FOR THE FILES
- PLEASE DISCUSS WITH \_\_\_\_\_
- PLEASE PREPARE RESPONSE FOR BBC SIGNATURE
- AS WE DISCUSSED
- RETURN TO \_\_\_\_\_

*Request for clearance*

COMMENTS :

# United States Senate

WASHINGTON, DC 20510-1901

April 11, 1990

Mr. Barber Conable  
President  
World Bank/International Finance Corporation  
1818 H Street  
Washington, DC 20433

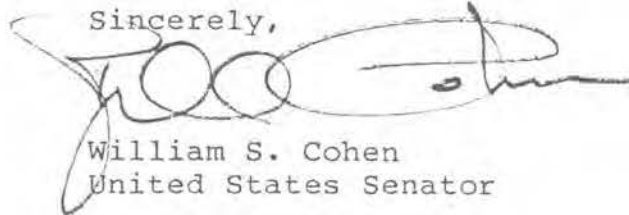
Dear Barber:

I am writing on behalf of two constituents, Ms. Wendy Landes and Mr. Scott Cummings.

They are concerned about the alleged destruction of the Amazon rainforests and the exportation of unsafe pesticides to Third World countries. I have enclosed copies of their letters for your review. I would appreciate it if you would look into these matters and respond to their concerns. Thank you.

With warm regards, I am

Sincerely,



William S. Cohen  
United States Senator

WScKbd

Enclosure

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

April 5, 1990

The Honorable Carl Levin  
United States Senate  
Washington, D.C. 20515

Dear Carl:

Thank you for your letter of March 19, 1990 enclosing correspondence from Mr. John Heidtke regarding the Sardar Sarovar (Narmada) projects in India, which the World Bank is helping to finance.

The projects are designed to bring irrigation, electricity, and drinking water to millions of people in several drought-prone states of western India. The task is formidable yet vitally important to this part of the country; about five million people were estimated to be living in the rural sections of the Sardar Sarovar command area alone in 1981. By the time these projects are completed the total population likely to benefit may approach 15 million. The scanty and erratic rainfall in the benefitting areas does not provide a reliable basis for productive modern agriculture; water for domestic and animal consumption is frequently in extremely short supply and the availability of electric power continues to be a major constraint to non-agricultural economic growth in the region.

Several alternative development options were investigated by the special Narmada Water Disputes Tribunal that was set up by the Government of India in the 1970s. These alternatives included a series of smaller dams, as well as varying heights to the large dam. The conclusion was that the dam currently under construction offered the best solution, taking into account technical, economic and other considerations. A smaller dam, or series of dams, would result in higher costs, greater submergence in relation to irrigation development, and far less potential power benefits.

The construction of the dam will necessitate the resettlement of a large number of people. The provisions to be made for families whose land and homes will be affected by the project were the subject of very extensive discussion between the Bank and the Indian authorities. The ruling of the Narmada Tribunal, together with agreements reached with the Government of India and the participating states as conditions for Bank support to the project, provide a comprehensive resettlement plan which will ensure that those families whose land and homes are affected by the dam will be appropriately compensated. The program will ensure that all affected persons will at least regain their previous economic status, and that many will be significantly better off.

The environmental impact of the project was investigated carefully by the Water Disputes Tribunal and again by the Bank appraisal mission. A special environmental study was commissioned by the Bank, and a United States consultant completed this study before project implementation began. In addition, several specific studies and work programs are underway relating to fisheries, public health and forestry. On the latter, the project provides for a complete replacement of affected forest areas which, incidentally, are severely degraded and likely to be completely lost without the project. Archeological and water resources aspects are also receiving attention. The most recent report from the field, prepared by a Bank Environmental Specialist, indicates significant progress in all these areas over the last few months.



While the Narmada projects have generated a great deal of concern and criticism in some quarters, there is also considerable support for them in India. Last month the legislative assembly of Gujarat (which includes the elected representatives of areas in Gujarat which constitute a small but significant proportion of the affected people submerged by the reservoir as well as areas which will benefit from the project) unanimously passed a resolution affirming support for the projects, which was described as the "lifeline" for the state.

I do not wish to underestimate the difficult resettlement issues associated with these projects. However, we are working closely with project authorities and others, including non-governmental agencies, to deal with them fairly and thoroughly. In time, we feel that the projects will prove to be of enormous benefit to the people and the economy of the area.

All best wishes,

Sincerely,  
(Signed) Barber B. Conable

Barber B. Conable  
President

cc: Mr. E. Patrick Coady, Executive Director

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

AK  
JWS

CORRESPONDENCE DATE : 90/03/19 DUE DATE : 90/04/10  
LOG NUMBER : 900328004 FROM : Sen. Levin  
SUBJECT : Re his constituent John Heidtke's letter on Sardar Sarovar dam.

OFFICE ASSIGNED TO FOR ACTION : Mr. M. Qureshi (E-1241)

ACTION:

- APPROVED
- PLEASE HANDLE
- FOR YOUR INFORMATION
- FOR YOUR REVIEW AND RECOMMENDATION
- FOR THE FILES
- PLEASE DISCUSS WITH \_\_\_\_\_
- PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- AS WE DISCUSSED
- RETURN TO \_\_\_\_\_

COMMENTS :MAQ's office: pls. clear final resp. w/Mr. Aguirre-Sacasa  
prior to submission for Mr. Conable's sig.  
cc: FAS

CARL LEVIN  
MICHIGAN

COMMITTEES:  
ARMED SERVICES  
GOVERNMENTAL AFFAIRS  
SMALL BUSINESS

## United States Senate

WASHINGTON, D.C. 20510

March 19, 1990

IBRD  
1818 1st Street, N. W.  
Washington, D.C. 20433

Dear Friends:

Enclosed is correspondence from John Heidtke of Port Huron, Michigan. I would appreciate your looking into this matter for me. Please address your reply, along with the original correspondence, to Diana Dearmin of my staff.

Thank you for your cooperation.

Best wishes.

Sincerely,



Carl Levin

CL/ddj  
Enclosure

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

April 3, 1990

The Honorable Paul S. Sarbanes  
United States Senate  
Washington, D.C. 20510

Dear Senator Sarbanes:

Thank you for your letter of March 13, in which you enclosed correspondence from two of your constituents, James and Margaret Hunter, regarding the Sardar Sarovar (Narmada) projects in India.

The projects, which the Bank is helping to finance, are designed to bring irrigation, electricity and drinking water to millions of people in several drought-prone areas of western India. About five million people were estimated to be living in the rural sections of the Sardar Sarovar command areas alone in 1981. By the time these projects are completed, the total population likely to benefit may approach 15 million.

Several alternative development possibilities were examined by the special Narmada Water Disputes Tribunal set up by the Government of India in the 1970s. These alternatives included a series of smaller dams, as well as varying heights to the large Sardar Sarovar dam. The conclusion was that the dam currently under construction offered the best solution with the least environmental disruption, taking into account technical, economic and other considerations.

Construction of the dam will necessitate the resettlement and rehabilitation of some 70,000 people. The Narmada Water Disputes Tribunal, together with legal agreements reached with the Government of India and the three participating states as conditions for Bank support for the project, provides a comprehensive resettlement plan, which will ensure that those families whose land and homes are affected by the dam will be appropriately compensated and that all affected persons will at least regain, if not improve, their previous standard of living. Although significant inundation of the area, and thus resettlement of peoples, will not occur for at least four or five years, resettlement work is proceeding. In the state of Gujarat, for example, where the dam is being built, more than 1,000 people to be affected have been provided with almost 2,000 hectares of irrigable land. Some 75 resettlement sites have been identified. New villages are being developed and productive assets distributed (i.e. bullocks and bullock carts). In the adjoining state of Madhya Pradesh, where most of the people to be displaced now live, a good team of specialists has been assembled and detailed plans for the initial villages to be relocated are well underway. The situation in the state of Maharashtra remains difficult as there is a shortage of good alternate land to resettle people but state authorities are pursuing this matter with utmost vigilance.

I do not want to underestimate the problems associated with resettling large numbers of people and improving their standard of living. However, progress is being made and we are hopeful about future implementation.

On the issue of environmental impact, this too was studied carefully by the Narmada Tribunal and again by the Bank at the time it appraised the project. A special environmental study was commissioned by the Bank and a United States consultant completed this study before project implementation began. In addition, several specific studies are completed or underway relating to fisheries, public health, forestry, wildlife, archeological restoration. The Bank is now considering ways in which the results of these various studies can be implemented as part of a basin-wide environmental action program.

In closing, I would like to note that while the Narmada projects have generated a great deal of concern and criticism in some quarters, there is also considerable support for them in India. Last September, for example, the legislative assembly of Gujarat, including governing and opposition parties, unanimously passed a resolution reaffirming support for the projects, which have been characterized as "lifelines" for the state.

The Bank is working closely with project authorities and others, including non-governmental agencies, to ensure that the difficult resettlement and environmental issues are dealt with thoroughly and fairly. In time, we feel that the projects will prove to be of enormous benefit to the people and the economy of the area.

Sincerely,  
(Signed) Barber B. Conable

Barber B. Conable

cc: Mr. E. Patrick Coady, Executive Director

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

*AK*  
*JWS*

CORRESPONDENCE DATE : 90/03/13 DUE DATE : 90/04/09  
LOG NUMBER : 900323009 FROM : Sen. Sarbanes  
SUBJECT : Re his constituents, James & Margaret Hunter on - Sardar Sarovar dam project.  
OFFICE ASSIGNED TO FOR ACTION : Mr. M. Qureshi (E-1241)

ACTION:

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- PLEASE DISCUSS WITH \_\_\_\_\_
- PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :MAQ's office: pls. clear final resp. w/Mr. Aguirre-Sacasa prior to submission for Mr. Conable's sig. appreciate it if you could cc: FAS review this matter and provide me with an appropriate response.

With best regards,

*Paul Sarbanes*  
Paul Sarbanes  
Senator

PSS/dto  
Enclosure

PAUL S. SARBANES  
MARYLAND

COMMITTEES:

BANKING, HOUSING AND URBAN AFFAIRS  
FOREIGN RELATIONS  
JOINT ECONOMIC

United States Senate

WASHINGTON, D.C. 20510

March 13, 1990

OFFICES:

SD-332 DIRKSEN SENATE OFFICE BUILDING  
WASHINGTON, D. C. 20510  
202-224-4524

1518 FEDERAL OFFICE BUILDING  
BALTIMORE, MARYLAND 21201  
952-4436

1110 BONIFANT STREET  
SUITE 450  
SILVER SPRING, MD 20910  
589-0797

CUMBERLAND: 724-0695

SALISBURY: 860-2131

Barber B. Conable, President  
International Bank for  
Reconstruction and Development  
1818 H Street, NW  
Washington, D.C. 20433

Dear Mr. Conable:

I am writing to you to follow up on correspondence you have received from my constituents, James and Margaret Hunter. The letter raises some serious concerns about a World Bank project in India. I would greatly appreciate it if you would carefully review this matter and provide me with an appropriate response.

With best regards,

Sincerely,



Paul S. Sarbanes  
United States Senator

PSS/dto  
Enclosure

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

March 29, 1990

The Honorable David L. Boren  
United States Senate  
Washington, D.C. 20510

Dear Dave:

Thank you for your letter supporting the invitation from Dr. Jerald Walker to be the keynote speaker at the Oklahoma Commerce and Industry Hall of Honor annual dinner.

Shortly after receiving Dr. Walker's letter, my office called to let him know that previous commitments in Washington and Canada during the first week in April would make it impossible for me to come to Oklahoma for this special event. I wanted to get word to him right away, realizing I had previous commitments and he would have to consider other speakers.

I have pleasant memories of my previous visit to Oklahoma City, and was sorry not to be able to accept your kind invitation.

Sincerely,





DAVID BOREN

OKLAHOMA

RUSSELL BUILDING  
WASHINGTON, DC 20510

621 NORTH ROBINSON  
OKLAHOMA CITY, OK 73102

440 SOUTH HOUSTON  
TULSA, OK 74127

MUNICIPAL BUILDING  
SEMINOLE, OK 74868

# United States Senate

WASHINGTON, DC 20510

CHAIRMAN,  
SELECT COMMITTEE ON INTELLIGENCE  
  
MEMBER, COMMITTEE ON FINANCE  
CHAIRMAN, SUBCOMMITTEE ON  
ENERGY AND AGRICULTURAL TAXATION  
  
MEMBER, COMMITTEE ON AGRICULTURE,  
NUTRITION, AND FORESTRY  
CHAIRMAN, SUBCOMMITTEE ON  
AGRICULTURAL CREDIT  
  
MEMBER, COMMITTEE ON SMALL BUSINESS

March 12, 1990

Honorable Barber B. Conable, Jr.  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433

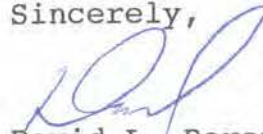
Dear Barber:

By now you should have received an invitation from Dr. Jerald Walker, president of Oklahoma City University, to be the keynote speaker at the Oklahoma Commerce and Industry Hall of Honor annual dinner in Oklahoma City on April 5. I just wanted to write and let you know I hope your busy schedule permits you to accept Dr. Walker's invitation.

The Hall of Honor dinner is always a very successful affair, with a wide cross-section of Oklahoma's business leaders in attendance. I know the Board of Trustees of Oklahoma City University, the sponsor of the dinner, would be deeply honored to have a keynote speaker of your stature.

Thank you in advance for your kind consideration of the invitation, and we look forward to the possibility of having you back again in Oklahoma.

Sincerely,



David L. Boren  
United States Senator

DLB/bh

United States Senate

WASHINGTON, DC 20510-3601

OFFICIAL BUSINESS

*David H. Bonior*  
U.S.S.

Honorable Barber B. Conable  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

March 19, 1990

Senator William S. Cohen  
United States Senate  
Washington, D.C. 20510-1901

Dear Bill,

Thank you for transmitting to the Bank the concerns of Messrs. John Emerson and Ryan Hicks concerning possible adverse ecological and social consequences, resulting from the construction of the proposed Altamira hydroelectric dam in Brazil (your letter of January 21, 1990).

The Bank has played no role in the preparation of this project. As studies are still underway, it is our understanding that the Government has taken no decision on whether to build this dam. If the various studies indicate that the dam is economically justified, and that the environmental and social concerns can be addressed satisfactorily, construction would start not earlier than 1996-97.

There is growing awareness in many countries, especially Brazil, about the need for preserving the environment and protecting the rights of tribal peoples. Brazil has developed a comprehensive set of environmental and social guidelines to limit the adverse social and environmental consequences of the expansion program of the power sector. During the early preparation of new projects, the collection of social and environmental data is required for a preliminary assessment of related costs and mitigatory actions. Later, during the preparation of feasibility studies, detailed environmental impact studies are prepared. These studies are specifically required to take account of, inter alia, direct or indirect ways the proposed project might affect tribal communities, and how negative impacts might be mitigated. Given Brazil's need to develop its natural resources to provide a better life for its citizens, these guidelines, which were developed in connection with a World Bank power sector adjustment loan to Brazil (2720-BR; 1986), represent a significant step by Brazil to protect its environment and its tribal peoples. The Bank is proud of the role it played in the development of these guidelines.

I am pleased by your interest in the operations of the Bank. Please do not hesitate to be in touch if you have any questions in the future.

Sincerely,

(Signed) Barber B. Conable

cc: Mr. E. P. Coady, EDS01

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 90/02/21

DUE DATE : 90/03/20

LOG NUMBER : 900301026

FROM : Sen. Cohen

SUBJECT : Writing on behalf of his constituents: Messrs. Emerson and  
Hicks regarding the Altamira Hydroelectric Dam in Brazil.

OFFICE ASSIGNED TO FOR ACTION : Mr. M. Qureshi (E-1241)

ACTION:

\_\_\_\_\_  
APPROVED  
\_\_\_\_\_  
PLEASE HANDLE  
\_\_\_\_\_  
FOR YOUR INFORMATION  
\_\_\_\_\_  
FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_\_  
FOR THE FILES  
\_\_\_\_\_  
PLEASE DISCUSS WITH \_\_\_\_\_  
\_\_\_\_\_  
PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE  
\_\_\_\_\_  
AS WE DISCUSSED  
\_\_\_\_\_  
RETURN TO \_\_\_\_\_

COMMENTS : MAQ's office: pls. clear final resp. with Mr. Aguirre-Sacasa  
prior to submission for Mr. Conable's sig.  
cc; FAS



WACKBD

Enclosure

# United States Senate

WASHINGTON, DC 20510-1901

February 21, 1990

Mr. Barber B. Conable, Jr.  
President  
World Bank/International Finance Corporation  
1818 H Street  
Washington, D.C. 20433

Dear President *Conable*:

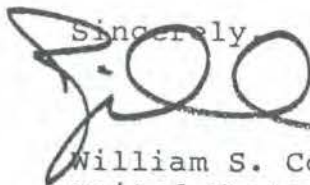
I am writing on behalf of two constituents, John Emerson and Ryan Hicks, who contacted my office regarding the proposed Altamira Hydroelectric Dam Complex in Brazil.

Enclosed are copies of their letters. I would greatly appreciate it if you would consider their concerns and provide me with information about the proposal and the World Bank's role in the partial funding of this project.

Thank you for your time and consideration.

With best regards, I am

Sincerely,



William S. Cohen  
United States Senator

WSCKbd

Enclosure

*US - Direct*

ROUTING SLIP

DATE  
3/9/90

OFFICE OF THE SENIOR VICE PRESIDENT, OPERATIONS

NAME

ROOM NO.

Mr. Conable's Office

① ~~MA~~

② CP

*logged out  
3/6*

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

Chitra:

For your records, as requested.



Gillian  
X73665

FROM

ROUTING SLIP		DATE: 2/26/90
NAME		ROOM NO.
Mr. Barber Conable		E-1227
Mr. Moeen Qureshi		E-1241
Mr. Francisco Aguirre-Saez <i>FAS</i>		E-8065
Mr. S. Shahid Husain		I-8-015
Mr. A. Choksi <i>Amc</i>		I-7-015
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
<input checked="" type="checkbox"/> CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	<input checked="" type="checkbox"/>	SIGNATURE
NOTE AND FILE	URGENT	
REMARKS:		
<p><i>Mr. Choksi -</i>  <i>The Committee could not sign.</i>  <i>This helps leaving. He has</i>  <i>asked me to do so</i>  <i>in his behalf</i></p>		
FROM:	ROOM NO.:	EXTENSION:
P. Pomerantz, LALAG	I-7-187	31901

The World Bank  
Washington, D.C. 20433  
U.S.A.

Office of the President

March 6, 1990

The Honorable Robert W. Kasten, Jr.  
Senator  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510-6025

Dear Mr. Kasten:

Mr. Conable asked me before leaving on an extended visit in Asia to respond on his behalf to your letter of February 9, 1990, regarding the proposed Rondonia Natural Resource Management Project in Brazil. Mr. Conable greatly appreciated your willingness to share with us your concerns about this operation, and wished me to comment, on his behalf, on some of the points which you have raised. Your letter has been passed on to our Brazil Department so that it can be taken fully into account.

You have expressed considerable concern about Brazilian Government compliance with those conditions of the earlier POLONOROESTE loan which relate to the protection of Amerindian communities in Rondonia. The difficulties which the POLONOROESTE Program has faced over the past 10 years have certainly been well-documented and analyzed, perhaps in greatest detail by the Bank itself, complemented by the efforts of other interested agencies. Partly because of this very close monitoring and the commitment by the Brazilian Government, the Program can today be credited with some impressive, although less well-publicized achievements in various areas, one of which has to do precisely with the protection of Amerindian communities.

As you may know, under the first POLONOROESTE loan for Rondonia the Government committed itself to implement a Special Amerindian Project, which the Bank appraised but did not finance directly. This included targets for the demarcation of about 6.7 million acres in several indigenous reserves that lie fully or partly within Rondonia. Presently, the demarcated reserves in Rondonia total 11.6 million acres, well in excess of original targets. To put this figure into sharper perspective, it represents about 92% of the identified Amerindian areas in the State, benefiting about 4,400 people or 89% of the State's censused Amerindian population. Part of this area is still awaiting the relatively minor steps of confirmation and registration, which are necessary for full regularization. The Government is actively pursuing these steps, although in some cases additional time is required for conflicting legal claims to be resolved by the judicial system, and meanwhile official protection is being provided to the reserve areas. Certainly the level of this protection leaves much to be desired, and for that reason you will hear from time to time of invasions by loggers, settlers and others, but



March 6, 1990

this is understandable given the immensity of the area and the newness and fragility of the institutions involved. The important point is that there has been a marked improvement in the speed and effectiveness of official enforcement activities, and we expect that the proposed Rondonia Natural Resource Management Project would contribute substantially to strengthening further the institutional capabilities in this area.

As far as the specific case of the Uru-eu-wau-wau is concerned, the Special Amerindian Project linked to the first POLONOROESTE loan in Rondonia did not require the delimitation or demarcation of their lands, but only the eventual provision of health services. This was because at the time both the Bank and the Brazilian Government believed that the Uru-eu-wau-wau area, whose population was then unknown, was roughly coincident with the already demarcated area of the Pacaas Novas National Park (2.2 million acres). Over the years, as it became clear that the Uru-eu-wau-wau occupied a larger area, the Bank pressed for definition of the reserve. In 1985 the Brazilian Government delimited an area of about 4.5 million acres for the Uru-eu-wau-wau, or more than twice the area originally estimated as belonging to this group, which is now known to include about 470 inhabitants.

Although the Uru-eu-wau-wau reserve was subsequently demarcated, this is one of those cases I referred to above, where disputes concerning the presence of settlers and others in a very small part of the reserve have prevented final registration of the demarcation. Several reviews have been carried out, with varying conclusions as to the appropriateness of the reserve limits. The Government has stated that it may have acted with some haste when it made decisions about the original borders, and given the vast area concerned, it is possible that some legitimate errors were made. The delimitation of the reserve was recently revoked, and a restudy of the area has been initiated. These recent events do not raise issues of non-compliance with existing legal agreements, but the Bank has insisted that the Federal and State Governments continue to adequately protect the entire Uru-eu-wau-wau area during the period of the restudy. In addition, as part of the proposed project, the Bank is seeking a definitive solution to this matter by agreeing with the Government on a firm, but realistic, timetable for the completion of the reserve's regularization, including final registration.

Regarding your second concern about the sustainability of the forestry and agricultural programs which would be supported by the new loan, you may be interested in the attached briefing note which has been distributed and discussed with many of our Executive Directors. The note explains the strategy, design and implementation arrangements for the proposed project, and I think responds to the question of sustainability, and other points which may be of interest to you. I would only add that it has not been our experience that the agricultural interventions under the first POLONOROESTE project failed. The introduction of perennial tree crop farming by smallholders was actually quite successful in those places in Rondonia where it was carried out. Rather, the problem was more that lack of adequate credit and institutional weaknesses prevented enough migrants from developing tree crops

in lieu of traditional slash and burn subsistence farming, and therefore deforestation continued. The new project builds on these lessons and the considerable technical knowledge which has been developed over the last ten years. I believe it will contribute significantly towards the rational planning and management of Rondonia's very rich natural resources.

On the issue of environmental management, as in the case of the Amerindian reserves, the original targets of the first POLONOROESTE loan have been achieved or exceeded. Four critical conservation units, totalling about 3.9 million acres, have been demarcated and equipped for protection. In addition, two national forests which were not originally foreseen have been decreed and demarcated, covering an area of 1.2 million acres. Protection of the borders of these units has been problematic, but performance has consistently improved. Under the proposed project, another 13 conservation units (covering 2.7 million acres), 8 new State forests and block reserves (4.7 million acres), and 6 new extractive reserves (8.9 million acres) would be established, managed and protected, and the institutional capabilities of key Rondonia State institutions would be strengthened.

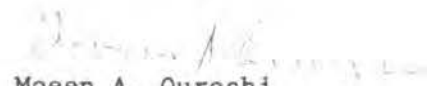
Finally, you question whether it is premature to bring the proposed loan forward for approval at this time. This is, of course, a matter of judgement and a decision which, I can assure you, will not be made lightly. The Brazilian Government has been preparing its future strategy to deal with sustainable development in Rondonia and the specific proposals for this project over a period of three years, taking into account lessons from the earlier POLONOROESTE projects, with technical assistance from FAO, the UNDP, local and international experts familiar with the Amazon problems, and with the input of the local population that will be impacted by this loan. The proposed project has been discussed in various local and international seminars held in Rondonia and Brasilia during 1987-89, and independent of the project preparation team, the Brazilian Federal Government conducted an extensive review of the proposal before requesting the Bank to appraise the project. As mentioned in the attachment, and as part of project preparation, the Government already has also undertaken a series of environmental policy and regulatory reforms and changes in investment programs, that in the past contributed to deforestation in the State. On the issue of local participation, which you also mentioned, our own staff and their Brazilian counterparts have participated in numerous meetings and have interviewed many spokesmen of the local population who will be affected by the proposed project. We have received in the Bank letters from grassroots NGOs (e.g., Associação dos Soldados da Borracha e Seringueiros do Estado de Rondônia - Association of Rubber Tappers of Rondonia) representing farmers, rubber tappers and others in Rondonia, confirming to us their input, strong support and desire for urgent approval of the new project, as a way to protect the remaining forests and support sustainable development in their state.

Let me conclude by saying that I note your concerns, but would ask you to reflect on the facts presented in this letter and the attachment. While no one involved can be fully satisfied with the experience of the first

March 6, 1990

POLONOROESTE projects, I believe that it is a fair assessment to say that the program has made important progress in a number of key areas over the last few years. I would also emphasize that POLONOROESTE was created in 1980 as one response to some already very pressing social and environmental problems in Rondonia -- it did not set in motion the destructive trends which resulted in massive deforestation, nor would the cessation or slowing down of POLONOROESTE's activities resolve the problems which the State faces today. Certainly, it is not possible to guarantee project results, which will ultimately depend not only on Bank financing and the positive disposition of the Government, but also on the evolving economic, political and social conditions in Brazil over the next few years. I believe that we share the same concerns, in terms of the need for sound natural resource management in Rondonia, and I consider that the proposed project has the necessary elements to achieve that end.

Sincerely,

  
Moeen A. Qureshi  
Acting President

Attachment

The Honorable Robert W. Kasten, Jr. - 5 -

March 6, 1990

Cleared with and cc: Mr. Aguirre-Sacasa (EXTDR)

bcc: Mr. E. Patrick Coady  
Mr. Pedro S. Malan

Messrs./Mmes.: Husain, Pimenta-Neves (LACVP); Choksi, Weissman (LA1DR);  
Malan (EDS15); Papageorgiou (LA1CO); Pomerantz, Uhlig, Gross (LA1AG)

LCoirolo:jmm

## BRAZIL: RONDONIA NATURAL RESOURCE MANAGEMENT PROJECT

**Background:** Until the early 1970s, despite official efforts to integrate the Amazon Region with the rest of Brazil, Rondonia remained a relatively isolated and sparsely populated territory. However, as land became increasingly scarce in Southern Brazil, spontaneous migration to Rondonia accelerated rapidly. By 1977, some 28,000 families had been accommodated in official settlement schemes, but at least 30,000 others had joined the marginal population of newly created towns or become squatters on the fringes of public projects, in Indian areas and forest reserves. By the late 1970s, Rondonia's population had more than quadrupled, socio-economic problems were mounting, deforestation was uncontrolled, and the security of the State's indigenous inhabitants was being threatened.

In response to these growing problems, in 1980 the Brazilian Government launched the Northwest Integrated Development Program (POLONOROESTE). Financial support from the World Bank began in 1982. Environmental considerations influenced the design of POLONOROESTE but, given the magnitude and complexity of the task at hand, initially the program seemed to be failing in many respects. A mid-term review in 1984 found many differences between original planning assumptions and implementation, including inadequate counterpart funding, limited investment credit for perennial crops, weak institutional capacity, and insufficient technical knowledge. Also, many of the public policies introduced during the previous two decades (e.g., land registration and titling procedures which accepted forest clearing as proof of occupation; fiscal incentives and subsidized credit lines for livestock development) actually encouraged migration and deforestation. In the mid-1980s, the Government agreed with the Bank to limit new settlements and infrastructure investments under POLONOROESTE. Many corrective measures were taken, and efforts were redoubled on both the institutional and technical fronts.

POLONOROESTE's well-publicized weaknesses have tended to mask some of its significant accomplishments, which become more evident as the program matures. Key institutions have been created or strengthened, and most of POLONOROESTE's physical targets have now been met or exceeded. This includes some of the more difficult activities (e.g., demarcation in Rondonia and Mato Grosso of a combined area nearly half the size of West Germany, benefitting a population of about 11,000 Amerindians; and the establishment and protection of Federal conservation units and forests covering an additional 2.1 million ha). POLONOROESTE has also been responsible for the development of new technical knowledge based on agro-ecological zoning, a reassessment of the environmental policy framework, and the fostering of a growing political and public commitment to preserve the Amazon's remaining natural resources. Today, POLONOROESTE is better prepared to confront the difficult challenges of reducing the inflow of migrants to Rondonia and arresting the uncontrolled expansion of the low-cost, extensive and itinerant agricultural production systems that would eventually destroy the remaining three-fourths of the State's natural forests. The proposed project represents a major new initiative on the part of the Government.

**Project Objectives:** The principal objective of the proposed Rondonia Natural Resource Management Project would be to implement a new approach to managing development in one state of the environmentally fragile Amazon Basin. The aim would be to set aside, manage and protect forests, conservation units, extractive reserves and Amerindian areas in about three-fourths of the state, and to intensify agriculture in the already settled areas where sustainable development is possible, in order to prevent continued forest encroachment through the spread of slash-and-burn cultivation. The project would assist the Government to: (a) institute a series of changes in key policies, regulations and public investment programs in order to provide a coherent incentive framework for sustainable development in Rondonia; (b) conserve the rich biodiversity of the State, while creating the basis for the sustainable utilization of its natural resources for the direct economic benefit of the local population; (c) protect and enforce the borders of all conservation units, Amerindian reserves, public forests and extractive reserves, and control illegal deforestation, wood transport and forest fires; (d) develop intensive, integrated farming systems in areas suitable for permanent agriculture/agro-forestry, and systems for sustainable forest management and extraction of non-wood forest products in other areas which should remain under natural forest cover; (e) support priority investments in socio-economic infrastructure and services in zones 1 and 2, needed to implement the state's agro-ecological zoning; and (f) consolidate the technical and operational capacity of state institutions, particularly those responsible for agro-forestry development and the environment.

**Strategy:** The project design is based on the implementation of a system of agro-ecological zoning, developed over the last few years with technical assistance from the FAO and UNDP, and established by State law in late-1988 and recognized in the 1989 State Constitution. Agro-ecological zoning identifies areas according to potential land use, distinguishing those capable of sustainable development from those which lack any known long-term potential or which have special ecological (biological reserves) or social (Amerindian lands) significance and therefore need to be protected. Rondonia has been divided into six macro-zones, and the basic development or management strategies for each zone would be implemented under the proposed project. Development would be encouraged only in zones 1 and 2. Zones 3 through 5 are areas where forestry cover would be preserved, and where carefully managed extensive activities would be carried out, with no clear cutting of forest permitted. Zone 6 encompasses Amerindian Reserves, which already equal nearly 20% of the State's area.

**Policy Framework:** As part of project preparation, the Government has already undertaken important reforms, centered on the state's new agro-ecological zoning. The zoning was legally institutionalized, and deforestation was eliminated as a criterion for obtaining land titles. A state land institute was created, and economic and financial incentives which had previously encouraged non-sustainable private investment and environmental degradation have been phased out. The Government also prepared a plan to improve protection and services to Amerindian areas in Rondonia; and it disseminated public media materials elsewhere in Brazil, explaining agro-ecological zoning and the state's policies on land occupation and related enforcement plans. Finally, future investment

programs for Rondonia were revised to reflect land use capabilities and other ecological considerations, in accordance with the agro-ecological zoning. These policy actions and others to be implemented during the project period are summarized in the attached Environmental Policy Matrix.

**Institutional Framework:** Since the original POLONOROESTE projects were initiated, Rondonia has been transformed from a Federal territory to a State. Over the past nine years, with Bank assistance, the basic technical and managerial structures necessary to implement the agro-ecological zoning and project investment and services have been created and a cadre of professionals has been developed in various disciplines. Special efforts have been concentrated on the State Planning Secretariat, a Land Institute, a Forestry Institute, and the agricultural research and extension services. The proposed project would consolidate these efforts, through intensive technical assistance and training, expansion of essential staffing and facilities, and improved M&E.

**Project Components:** (a) Environmental conservation, management and protection, including land zoning, mapping and regularization; establishment and management of conservation units and Amerindian reserves; sustainable forest management; extractive reserves; environmental protection; and training, technical assistance and studies; (b) Agro-forestry development, including agro-forestry research, rural extension, credit and input supply; (c) Socio-economic infrastructure and services essential to implement the agro-ecological zoning; and (d) Project administration, monitoring and evaluation, and technical assistance.

**Credit:** The project would provide smallholder credit to support the introduction of improved agro-forestry practices and diversification into sustainable perennial agriculture, other than coffee and cocoa, because of poor market prospects for those crops. Credit would be denominated in-kind, but based on financial transactions, and would be provided on terms consistent with those under the ongoing Agricultural Credit Project (Loan 2960-BR).

**Amerindian Areas:** A Special Amerindian Project, linked to the earlier Bank-financed POLONOROESTE projects but financed entirely by the Government, had as a target the regularization of 14 indigenous reserves which lie fully or partly within Rondonia. Of these, 13 reserves are now demarcated, although a few are still awaiting the relatively minor steps of confirmation and registration necessary for full regularization. While the Federal Government is pursuing these steps, conflicting titles and other legal claims, which require resolutions by the judicial system, have caused considerable delays in some cases. Presently, the demarcated reserves in Rondonia total 4.7 million ha (against an original target of 2.7 million ha) or 92% of the identified Amerindian areas in the State. They include about 4,400 people, or 89% of the State's censused indigenous population. In addition, several other Amerindian areas not included in the original Special Project have since been identified in Rondonia. These areas have an estimated total population of about 500; none of these areas is presently under threat. Finally, there remain some small, mostly fragmentary groups of uncontacted Amerindians, thought to number less than 500 in total.

The Amerindian Special Project also constructed and equipped health, educational and administrative facilities. Due to organizational and financial problems within the National Indian Foundation (FUNAI), health

care and other services in most Amerindian areas remain deficient. Also, the State's capacity to enforce the borders and prevent periodic invasions of the Amerindian reserves needs to be strengthened to bring the overall level of protection up to desired standards. The proposed new project would help to achieve this by completing the demarcation of all Amerindian areas; renewing the limits of existing reserves and enforcing all boundaries; locating and assisting isolated groups, as appropriate; and strengthening FUNAI's health program in cooperation with the State health system.

**Conservation Units and Forests:** The first Bank-financed POLONOROESTE project called for the creation of four conservation units in Rondonia (1.6 million ha), all of which were demarcated and equipped for protection. Although not originally foreseen, two national forests (0.5 million ha) were also decreed and demarcated. Due to funding constraints and poor coordination, several of these areas have suffered some squatting and degradation. Monitoring and enforcement recently have been stepped up. For example, in late-1989, intensive patrolling of the sensitive Guapore Biological Reserve resulted in the expulsion of invaders and the closing down of two sawmills. Under the proposed project, 1.1 million ha within 13 additional federal and state conservation units, 1.9 million ha within 8 new State forests and block reserves, and 3.5 million ha within 6 new extractive reserves would be established, managed and protected; and the institutional capacities of the new State Land Institute, Forestry Institute, State Forestry Police and State Secretariat of the Environment would be strengthened. The project would fund the strengthening of the management and protection systems for both the newly created and already existing conservation areas, as well as monitoring by satellite, aircraft and ground patrol of preservation/conservation units.

**Consultation with NGOs and Citizens:** During the three years of project preparation, there were frequent consultations between State and local officials and ordinary citizens, local NGOs and their representatives, and parties likely to be benefitted or affected by the project. These included local rubber tapper and farmer groups, such as the Associacao de Seringueiros do Vale do Guapore, Associacao dos Soldados da Borracha e Seringueiros de Rondonia, Sindicato de Seringueiros de Guajara-Mirim, various Sindicatos de Produtores Rurais, and the newly formed Associacao de Nacoes Indigenas de Rondonia. Bank missions attended some of these meetings. The planned creation of 3.5 million ha of extractive reserves under the project, which is based directly on proposals made by rubber tappers and environmentalists, is one indication of responsiveness to these contacts.

**Monitoring and Evaluation:** A dated implementation schedule has been prepared for key project environmental activities and compliance would be closely monitored. Physical and financial monitoring and project impact assessment would be carried out routinely by each implementing agency and by the State and Federal Project Coordination Units. A special forest cover and environmental monitoring unit to be established in the State Secretariat of Planning would be equipped and trained to use satellite imagery to track deforestation/encroachment of protected areas. An Independent Evaluation Committee, including relevant NGOs, would meet annually to review the project, and the Bank would undertake annual joint



implementation reviews with the Government. Finally, a mid-term evaluation review would be conducted, as well as a final assessment of the project at the time of completion. If the project is approved, Divisional and Departmental management has committed itself to intensive supervision throughout the life of the project, and coordination and M&E activities would be supported by substantial technical assistance and training, including a full-time UNDP/FAO team which is already in place.

OED Study: LALAG staff have had informal contacts with OED staff and have reviewed a preliminary draft of the OED study dealing with the overall experience of POLONOROESTE. While the draft provided a useful overview of the program and some of its problems, it did not yield insights that would suggest a substantially different approach from that taken by LALAG in designing the proposed new project.

Status: The Government has complied with all agreed conditions for negotiations, including the presentation of official legal opinions on the enforceability of the agro-ecological legislation, and draft legal arrangements setting up the administrative and regulatory framework for implementation. Negotiations are on-going.

January 26, 1990  
Country Department I  
Latin America and the Caribbean Region

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

900214013 1. *ATTN*  
*JOS*

CORRESPONDENCE DATE : 90/02/09

DUE DATE : 90/02/26

LOG NUMBER : 900212009

FROM : Sen. Kasten

SUBJECT : Concerned on the Bank's loan re Brazilian state of Rondonia.

OFFICE ASSIGNED TO FOR ACTION : Mr. M. Qureshi (E-1241)

ACTION:

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- ✓ \_\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_
- \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BPC's SIGNATURE
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : MAQ's office: pls. clear final resp. with Mr. Aguirre-Sacasa prior to submission for Mr. Conable's sig.  
cc: Mr. Aguirre-Sacasa



*Handwritten notes:*  
... in ...  
...  
...

DANIEL K. INOUE, HAWAII  
ERNEST F. HOLLINGS, SOUTH CAROLINA  
J. BENNETT JOHNSTON, LOUISIANA  
QUENTIN N. BURDICK, NORTH DAKOTA  
PATRICK J. LEAHY, VERMONT  
JIM SASSER, TENNESSEE  
DENNIS DYCONCINI, ARIZONA  
DALE BUMPERS, ARKANSAS  
FRANK R. LAUTENBERG, NEW JERSEY  
TOM HARKIN, IOWA  
BARBARA A. MIKULSKI, MARYLAND  
HARRY REID, NEVADA  
BRUCE ADAMS, WASHINGTON  
WYCHE FOWLER, JR., GEORGIA  
J. ROBERT KERREY, NEBRASKA

MARK D. HATFIELD, OREGON  
TED STEVENS, ALASKA  
JAMES A. MCCURE, IDAHO  
JAKE GARN, UTAH  
THAD COCHRAN, MISSISSIPPI  
ROBERT W. KASTEN, JR., WISCONSIN  
ALFONSE M. DAMATO, NEW YORK  
WARREN RUDDMAN, NEW HAMPSHIRE  
ARLEN SPECTER, PENNSYLVANIA  
PETE V. DOMENICI, NEW MEXICO  
CHARLES E. GRASSLEY, IOWA  
DON NICKLES, OKLAHOMA  
PHIL GRAMM, TEXAS

## United States Senate

COMMITTEE ON APPROPRIATIONS  
WASHINGTON, DC 20510-6025

JAMES H. ENGLISH, STAFF DIRECTOR  
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

February 9, 1990

The Honorable Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

I am gravely concerned that the World Bank is preparing a second loan that could further degrade the natural resources in the Brazilian state of Rondonia. This letter is to urge you, in the strongest possible terms, to not approve this \$167 million loan until critical environmental questions have been resolved.

First, it is my understanding that the the directive to create the Uru-eu-waw-waw Reserve has been suspended. It was inadequate progress in creating this particular reserve that led the Bank to suspend funding for the Poloroneste project in 1985. It is absolutely unacceptable to fund a second loan that will trigger many of the same environmental abuses we saw five years ago, particularly when the provisions of the first loan are not being complied with.

Second, it is unclear that the forestry and agricultural programs supported by this loan will be environmentally or economically sustainable. Many of these programs failed under the first loan. Extensive land use capability analysis and management infrastructure programs need to be carried out prior to commencing a new loan.

Third, it appears that many of the environmental management requirement of the first Rondonia loan are not being complied with. I am informed that loggers are still invading natural reserves, and that many reserves are not yet fully demarcated. Funding this new loan now would reduce the leverage to bring the original Poloroneste loan into compliance with the contractual environmental management requirements.

At a minimum, this loan should be modified. It should be delayed until substantial progress has been made to comply with the environmental provisions of the Poloneste loan. The agricultural and forestry components should be reviewed to insure that they are in fact sustainable programs. Finally, people that will be impacted by this loan should be given the opportunity to have input into what will be funded.

Let me reiterate, I strongly support your efforts to promote economic development, and to upgrade environmental management in developing nations. However, funding this loan at this time will likely tough off a new environmental firestorm. I urge you not to let this loan go before your Board for consideration until these critical issues have been resolved.

Best regards,

  
Robert W. Kasten, Jr.



# Record Removal Notice

<b>File Title</b> Barber Conable - Liaison Files - United States and International Agencies - Government - United States Senate - Correspondence - Volume 2		<b>Barcode No.</b>  1780994		
<b>Document Date</b> 10 January, 1990	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> To: Malcolm Wallop From: Barber Conable				
<b>Subject / Title</b> Nominations for the Bonka research advisor's team				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Vlada Alekankina</td><td><b>Date</b> October 26, 2011</td></tr></table>	<b>Withdrawn by</b> Vlada Alekankina	<b>Date</b> October 26, 2011
<b>Withdrawn by</b> Vlada Alekankina	<b>Date</b> October 26, 2011			



# Record Removal Notice

<b>File Title</b> Barber Conable - Liaison Files - United States and International Agencies - Government - United States Senate - Correspondence - Volume 2		<b>Barcode No.</b>  1780994		
<b>Document Date</b> 10 October, 1989	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> To: Barber B. Conable From: Malcolm Wallop				
<b>Subject / Title</b> Selection process for the Bonka's research advisor's team				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Vlada Alekankina</td><td><b>Date</b> October 26, 2011</td></tr></table>	<b>Withdrawn by</b> Vlada Alekankina	<b>Date</b> October 26, 2011
<b>Withdrawn by</b> Vlada Alekankina	<b>Date</b> October 26, 2011			

*file U.S. Senate*

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

February 28, 1990

The Honorable Gordon J. Humphrey  
United States Senate  
Washington, D.C. 20510

Dear Senator Humphrey:

While I read your letter of February 20 with considerable sympathy (indeed, I have advocated such limitations at times in the past), in my present position as head of an international organization, I am precluded from participating in the domestic political affairs of any Member Country. The United States has the largest interest in The World Bank of any country and I must be particularly circumspect about involving myself in American domestic issues.

For this reason, I must respectfully regret that I cannot become involved in any public participation or identification with the effort you are making relative to S.J. Res. 235.

Sincerely,

*Barber Conable*

LM

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 90/02/20

DUE DATE : 00/00/00

LOG NUMBER : 900227015

FROM : Sen. Humphrey

SUBJECT : Writing to solicit a letter of support re S.J. Res. 235.

OFFICE ASSIGNED TO FOR ACTION : Mr. B. Conable (E-1227)

ACTION:

- APPROVED
- PLEASE HANDLE
- FOR YOUR INFORMATION
- FOR YOUR REVIEW AND RECOMMENDATION
- FOR THE FILES
- PLEASE DISCUSS WITH \_\_\_\_\_
- PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE (?)
- AS WE DISCUSSED
- RETURN TO \_\_\_\_\_

COMMENTS :BBC - personal.

*logged act  
3/20/90*

*prohibited*



GORDON J. HUMPHREY  
NEW HAMPSHIRE

531 HART SENATE OFFICE BUILDING  
(202) 224-2841

FAX NUMBER  
(202) 224-1353

NEW HAMPSHIRE TOLL FREE NUMBER  
1-800-852-3714

COMMITTEES  
JUDICIARY  
FOREIGN RELATIONS  
ENVIRONMENT AND PUBLIC  
WORKS

## United States Senate

WASHINGTON, DC 20510

February 20, 1990

The Honorable Barber B. Conable, Jr.  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Conable:

A Gallup Poll released on January 11 found that **seventy percent** of the American people favor term limitations.

Incumbents nowadays have such great advantages that seats are rarely vacated by defeat. In the last two House elections, for example, 98% of incumbents seeking reelection were returned. If victors are so easily predicted, voters can hardly be blamed if they view elections as a waste of their time and money.

Further, wouldn't you agree there would be a great deal more intellectual honesty and political courage brought to bear on national problems if Members knew from the start they couldn't build a career in Congress? I can think of no single reform that would restore idealism to the jaded halls of Congress.

A serious effort to amend the Constitution is steadily gaining momentum. Senator Dennis DeConcini and I recently introduced Senate Joint Resolution 235, which would limit Senators to two six-year terms and Representatives to six two-year terms.

To build strong grass-roots support, I am working with several groups, such as the National Tax Limitation Committee and Americans to Limit Congressional Terms, encouraging state legislatures to pass resolutions in support of S.J.Res. 235. The response has been highly encouraging, and I expect resolutions to be introduced in well over half the states this year alone.

Obviously, endorsements by former Members of Congress lend prestige and credibility to this effort. I would like to be able to cite your name as among former Members supporting S. J. Res. 235. I write to solicit a letter of support.

The Honorable Barber B. Conable, Jr.  
February 20, 1990  
Page Two

For further information, please call me directly.  
George Smith, my legal counsel, is also available to provide  
information (224-8255).

With best personal regards, I am

Sincerely,



Gordon J. Humphrey, USS

Enclosure

101ST CONGRESS  
2D SESSION

# S. J. RES. 235

Proposing a constitutional amendment to limit Congressional terms.

---

IN THE SENATE OF THE UNITED STATES

JANUARY 23, 1990

Mr. HUMPHREY (for himself and Mr. DECONCINI) introduced the following joint resolution; which was read twice and referred to the Committee on the Judiciary

---

## JOINT RESOLUTION

Proposing a constitutional amendment to limit Congressional terms.

1        *Resolved by the Senate and House of Representatives of*  
2 *the United States of America in Congress assembled (two-*  
3 *thirds of each House concurring therein), That the following*  
4 article is proposed as an amendment to the Constitution of  
5 the United States, which shall be valid to all intents and  
6 purposes as part of the Constitution if ratified by the legisla-  
7 tures of three-fourths of the several States within seven years  
8 after its submission for ratification:

## 1 "ARTICLE —

2 "SECTION 1. No person shall be elected to the Senate  
3 for more than two full terms. No person shall be elected to  
4 the House of Representatives for more than six full terms.

5 "SECTION 2. Notwithstanding section 1, a person may  
6 serve not more than fourteen years as a Senator and not  
7 more than thirteen years as a Representative.

8 "SECTION 3. For purposes of determining eligibility for  
9 election under section 1, no election occurring before the date  
10 on which this article is ratified shall be taken into account.  
11 For purposes of determining years of service under section 2,  
12 no service of any part of a term of office of a Senator or  
13 Representative elected to such term before the date this arti-  
14 cle is ratified shall be taken into account."

○

STEPHEN GREEN

WASH TIMES 2/13/90

## Congressional careerism

It's not popular on Capitol Hill, where most members of Congress tenaciously cling to their jobs. But a campaign to limit congressional tenure to 12 years appears to be gaining national momentum.

A recent Gallup survey indicates it could become one of the hottest political issues of 1990. Seventy percent of the respondents agreed that it's time to put an end to congressional careerism.

It's an encouraging sign of American acumen when a solid majority endorses the concept of placing a limit on congressional service. It suggests that the citizenry has had the sagacity to have uncovered Capitol Hill's dirty little secret — too many members of Congress devote more time and energy to obtaining re-election than to pursuing the enactment of responsible legislation for the welfare of the nation.

Notwithstanding the fact that nearly all members of the House and Senate manage to win re-election, the incumbents' victories frequently bear little relation to the public's perception of the value of their work.

As noted by opinion polls, Congress is held in wide disrepute. The rate of re-election — 98.5 percent of incumbents won in the last campaign — is due to the fact that Congress has transformed itself into an incumbency machine.

Congressional incumbents have vast political resources at their beck and call that challengers lack. Among the advantages that accrue to officeholders are free mailings, travel budgets, publicly financed

staffs and an ability to attract media coverage.

Additionally, incumbents become the objects of ardent courting by special interests lobbyists eager to help members of Congress raise large sums of campaign money.

Limiting time served in Congress would have immediate, positive impact on Washington's political culture. For starters, it would provide a transfusion of fresh political blood and new ideas.

In all probability, the special interests would soon find their influence on the wane. Public officials, who know they soon will return to private life, would not be so anxious to ensure a continuing infusion of campaign funds and, therefore, would be less dependent on special interests.

Members of Congress with limited tenure would be citizen-legislators, instead of careerists. They would be more likely to work for the benefit of the people whom they represent than for the advancement of their own political fortunes.

Those who oppose a limit on congressional terms frequently argue

that it would violate the intentions of the nation's founders who placed no restriction in the Constitution. But the earlier Articles of Confederation did limit congressional terms and the two-year term provided in the Constitution for House members was intended to ensure a high turnover in office — the opposite of what has transpired.

Predictably, the campaign to limit congressional terms has failed to draw much backing from present members of the House and Senate.

But the movement does have staunch support from many reputable former members — compelling evidence of the campaign's merit. Among them are such respected figures as former Reps. Donald Fraser of Minnesota, Paul McCloskey of California, M. Caldwell Butler of Virginia and Donald Rumsfeld of Michigan.

Sen. Gordon Humphrey, New Hampshire Republican, who is retiring from Congress this year, has introduced a proposed constitutional amendment to limit congressional terms. Mr. Humphrey, who has an intimate acquaintance with the ways of Capitol Hill, says the proposed amendment would end the current system in which congressional seats have become "the equivalent of personal fiefdoms."

If Congress refuses to act, there are welcome indications that the states will move on their own to require their representatives to take an oath to limit their time in office. Arizona already has taken that step. Other states may soon follow.

The authors of the Constitution intended Congress to serve the people. When members of the House and Senate repeatedly demonstrate that they have more concern for their political longevity than their constituents' interests, it's time to restrict their tenure.

Stephen Green is managing editor of Copley News Service's Washington bureau and is a nationally syndicated columnist.



Wall Street  
Journal  
2/12/90

## REVIEW & OUTLOOK

### Rotation in Office

You'd think the hot topic of concern on Capitol Hill last week might have been whether Mikhail Gorbachev will survive or even which military bases will be closed by the Bush budget. No way. Members and staffers were abuzz over a front-page headline in the Capitol Hill newspaper, Roll Call. It read: "Drive to Restrict Hill Tenure Gaining National Momentum." Now that is something for Members to worry about.

Until recently, the drive to put a limit on terms of service in Congress has been ignored in Washington, though it's been a fixture on radio talk shows around the country for months. Tomorrow, a Washington group called Americans to Limit Congressional Terms (ALCT) will bring the battle inside the Beltway with a news conference kicking off a campaign for a constitutional amendment to limit Members to 12 years of consecutive service. They will also ask all candidates for Congress in this year's elections to pledge they will not serve more than 12 years.

The effort to limit congressional tenure—what Thomas Jefferson approvingly called "rotation in office"—is riding a tidal wave of voter disgust with Congress. Last month, a Gallup Poll found that 70% of those polled support the term-limitation idea. Not surprisingly, the same poll showed that 70% of those in Congress oppose any limit on terms.

Former GOP Congressman Jim Coyne, the co-chairman of ALCT, isn't surprised at this sharp division between the voters and their elected representatives. "Members of Congress have no idea of how frustrated people are with the institution," he says. "Voters feel the only way to control it is to limit how long people can remain part of the problem."

Mr. Coyne isn't the only former Member to have left Capitol Hill and come to the same conclusion. Some 23 former Members of Congress, including eight Democrats, are supporting ALCT's effort (see box).

Other former Members support limiting terms but stop short of endorsing a specific proposal. John Lindsay, a Democrat who also served as mayor of New York City, notes that the 88% re-election rate for House incumbents means "you no longer have effective competition for seats." He told us a term limit would mean there was at least "some way to sweep out the old guard."

For an idea only months old, term limitation has built up an impressive

head of steam. Resolutions calling for a constitutional amendment are pending in 10 states, and both houses of the South Dakota Legislature have already approved it. Initiatives to limit the terms of state officeholders have qualified for the November ballot in California and Oklahoma.

Many supporters of term limits come to their position reluctantly. We are well aware, for instance, of the argument that such a system might place even more legislative power in the hands of unelected committee staffs, though we don't think this is an unavoidable result. Others argue that the idea limits the right of voters to elect whom they choose.

At the end of the day, however, one is left with the plain fact that the current incumbent-protection machine jets Members ward off nearly all challengers. In 1988, one out of five House Members had no major-party opposition. This year, 12 out of 27 Texas districts will see an incumbent running

12  
is  
Enough!

#### Voices of Experience

Americans to Limit Congressional Terms boasts a National Advisory Board comprising the following former Members of Congress:

James G. Abourezk (D., S.D.)  
Glenn Andrews (R., Ala.)  
Lamar Baker (R., Tenn.)  
Cleve Benedict (R., W. Va.)  
Ben Blackburn (R., Ga.)  
M. Caldwell Butler (R., Va.)  
Daniel I. Button (R., N.Y.)  
Howard Callaway (R., Ga.)  
James Cleveland (R., N.H.)  
James Coyne (R., Penn.)  
Paul Cronin (R., Mass.)  
William Curlin (D., Ky.)  
Thomas Curtis (R., Mo.)  
James Dunn (R., Mich.)  
Arlen Erdahl (R., Minn.)  
Donald Fraser (D., Minn.)  
Kent Hance (D., Texas)  
Thomas Hornett (R., S.C.)  
Elwood Hillis (R., Ind.)  
Ken Holland (D., S.C.)  
James Johnson (R., Colo.)  
Walter Judd (R., Minn.)  
John LeBoutillier (R., N.Y.)  
Paul McCloskey (R., Calif.)  
Donald McGinley (D., Neb.)  
Walter McVey (R., Kansas)  
William S. Mallard (R., Calif.)  
Edwin May Jr. (R., Conn.)  
Donald Mott (D., Ohio)  
Red Pattoon (D., N.Y.)  
Charlotte T. Reid (R., Ill.)  
J. Kenneth Robinson (R., Vir.)  
Donald Rumsfeld (R., Ill.)

unopposed or with only a third-party opponent.

Of course, the term-limitation effort doesn't have to succeed to force Congress to clean up its playpen. Members know that a limit on terms would be the public's ultimate vote of no-confidence in them. If the term-limitation movement gathers steam after tomorrow, we hope that Congress for once will have the sense to see clearly where the problem lies.

United States Senate

COMMITTEE ON  
ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC 20510-6175

OFFICIAL BUSINESS

*Robert Humphrey*  
U.S.S.



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

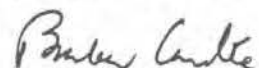
January 2, 1990

Dear Warren:

Thank you for your letter of December 6, 1989 along with a copy of Mr. Vincent R. Perelli's letter to you dated December 1, 1989 concerning the Sardar Sarovar projects in India.

Enclosed is a copy of my response to Mr. Perelli.

Sincerely,



The Honorable Warren Rudman  
United States Senate  
Washington, D.C. 20510

Enclosure



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

January 2, 1990

Mr. Vincent R. Perelli  
708 Alton Woods Drive  
Concord, NH 03301

Dear Mr. Perelli:

I am responding to your letter of December 1, 1989 addressed to Senator Warren Rudman, United States Senate concerning the Sardar Sarovar projects in India.

We share your concerns about the resettlement and environment aspects of these projects. The Bank has been working closely with the Indian authorities for a number of years to ensure that policies and programs to deal with these aspects are formulated and implemented with the utmost care.

As you know, the projects are designed to bring irrigation, electricity, and drinking water to millions of people in several drought-prone states of western India. The task is formidable yet vitally important to this part of the country; about five million people were estimated to be living in the rural sections of the Sardar Sarovar command area alone in 1981. By the time these projects are completed the total population positively affected may approach 15 million. The scanty and erratic rainfall in the benefitting areas does not provide a reliable basis for productive modern agriculture; water for domestic and animal consumption is frequently in extremely short supply; and the availability of electric power continues to be a major constraint to non-agricultural economic growth in the region.

Several alternative development options were investigated by the special Narmada Water Disputes Tribunal that was set up by the Government of India in the 1970s. These alternatives included a series of smaller dams, as well as varying heights to the large dam. The conclusion was that the dam currently under construction offered the best solution, taking into account technical, economic and other considerations. A smaller dam, or series of dams, would result in higher costs, greater submergence in relation to irrigation development, and far less potential power benefits. Multiple small dams with a similar storage capacity to that now proposed would have greatly increased the loss of fertile valley-bottom land, and simultaneously, as the submerged area increases, the resettlement and environmental problems would mount. The selected configuration is such that the area submerged will be less than 2% of the area benefitting from irrigation—an unusually low ratio.

As you have pointed out, the construction of the dam will necessitate the resettlement of a large number of people. The provisions to be made for families whose land and homes will be affected by the project were the subject of very extensive discussion between the Bank and the Indian authorities. The ruling of the Narmada Tribunal, together with agreements reached with the Government of India and the participating states as conditions for Bank support to the project, provide a comprehensive resettlement plan which will ensure that those families whose land and homes are affected by the dam will be appropriately compensated. The program will ensure that all affected persons will at least regain their previous economic status, and that many will be significantly better off. All those wishing to continue to derive their livelihood from agriculture will be able to do so. Due attention to other aspects of their rehabilitation—for example, by resettling villages as far as possible in contiguous groups—is also provided for under our agreements with the implementing agencies. Bank staff have met, and will continue to meet, Non-Governmental Organizations who are active in the project area to ensure that the information available is as complete and representative as possible.

The environmental impact of the project was investigated carefully by the Water Disputes Tribunal and again by the Bank appraisal mission. A special environmental study was commissioned by the Bank, and a United States consultant completed this study before project implementation began. In addition, several specific studies and work programs are underway relating to fisheries, public health and forestry. On the latter, the project provides for a complete replacement of affected forest areas which incidently are severely degraded and likely to be completely lost without the project. Archeological and water resources aspects are also receiving attention. The most recent report from the field, prepared by a Bank Environmental Specialist, indicates significant progress in all these areas over the last few months.

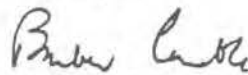
While the Narmada projects have generated a great deal of concern and criticism in some quarters, there is also considerable support for them in India. On September 26 this year the legislative assembly of Gujarat (which includes the elected representatives of areas in Gujarat which constitute a small but significant proportion of the affected people submerged by the reservoir as well as areas which will benefit from the project) unanimously passed a resolution affirming support for the projects, which was described as the "lifeline" for the state.

We monitor compliance with Bank policy and the Bank's Loan and Credit agreements on resettlement and environment, and other aspects of project implementation at least twice a year through on-site visits by Bank staff and consultants. As long as project authorities are making a best effort to implement the project in accordance with legal agreements and are prepared to take remedial action when necessary, our position is that we should continue to support the project. However, where this commitment is not evident and where there has been a clear violation of an agreement, the Bank is not averse to taking appropriate action, including suspension of disbursements, and this has been done in other projects in India.

I do not wish to underestimate the difficult resettlement issues associated with these projects. However, we are working closely with project authorities and others, including non-governmental agencies, to deal with them fairly and thoroughly. In time, we feel that the projects will prove to be of enormous benefit to the people and the economy of the area.

Because of his interest in this matter a copy of this letter has been forwarded to Senator Rudman.

Sincerely,



Barber B. Conable  
President

cc: Honorable Warren Rudman, United States Senate

WARREN B. RUDMAN  
NEW HAMPSHIRE

COMMITTEES:

APPROPRIATIONS  
GOVERNMENTAL AFFAIRS  
BUDGET  
SELECT COMMITTEE ON ETHICS,  
VICE-CHAIRMAN

# United States Senate

WASHINGTON, DC 20510

December 6, 1989

OFFICES:  
HART SENATE OFFICE BUILDING  
202-224-3324  
WASHINGTON, DC 20510  
125 NORTH MAIN STREET  
603-225-7115  
CONCORD, NH 03301  
NORRIS COTTON FEDERAL BUILDING  
603-666-7591  
MANCHESTER, NH 03103  
THOMAS J. MCINTYRE FEDERAL BUILDING  
603-431-5900  
PORTSMOUTH, NH 03801  
157 MAIN STREET  
603-752-2604  
BERLIN, NH 03570

Mr. Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20036

Dear Mr. Conable:

Enclosed you will find a copy of correspondence I have received from a constituent concerning the Sardar Sarovar Dam. Please consider this matter, respond directly to the constituent, and favor me with a copy of your response.

Thank you for your assistance.

Sincerely,



Warren B. Rudman  
United States Senator

WBR/pj  
Enclosure

89847-3

December 1, 1989

U.S. Senate  
Honorable Warren Rudman  
530 Hart Building  
Washington, D.C. 20510

Honorable Warren Rudman:

I am writing to you regarding a disastrous project called the **SARDAR SAROVAR DAM**, one large, particularly destructive dam in a system of many to be constructed along the Narmada River in the Republic of India. This particular dam will destroy 34,000 acres of Indian forests and 28,000 acres of prime agricultural land in the Narmada River Valley, along with displacing some 90,000 people from their homes. In short, the continuation of this project will have enormous social and environmental costs.

The World Bank has been intimately involved in the funding of this destructive project to the tune of 450 million dollars. This loan was to be provided on the condition that the Indian government would complete environmental impact studies, an environmental workplan, and a resettlement plan for the 90,000 people to be displaced by this dam project. None of these have been completed. Yet, the World Bank refuses to stop funding Sardar Sarovar.

I urge you to encourage the World Bank to cancel the Sardar Sarovar loan. The contacts are:

Mr. Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20036

Mr. Nicholas Brady  
Secretary of the Treasury  
Treasury Department  
15th St. & Pennsylvania Avenue  
Washington, D.C. 20220

Please tell them that:

1. The project is socially and environmentally destructive and must not be built;
2. The World Bank cannot allow U.S. funds and those of other nations to finance projects that result in massive destruction of the world's natural resources; and
3. The Indian government has not fulfilled its obligations to complete environmental studies and resettlement plans and must not be rewarded for its lack of action with any more World Bank funds for Sardar Sarovar.

Thank you for your attention in this important matter.

Sincerely,

*Vincent R. Perelli*

Vincent R. Perelli  
708 Alton Woods Drive  
Concord, N.H. 03301

*Jtas*  
~~111~~

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 89/11/16

DUE DATE : 89/12/08

LOG NUMBER : 891121009

FROM : Sen. Gore, Heinz

SUBJECT : Additional support is needed to make the Fair & Forum re Technologies for Environ Sustainable Dev scheduled on April 4-8, 1990.

OFFICE ASSIGNED TO FOR ACTION : Mr. Aguirre Sacasa (E8065) *BBC*

ACTION:

- APPROVED
- PLEASE HANDLE
- FOR YOUR INFORMATION
- FOR YOUR REVIEW AND RECOMMENDATION
- FOR THE FILES
- PLEASE DISCUSS WITH \_\_\_\_\_
- PLEASE PREPARE RESPONSE FOR *BBC* SIGNATURE
- AS WE DISCUSSED
- RETURN TO \_\_\_\_\_

*nrn*

*file in Congl. (Senate) file in the event more comes later + it becomes an issue*

*Noted in log.*

*CP*

*11/30*

COMMENTS :cc for info: Mr. ~~Thalwitz~~

*u*

ALBERT GORE, JR.  
U.S. Senator



WASHINGTON, D.C. 20510

JOHN HEINZ  
U.S. Senator

November 16, 1989

The Honorable Barber Conable  
President  
World Bank  
1818 H Street, N.W.  
Washington, DC 20433

Dear Mr. Conable:

We have recently announced, along with the Environmental and Energy Study Institute, our plans for the Technology Fair and International Forum here in Washington next spring. The Fair and Forum, highlighting "Technologies for Environmentally Sustainable Development," will be held on the Mall April 4-8, 1990 as a prelude to the celebration of the 20th anniversary of Earth Day.

Several governmental institutions, including the U.S. Department of Energy, Overseas Private Investment Corporation, and the U.S. General Accounting Office, and a number of non-governmental organizations have already helped to launch this project and now serve on its Organizing Committee (see attached).

Additional support is still needed to help make the Fair and Forum a success, so we are inviting organizations that could not join us in our initial effort to now become sponsors of the project by helping to fund both the Fair and Forum. Further information on exhibiting at the Fair will be sent to you under separate cover.

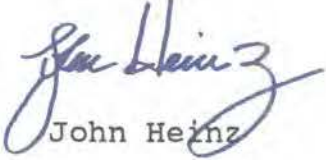
Together with EESI, and the Organizing Committee, we are all very excited about this undertaking. The Fair and Forum promise to be an important arena in which to examine the role that technology and public policies can play in shaping the environment of our world - an effort that you would want to help lead.


November 16, 1989

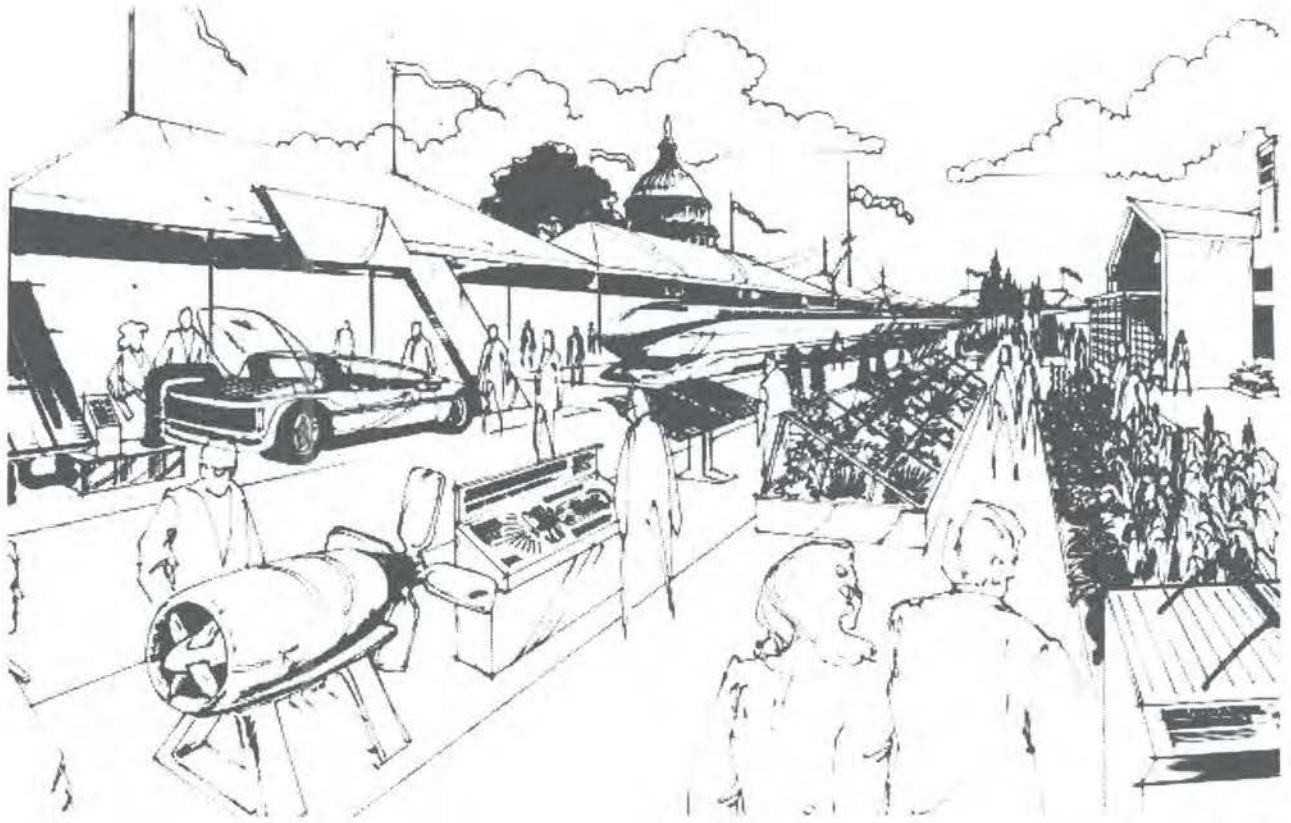
Page 2

With only limited time between now and next spring, we are going to have to move ahead rather quickly. So we ask you to please get back to us as soon as possible if you will be able to join us as a sponsor. If you have additional questions, please contact Ken Murphy, Executive Director of EESI, at (202) 628-1400.

Many thanks,

  
John Heinz

  
Albert Gore, Jr.



# **TECHNOLOGIES FOR ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT**

---

*Technology Fair and International Forum  
Washington, D.C.  
April 1990*



# Technologies for Environmentally Sustainable Development

## *Organizing Committee*

*(As of November 9, 1989)*

*Co-chairmen:*

*Senator John Heinz and Senator Al Gore*

American Gas Association  
American Public Power Association  
AT&T  
Battelle, Pacific Northwest Laboratories  
Bechtel  
Browning Ferris  
Center for Neighborhood Technology  
Chemical Manufacturers Association  
CIBA-GEIGY Corporation  
Combustion Engineering  
Conservation Foundation  
Council for Solid Waste Solutions  
DuPont  
Global Legislators for a Balanced Environment  
Global Tomorrow Coalition  
International Institute for Energy Conservation  
LUZ International  
National Center for Appropriate Technology  
North Carolina Alternative Energy Corporation  
Oak Ridge Associated Universities  
Overseas Private Investment Corporation  
Smithsonian Institution  
State Waste Reduction Programs Roundtable  
Tennessee Valley Authority  
Lester Thurow, MIT  
United Nations Environment Program  
U.S. Department of Energy  
U.S. General Accounting Office  
U.S. Windpower  
USX  
Waste Management  
Westinghouse  
Roy F. Weston, Inc.  
World Resources Institute

TECHNOLOGIES FOR ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT

Technology Fair and International Forum

April 1990

\* \* \* \*

Advance Program Details

November 9, 1989

TABLE OF CONTENTS

	<u>Page</u>
I. Project Summary	1
-- Overview	
-- Technology Fair	
-- International Forum	
II. Press Conference Announcing Project	5
-- Senator John Heinz	
-- Senator Al Gore	
-- Environmental and Energy Study Institute	
III. Details on Technology Fair	10
-- Narrative Description and Illustrations	
IV. Details on International Forum	15
-- Narrative Description and Illustration	
V. Media Components	20
VI. Project Team	23
-- Environmental and Energy Study Institute	
-- Conway and Company	
-- Robert Yates and Associates, Inc.	

## PROJECT SUMMARY

### Overview

This project -- a Technology Fair and International Forum on Technologies for Environmentally Sustainable Development -- is designed to provide highly visible opportunities for corporate leaders, Members of Congress and other government policy makers, and leaders of nongovernmental organizations to participate together in activities concurrent with the 20th anniversary of Earth Day.

The focus will be two-fold:

- o showcasing environmentally-sound technologies, products and strategies now available for addressing the world's environmental, energy and economic development challenges. The technology exhibition will be on the Mall in Washington, D.C.
- o addressing the public policy options that will impact commercial development of environmentally-sound technologies as concerns over the environment increase locally and internationally. Public and private sector leaders from around the world will take part in an international forum through live satellite hook-up.

Events dealing with the 20-year commemoration of Earth Day will capture a great deal of public and media attention during the month of April, 1990. This project will assure that progress made by the private sector and government in the past 20 years will receive their share of the spotlight. Furthermore, the project will provide a means for corporate leaders, government policy makers, and public interest representatives to engage in constructive discussions with one another about policy options in the context of Earth Day.

The Technology Fair and International Forum will be held in Washington, D.C., April 4-8, 1990, and will be linked via live satellite transmission to coordinated activities in several other world capitals.

Major opportunities for national and international media coverage are designed into the project. In addition, a special production on the technology fair and international forum will be offered for public television.

The project is organized by the Environmental and Energy Study Institute, in cooperation with United States Senators John Heinz and Al Gore and the Congressional Environmental and Energy

Study Conference. The Conference is a certified legislative service organization made up of more than 90 Senators and 290 Representatives.

Senators Gore and Heinz are chairing the organizing committee for the Technologies for Environmentally Sustainable Development project. Members of the organizing committee include corporate, governmental and public interest organization representatives. Contributions from the corporate participants in the organizing committee constitute the start-up fund for the project.

The Technology Fair and International Forum on Technologies for Environmentally Sustainable Development is independent of any other organization or Earth Day-related event. The organizing committee for the project will include Members of Congress, corporate leaders, federal officials and other representatives.

Funding for the project will come from corporate contributions, government grants, television underwriting, and exhibit participation fees.

### Technology Fair

The Technology Fair will be held April 4-8, 1990, coinciding with the probable final full week of congressional business prior to the Easter recess. This timing will allow active involvement by Members of Congress, and will help establish a constructive theme for Earth Day activities that will occur later in the month.

A combination of covered and open exhibition spaces will be located on the Mall, in close proximity to the Capitol. Shuttle transportation will be made available to facilitate access to the exhibit by Members of Congress and congressional staff.

The exhibition will be open to the public during daytime hours, and large public crowds are anticipated. The week for the Technology Fair is close to Easter and to the Washington Cherry Blossom Festival, both of which mark high points for the number of tourists in downtown Washington.

It is expected that a wide variety of technologies, processes and products will be displayed, applicable to a broad diversity of sectors, including energy, transportation, agriculture, chemicals, manufacturing, waste treatment, water conservation, and others. This will offer policy makers, the media, and the public a chance to investigate, first hand, innovations and alternatives in technologies.

The Technology Fair will also offer elected officials an effective setting for making statements on energy and environmental issues during the Earth Day period. In order to facilitate this exchange between elected officials and the media, live television linkages via satellite will be arranged between settings on the Mall at the Technology Fair and local news outlets in home states and congressional districts. This will allow Members of Congress and local television news anchors to engage in "real time" discussions or tape delay broadcast of interviews.

The Technology Fair will be self-financing from fees charged to exhibitors. In the interim, before exhibitor fees are available, the initial start-up and promotional costs will be covered from the contributors' seed money fund.

### International Forum

The International Forum will be held Thursday and Friday, April 5-6, during the week of the Technology Fair to link the tangible displays on the Mall with public policy options. Gathering in a suitable Capitol Hill location, such as the Senate Caucus Room in the Russell Senate Office Building, members of the House and Senate will join in discussion with corporate leaders and other experts.

The select nature of the participants along with the critically important issues at hand offer significant possibilities for media exposure for the public and private participants. The room will be constructed along the lines of a television set to enhance the interchange among participants and facilitate television coverage. Television lighting, a sophisticated sound system, and the use of short, pre-produced video pieces projected onto large screens introducing segments of the discussion will add both to the visual intensity of the Forum and the content of the discussion.

Recognizing that many of the energy and environmental issues confronting policy makers cannot be dealt with in the context of the U.S. alone, and that the commercial market place is increasingly international, the Forum will link up with similar sessions to be organized in several other countries. Using two-way audio and visual satellite linkages, the overseas forums organized under the sponsorship of appropriate organizations -- such as the European Parliament, the environmental center for Eastern Europe in Prague, or other legitimate conveners of public and private leaders -- will be linked with the Forum in the United States.

As a supplement to immediate media coverage anticipated for the event, plans for a subsequent television program based on the Technology Fair and International Forum are being explored.

---

# News from Senator John Heinz

---

Release           October 26, 1989  
Contact           Grant Oliphant   (202) 224-7753

## HEINZ, GORE CHALLENGE MARKETPLACE:

### USE ENTREPRENEURIAL SAVVY TO DEVELOP PRO-ENVIRONMENT TECHNOLOGIES

WASHINGTON, D.C. -- Calling on U.S. businesses to harness the power of America's technological inventiveness, U.S. Senators John Heinz (R-PA) and Al Gore (D-Tenn.) today launched a major initiative to encourage the development of environmentally-sound products.

"American consumers are ready to buy products that promote sustainable development and protect the environment. Today, we are challenging our nation's leading industries, entrepreneurs and inventors to take their best ideas off the drawing board and put them on the market shelf," Heinz said.

The Senators issued the challenge while announcing a fair, sponsored by the Environmental and Energy Study Institute (EESI), to showcase so-called pro-environment products and methods during Earth Day celebrations next April. The Technology Fair, which will culminate the Senators' and EESI's 6-month push for product innovation by featuring products already developed and others invented over the next few months, will be held on the Mall in Washington, D.C..

According to Heinz, pro-environment products promote the sustainable development of natural resources by minimizing or eliminating their negative impact on the environment. Examples include energy-efficient appliances, products made from recycled tires,

newspapers or plastics, cooling systems that don't use ozone-depleting CFCs, environmentally benign pesticides, and many others, the Pennsylvania Senator said.

"The problems of climate change, species extinction, acid rain, urban smog and many more require new thinking. Action by the federal government alone will not suffice," Heinz said. "Unless we harness the forces of the marketplace, unless the private sector can help us provide new and sustainable technologies, we may accomplish too little, too late."

- 30 -



NEWS FROM



# U.S. Senator Al Gore

(D - Tennessee) SR 393 Russell Building, Washington, D.C. 20510 (202) 224-4944

FOR IMMEDIATE RELEASE  
Thursday, October 26, 1989

Contact: Marla Romash  
202-224-7155  
202-547-0806 (H)

## "GREEN TECH" FAIR OFFERS AMERICAN INDUSTRY CHANCE TO BOAST Gore Says Event Will Illustrate Industry Gains in Environmental Protection

WASHINGTON -- A mall-sized "Green Tech" Fair and International Policy Forum that will complement the April 1990 Earth Day celebration represents a chance for American industry to show-off the new technologies developed to balance environmental protection and economic growth and, to work to bring as yet undeveloped technologies and products to the public, Sen. Al Gore, D-TN, a sponsor of the fair and an international forum, said today (10/26).

"Since the first Earth Day in 1970, we've moved dramatically as a nation toward recognition that our economic development must proceed in an environmentally safe way," said Gore, the sponsor of the resolution setting the 20th Anniversary Celebration of the first Earth Day. "Business and industry have successfully developed new technologies to balance these often competing goals. We've come a long way, but there's still a long road ahead."

The "Green Tech" Fair will be held the first week in April, 1990 on the mall between the Capitol and the Air and Space Museum. At the same time, an International Policy Forum will be conducted on Capitol Hill and seen, via satellite, in other international cities. Both events are sponsored by the Energy and Environment Study Institute, working with the Congressional Environmental and Energy Study Conference of which Sen. Gore is co-chairman. Representatives of business and non-profit organizations also are working on these events.

"This is an opportunity for American business to show us their best, to surprise us with their skill and innovation and, to illustrate that not only do they recognize the environmental crisis we face, but also that they are willing to join us in working to find solutions to confront that crisis," Gore said.

At the "Green Tech" Fair, products and technologies that can have a direct impact on reducing pollution and environmental damage will be demonstrated. At the International Forum, members of Congress, policy makers, business and environmental leaders will discuss the public policy implications of these technologies.

#

# Environmental and Energy Study Institute

122 C Street, N.W., Suite 700

Washington, D.C. 20001

(202) 628-1400

## Board of Directors

### Chairman

Roger W. Sant\*

### Vice Chairman

James Gustave Speth\*

### Secretary-Treasurer

Carleton D. Burt\*

Joan Z. Bernstein

Lester R. Brown

John H. Chafee

William Patrick Collins

Gerald Decker

Carol E. Dinkins

Joseph L. Fisher\*

S. David Freeman

Robert Fri

John Heinz

Thomas C. Jorling

C. Payne Lucas

Paul N. McCloskey, Jr.

George G. Montgomery, Jr.

Edmund S. Muskie

Richard L. Ottinger\*

Ruth Patrick

L. Richardson Preyer

John Quarles

John W. Rowe

John F. Seiberling

John J. Sheehan

Russell E. Train

Victoria J. Tschinkel

Robert B. Wallace

Donna W. Wise

Larry Young

### Executive Director

Ken Murphy

### \*Executive Committee

FOR RELEASE

2 p.m.

October 26, 1989

CONTACT: Grant Oliphant  
202/224-6324  
Marla Romash  
202/224-7155  
Ken Murphy  
202/628-1400  
John Wilson  
202/289-0800

## SENATORS HEINZ AND GORE ANNOUNCE ENVIRONMENTAL TECHNOLOGY INITIATIVE TO COINCIDE WITH EARTH DAY ANNIVERSARY

WASHINGTON, D.C. -- Senators John Heinz (R-Pa.) and Al Gore (D-Tenn.), joined by private and public sector leaders, announced today for a major Technology Fair and International Forum to be held in Washington in April 1990 to coincide with the 20th Anniversary of "Earth Day."

The project, "Technologies for Environmentally Sustainable Development," will showcase private and public sector innovations and explore public policy options that can help solve global environmental problems.

"Today is a turning point, not just because we are mustering the ingenuity of America's marketplace on behalf of the environment, but because we are moving to prevent pollution rather than having to clean it up," Heinz said.

"We are challenging America's business leaders and entrepreneurs to reach into their corporations and laboratories for the technologies, products and strategies to address the world's environmental needs," Gore said. "This effort will allow policy makers to examine these technologies firsthand and debate the role public policies can play in hastening their development and use."

The Technology Fair, to be located on the Mall,

--MORE--

and the International Forum, to take place on Capitol Hill with satellite links to other capital cities around the globe, will occur the first week in April 1990.

The Project is sponsored by the Environmental and Energy Study Institute, a non-profit educational organization, in cooperation with the Congressional Environmental and Energy Conference, a legislative service organization with a membership of 90 Senators and 290 Representatives.

Senators Gore and Heinz were joined by representatives of government, business and non-profit organizations, all members of the project's Organizing Committee (see attached).

The Technology Fair was conceived as an opportunity for business and the public sector to bring forward their best technology for solving and reducing environmental problems. The Technology Fair will transform a portion of the Mall located between the Capitol and the Air and Space Museum into a massive demonstration of technologies, products and strategies that can have a direct impact on reducing air pollution, global warming, soil and ground water contamination and a host of other environmental problems.

The International Forum will take place concurrently with the Technology Fair and provide members of Congress, other policy makers and business and environmental leaders an opportunity to discuss the public policy implications of these emerging technologies. Because many environmental problems are global in scale requiring international cooperation to fashion solutions, the Forum is planned to include live television links between similar groups of policy makers in capital cities of several other nations.

###

## DETAILS ON TECHNOLOGY FAIR

### Purpose

The Technology Fair is designed to give companies, government agencies and other organizations a high-impact means to show their constructive responses to the many environmental concerns that are capturing heightened attention locally, nationally, and globally.

At the foot of the U.S. Capitol on the Mall in Washington, D.C., and with concentrated media coverage, companies will showcase products, equipment and processes that either correct or avoid environmental problems while contributing to economic development. Government agencies and other organizations also will demonstrate their roles in furthering development of environmentally sound technologies.

### Target Audiences

The high-profile exposure given to displays at the Technology Fair will provide marketing benefits to exhibitors. In addition, the audiences of the exhibition are members of Congress, the Executive Branch, and the media. Numerous activities will be conducted to reach these audiences, including special walk-throughs for members of Congress and Administration officials, press conferences with live satellite hook-up, and shuttle transportation to and from Capitol Hill.

Through media coverage, there will be wide public exposure in the U.S. and internationally. Additionally, a large volume of on-site public traffic is expected from Mall visitors. Daily foot traffic could easily be in the tens of thousands. In our planning and coordinating meetings, the Smithsonian Institution has reported that April is the highest visitor month on the Mall, with 3 million museum visitors. In the month of April, 40,000 people per day visit the Air and Space Museum, many of them technology-oriented. The Air and Space Museum is adjacent to the Technology Fair site.

Special arrangements will be made for visits and tours of the Technology Fair for foreign embassy officials, financial institutions, school teachers and students, and potential end users of the technologies.

## Physical Configuration

As shown in Illustrations #1 & #2, the Technology Fair will be arranged in courtyard design on the section of the Mall immediately east of the Smithsonian's Air and Space Museum, in sight of the Capitol building.

This design provides a total of 60,500 sq. ft. of exhibit space. Of the total, 44,900 sq. ft. will be covered space (under exhibition tenting) along the perimeters of the Fair site, and 15,600 sq. ft. will be available for open-sky exhibits in the interior courtyard of the site.

Booth sizes will range from 100 sq. ft. to 1,600 sq. ft. for the covered spaces, and from 400 sq. ft. to 2,000 sq. ft. in the open courtyard. (Larger spaces can be accommodated if desired.) The layout for the covered spaces will be arranged around approximately fifteen large "anchor" booths, ranging in size from 900 to 1,600 sq. ft.

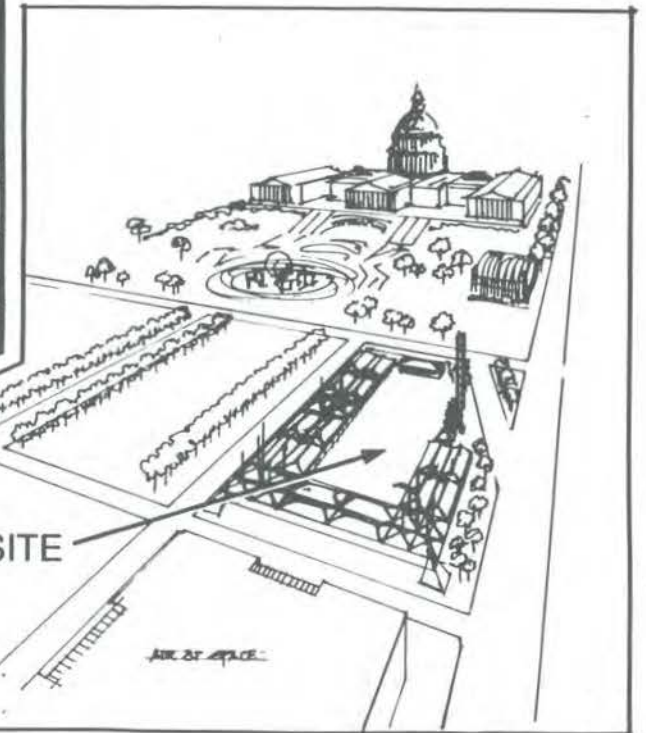
Illustration #3 provides a hypothetical booth-space floor plan, showing the distribution of various sized booths around the anchor displays. The Fair layout is designed on a modular construction basis so that it can be scaled down if needed. Illustration #3 assumes full use of the space by 216 exhibitors.

Each 10'x 10' space will consist of a back wall of burgundy drape and a low divider on each side. The floor of all of the inside booths will consist of a plywood substructure covered with black astroturf. Individual booths may carpet their spaces as they choose. Aisles will be marked with large identification signs, indicating the special areas.

Each outside space will be outlined with a single rope on posts that may be removed after the booths are set up.

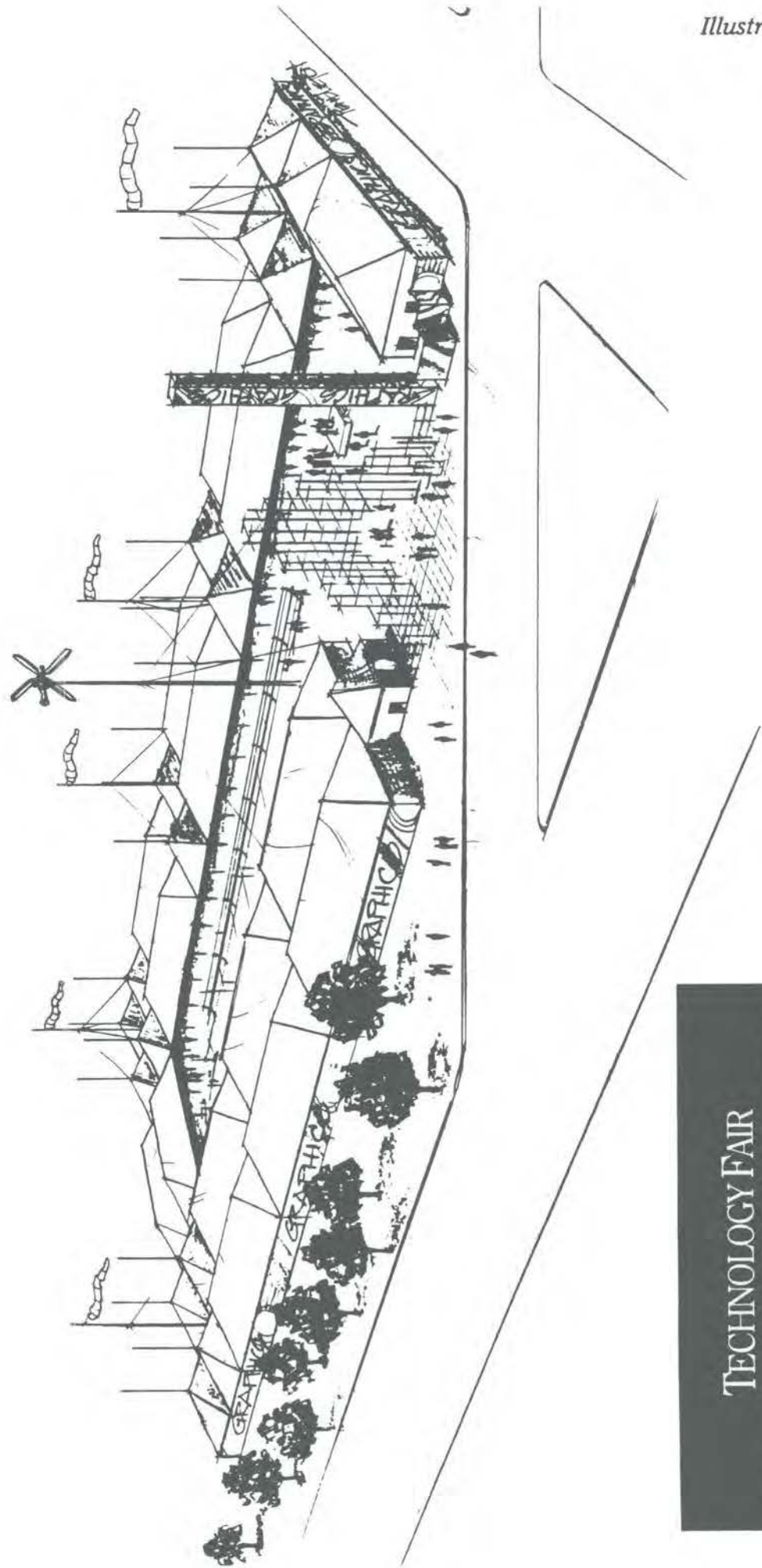
Decorated security walls will surround the entire site, with designated entry points. Twenty-four hour security will be provided.

A press conference staging area is designed for the courtyard area near the main entrance, as well as a VIP meeting room and press center.



## TECHNOLOGY FAIR

(Left) View from fair showing U.S. Capitol in background.  
(Right) Technology Fair located on the Mall, between the  
National Air and Space Museum and U.S. Capitol.



# TECHNOLOGY FAIR

Aerial view of fair with entrance on Maryland Avenue, S.W.

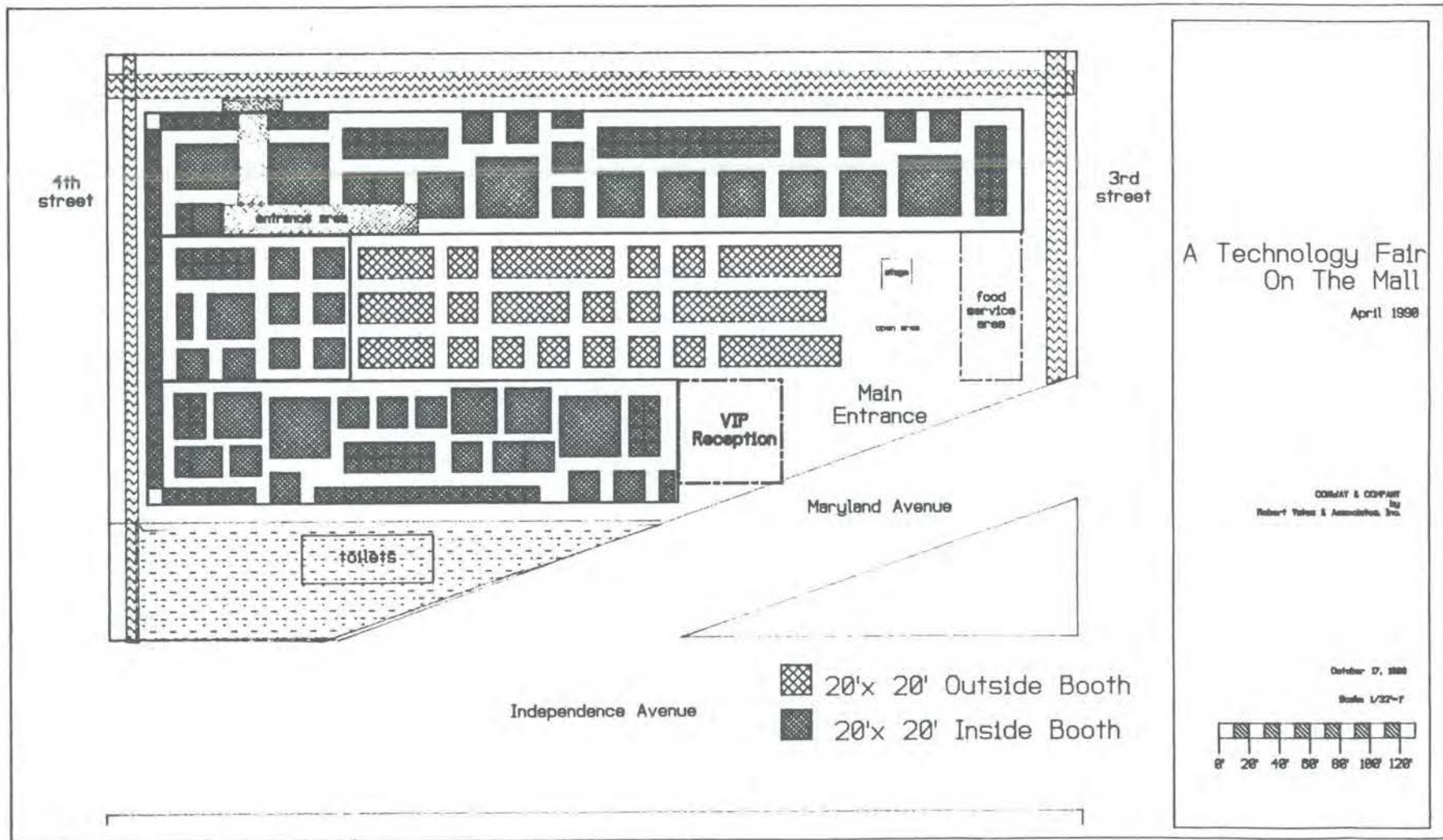


Illustration 3



### Thematic Groupings

The exhibition will be organized around several broad themes designed to incorporate most relevant industry sectors and end-use applications. Current plans call for the following themes to be represented in the Fair:

- o Manufacturing for Sustainable Development
- o Transportation and the Environment
- o Cleaning Up Yesterday's Problems
- o Energy for Tomorrow
- o "Green" Houses and Buildings
- o Waste Management for the Environment
- o Food Production and Forestry for People and the Environment
- o Environmentally Sustainable Consumer Products
- o "Successful" Communities

In each thematic section of the Fair, exhibitors will showcase their contributions -- technologies, products, processes and strategies -- for achieving environmentally sustainable development.

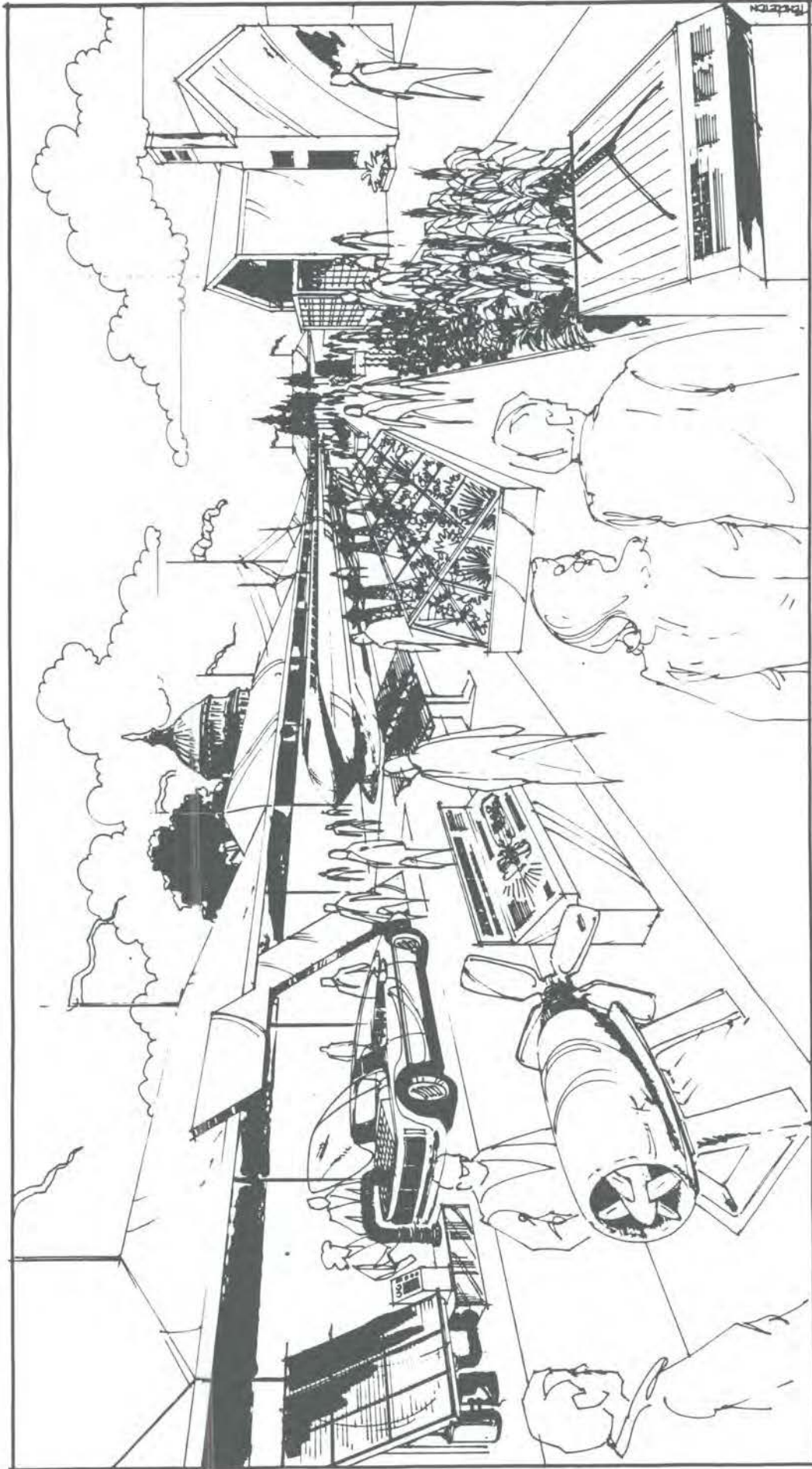
Illustration #4 shows a hypothetical view of agricultural, energy and transportation exhibits, as well as an environmentally engineered residence.

### Costs and Revenues

The Technology Fair is designed to be self financing from exhibitor fees, with revenues anticipated to cover all costs.

The initial planning and promotion costs will be "borrowed" from the \$200,000 start-up fund. The start-up fund will be repaid from the revenues generated from exhibitor fees, thus allowing the replenished start-up fund to be applied to the costs of the International Forum.

As currently planned, revenues from the Technology Fair are budgeted at \$1,145,800. This estimate is derived from exhibitor fees ranging from \$15.50/sq. ft. to \$23.50/sq. ft., depending upon size and location. These rates are within the range



## TECHNOLOGY FAIR

Visitors viewing agriculture, energy, and transportation technology exhibits with environmentally engineered residence at right.

commonly charged at commercial trade shows.

As a comparison for exhibit space for an event similar to the Fair, we have asked several Associations what they charge for their exhibit space. Other services may be involved that are not represented here:

National Cable Television Association  
\$13.50 per square foot for members  
\$25.00 per square foot for non-members

Food Processing Machinery and Supplies Association  
\$11.00 per square foot for members  
\$14.00 per square foot for non-members plus a \$2,000.00 charge (e.g., 10'x 20' booth = \$24.00 per square foot)

Army  
\$22.00 per square foot

The budget also provides for the donation of up to 5,000 square feet (fifty 10' x 10' booths) for selected organizations that could not otherwise participate but whose presence is judged to be important for the Fair's scope and balance.

Anticipated expenses total \$1,142,085. Included in this budget is a 5% contingency for unanticipated expenses. If the size of the exhibition is scaled back because of the need for less booth space, reductions in many of the costs would follow.

#### Professional Management

Thematic supervision of the Technology Fair is the responsibility of the Environmental and Energy Study Institute. The Institute has a proven track record in organizing major events involving members of Congress, federal officials, corporations and nongovernmental organizations. Additional information on the Institute is in a separate section.

Administrative management for preparation, promotion and operation of the Fair is the responsibility of Conway and Company and its primary contractor, Robert Yates & Associates, Inc. Combined, these two companies have extensive experience in events management, large scale production, and exhibition design and management. Information on the firms' qualifications is located a separate section. One of the leading Washington-area convention and trade show firms will be contracted to provide the booth equipment and services.

Tentative Exhibitor Schedule

March 28-29      Set up Exhibit Space  
April 2-3        Exhibitors set up  
April 4           Fair Opens  
                  11:00am - Opening Ceremonies  
                  6:00pm - Fair Closes  
April 5           Fair open 9:00am - 5:00pm  
April 6           Fair open 9:00am - 5:00pm  
April 7           Fair open 9:00am - 5:00pm  
April 8           Fair open 9:00am - 5:00pm  
April 9           Exhibitor tear down  
April 10          Site cleared by 6:00pm

Note: The International Forum is scheduled for April 5-6.

## DETAILS ON INTERNATIONAL FORUM

### Purpose and Target Audience

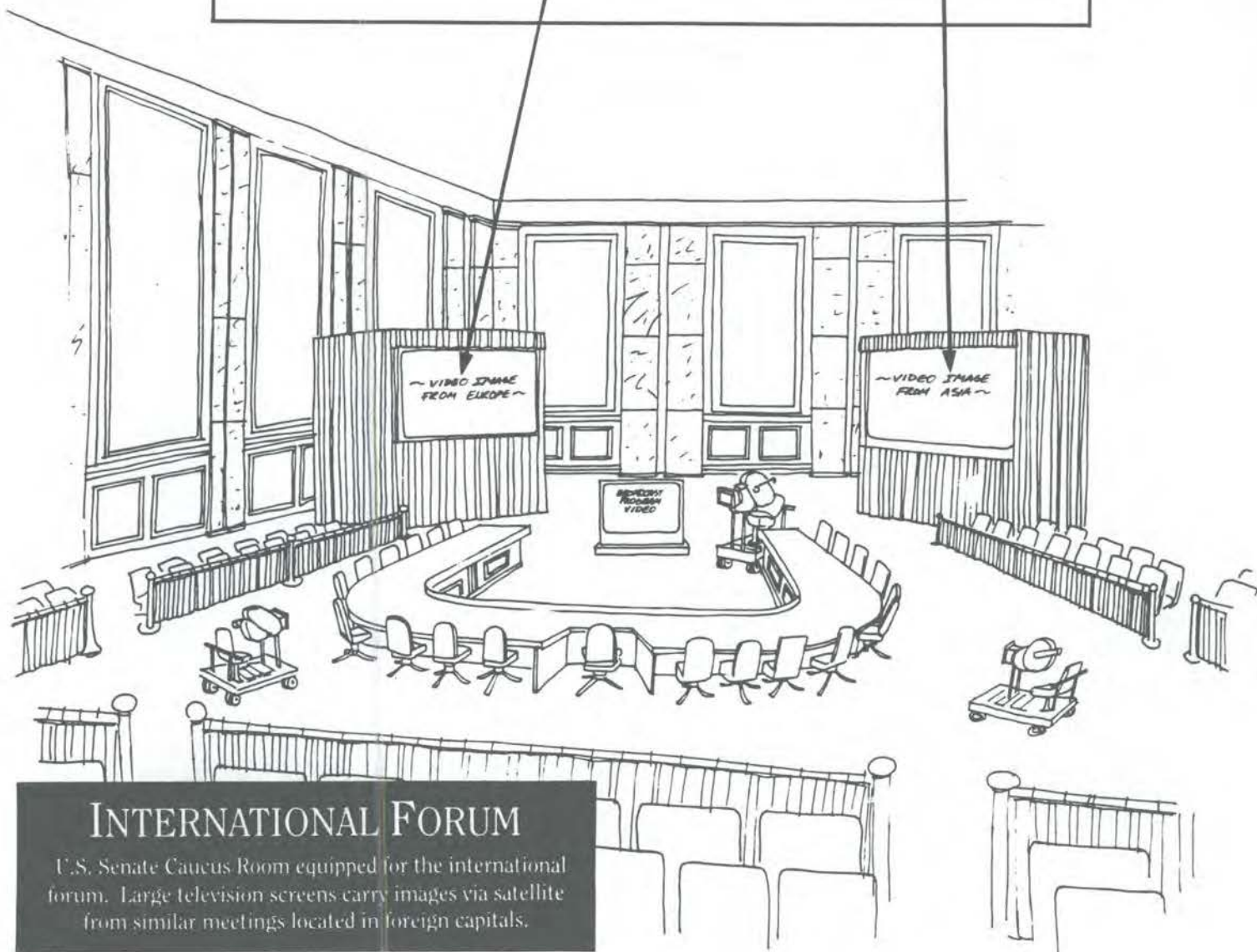
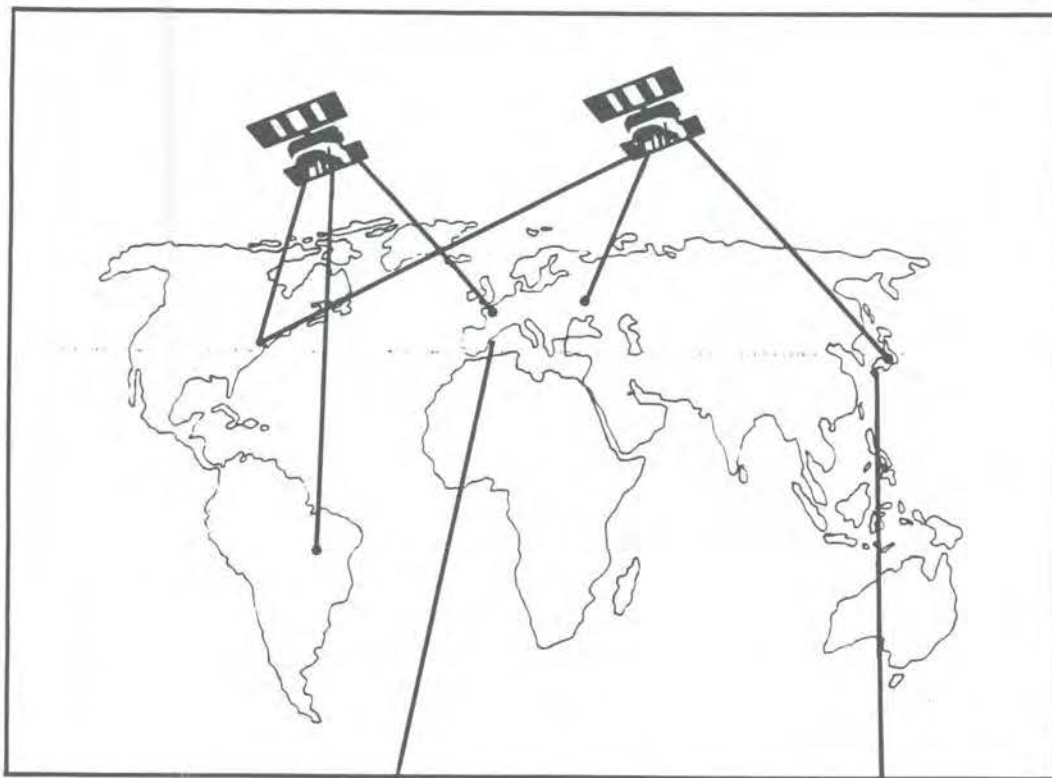
The International Forum will be convened for two days (April 5-6) during the week of the Technology Fair to link the tangible displays on the Mall with public policy options. The need for this linkage is clear. During the days immediately preceding Earth Day, there will be a dramatic increase in the level of public discussion and policy debate surrounding environmental issues. Absent a high level and highly visible discussion of the role that technology can play in helping to solve these environmental problems, much of the public debate could focus exclusively on the problems and not on the solutions.

While it is clear that new technologies offer critical solutions to many of our environmental problems, it is not clear that the policy makers and the public fully understand the relationship between public policy choices and the development of these technologies within the private sector. For that reason, it is essential that during the Earth Day period that a major policy discussion involving high level policy makers and leading representatives of the business community engage in a solution-oriented public debate of the environmental problems facing us. A Capitol Hill venue for such a Forum offers the greatest potential for public and media exposure and for constructive dialogue.

### Room Configuration

Gathering in a suitable Capitol Hill location, such as the Senate Caucus Room in the Russell Senate Office Building (see Illustration #5), members of the House and Senate will join in discussion with corporate leaders, Executive Branch officials, and other experts. Each forum session will be limited to twenty five participants, to encourage give and take and to assure active participation by all at the table. An invited audience of several hundred will be able to witness these discussions first-hand.

The select nature of the participants along with the critically important issues at hand offer significant possibilities for media exposure for the public and private participants. The room will be constructed along the lines of a television set to enhance the interchange among participants and facilitate television coverage. Television lighting, a sophisticated sound system, and the use of short, pre-produced video pieces projected onto large screens introducing segments of



## INTERNATIONAL FORUM

U.S. Senate Caucus Room equipped for the international forum. Large television screens carry images via satellite from similar meetings located in foreign capitals.

the discussion will add both to the visual intensity of the Forum and the content of the discussion.

Recognizing that many of the energy and environmental issues confronting policy makers cannot be dealt with in the context of the U.S. alone, and that the commercial market place is increasingly international, the Forum will link up with similar sessions to be organized in several other countries. Using two-way audio and visual satellite linkages, the overseas forums organized under the sponsorship of appropriate organizations -- such as the European Parliament, the environmental center for Eastern Europe in Prague, or other legitimate conveners of public and private leaders -- will be linked with the Forum in the United States.

#### Format and Themes

The forum would be divided into a number of sessions running throughout the course of a day. Current plans call for the following general themes to be represented at the forum (as they will at the fair):

- o Manufacturing for Sustainable Development
- o Transportation and the Environment
- o Cleaning Up Yesterday's Problems
- o Energy for Tomorrow
- o "Green" Houses and Buildings
- o Waste Management for the Environment
- o Food Production and Forestry for People and the Environment
- o Environmentally Sustainable Consumer Products
- o Successful Communities

Because of the limitations of time, and the need to schedule several of the sessions around the "global" clock to link up with foreign sites, several of these themes will be programmed into specific sessions.

Each session will unfold with a moderator (probably a television news anchor personality) introducing the session to those in the room and on the air. The moderator will introduce the participants (different for each session), and the topics for

discussion. Much like news programs (Nightline, Capital to Capital, etc.), subjects will be introduced with brief video reports, to quickly frame the discussion and provide a departure point for the session. The participants and audience can also visit, via video technology, actual applications of technologies or sites of environmental problems as necessary to facilitate a provocative and lively exchange.

Discussion will continue, guided by the moderator, as time permits. At the close of each session, the moderator will sum up the conversation, addressing the major points reflected in the session prior to closing out the broadcast period.

In this fashion, each session will exist as a stand-alone program, appropriate for broadcast without further editing.

Among the questions the forum will address are the following:

- o What incentives would help the private sector accelerate innovation, create markets for the innovative technologies, products, and strategies showcased on the Mall, and lead to their widespread use?
- o What governmental obstacles stand in the way of development and use of these innovative technologies?
- o Are there opportunities for public-private partnerships?
- o What steps should government and the private sector take -- separately or together -- to achieve widespread use of environmentally sustainable development technologies, products and strategies?

During the sessions that will have an international link, the moderator will prepare the U.S. participants for "going live" to the foreign location. The large monitors will carry television signals from those sites (see Illustration #5), and the discussions will ensue. There will be no foreign moderator, although there will likely be foreign dignitaries presiding with the assistance of technical personnel and translators. Thus, the moderator will have the additional role of directing traffic between the two locations and dealing with any translation problems or other issues that might arise in this live format.



## Participants

Session participants will include Members of Congress, federal agency officials, academic experts, industry leaders, and non-governmental organization representatives. Industry participants will come primarily from the companies and institutions on the organizing committee for the fair and forum, which include a broad cross-section of industry sectors and capabilities.

To assure bi-partisanship, each session will be co-chaired by Members of Congress from both political parties, with the entire technology fair and forum project under the co-chairmanship of Senators Al Gore and John Heinz.

## Additional Programming and Follow-up

The several hours of forum sessions will be edited into a one-hour program for subsequent airing. This program will also include additional footage of the technology fair, and will serve to summarize the key policy and technology issues that emerged from the discussions.

Discussions are underway with both public and commercial television organizations regarding the possible production and broadcast of this special, as well as additional live public affairs coverage of the actual sessions.

The ideas and options generated by the Policy Forum, and their pros and cons, will be published in a special 50-page report by EESI. The report will be distributed widely on Capitol Hill and to about 3000 other leaders in the media, private sector, federal and state agencies, non-governmental organizations and academia.

EESI will also transcribe the discussions at the Policy Forum and make these transcripts available upon request.

## Funding

The International Forum will be funded through three mechanisms. The first is the \$200,000 in funds created by the initial contributions of companies, government agencies, and other institutions to the EESI as they join the organizing committee for the Technology Fair and International Forum.

The second source of funds consists of traditional underwriting for the television components of the fair and the forum. Details must await conclusion of programming discussions with public and commercial television organizations, but typical

public television underwriting formats would generate several hundred thousand dollars in additional funds.

Additional foundation and corporate support will be sought for various forum components, such as the dinner and published proceedings. It is also anticipated that any foreign site would involve some mix of corporate and public support from that country.

The forum budget is designed to expand from a base level production with one remote location funded by the original fund of \$200,000 to cover four remote international sites for a little less than \$800,000.

#### Professional Management

Overall supervision of the International Forum is the responsibility of the Environmental and Energy Study Institute. EESI is solely responsible for the selection of materials to be distributed at the forum sessions as well as the program, choice of moderator, format and subject matter for each session.

Conway and Company has been retained to produce and direct the details of the forum, both in terms of video production and in terms of broadcast programming, and to manage other details required by EESI. Additional support (camera crews, stage construction, etc.) will be subcontracted once actual overseas locations have been determined. Information on the firm's qualifications is located in a separate section.

## MEDIA COMPONENTS

One of the goals of the overall project is to create a high level of visibility during the period leading up to Earth Day for technologies, products and strategies that can assist in meeting the world's environmental and economic challenges. Thus, a number of specific media components have been designed into the project which will focus attention not only upon these technologies, but also on the individuals and organizations, both public and private, that are engaged in bringing them to fruition.

The overall goal of these components is to create multiple opportunities for media representatives to:

- o become educated about the various technologies and their relative position to the market (i.e. research, development, commercial activity, etc.),
- o understand the interactions between public policy decisions, private sector decisions, and the development of these technologies,
- o conduct interviews with Congressional and industry representatives in highly visual settings at the technology fair, as well as live footage from the forum teleconferences,
- o and obtain well-produced video footage (or photographs) of the technologies on display, and the problems they hope to address, for use in stories covering the fair and forum as well as Earth Day.

In the eyes of the media, the project will begin with a kick-off press event on Capitol Hill scheduled for October 26, at which Congressional and industry leaders will lay out the goals of the effort and plans for the fair and forum.

### Technology Fair Media Activities

The week of the fair will begin with a major press event at the site, which should draw a large contingent of reporters and cameras. In addition to the obvious energy and environment reporters, this event should draw major participation from local bureaus of papers in Congressional districts as well as major television and print outlets in Europe and other forum origination sites.

The fair will be punctuated with a series of scheduled media opportunities for Members of Congress and industry leaders to tour the fair exhibits and conduct interviews in the dramatic setting that these exhibits will provide.

The project organizers will also provide for regular feeds from the fair site to satellite "gateways" where local stations can conduct interviews with their elected representatives and obtain pre-recorded video footage of the technologies on display and "real world" applications which they might address. These interviews could form the basis of local evening news broadcast segments across the country, tailored to local concerns or involvement (i.e. an interview of a corporate official of a firm with a plant in the Congressional district, describing the firm's activities in developing a new technology).

Facilities would be built into the fair site to provide for network quality feeds appropriate for both television and radio use. There would also be "vantage" points designed for wrap-up shots that Washington-based reporters could use for filing stories from the fairgrounds (perhaps showing some fair exhibits and the Capitol or Washington Monument in the background).

The media facilities at the fair site would be fully staffed during the hours of fair operation to help facilitate media tours and interviews and to assist in arrangements for the daily live and tape-delay feeds.

#### International Forum Media Activities

The forum will be designed as a live media event, to instill as much media attention as is possible. A carefully designed television "set" will be constructed to provide the right camera shots of participants and audience, as well as accommodate both working press areas and the "Nightline" type of screens necessary to converse live with remote locations.

The forum "sessions" will be scheduled around a global clock, to provide for linking up the various policy makers and industry leaders at the optimum times for international media coverage. Video segments on the technologies and the problems they might hope to address will be pre-produced, so that they can be used as brief introductions to each session's formal discussions.

These video segments will include footage of the week's activities at the fair, including shots of the exhibits and the media events that have been conducted adjacent to them.

The video and audio feeds from the forum will be available to all television and radio networks and stations with satellite capabilities, and additional pre-produced material featuring the technology fair exhibitions will be fed to provide for local editing decisions.

#### Additional Television Programming

Efforts are already underway to secure either public or commercial broadcasting involvement in either live news coverage of segments of the forum or a one-hour documentary on the entire project. This programming would incorporate footage from both the technology fair and the forum along with appropriate narration to convey the overall message of the project that technologies will play a critical role in addressing the world's environmental and energy problems and there are important roles for both the public and private sectors in furthering this development.

This programming provides an additional opportunity for highly visible underwriting assistance that can help make the entire project (both fair and forum) more accessible to the public and longer lasting in its impact upon the nation's public and private decision makers.

# Environmental and Energy Study Institute

122 C Street, N.W., Suite 700

Washington, D.C. 20001

(202) 628-1400

## Board of Directors

### Chairman

Roger W. Sant\*

### Vice Chairman

James Gustave Speth\*

### Secretary-Treasurer

Carleton D. Burt\*

Joan Z. Bernstein

Lester R. Brown

John H. Chafee

William Patrick Collins

Gerald Decker

Carol E. Dinkins

Joseph L. Fisher\*

S. David Freeman

Robert Fri

John Heinz

Thomas C. Jorling

C. Payne Lucas

Paul N. McCloskey, Jr.

George G. Montgomery, Jr.

Edmund S. Muskie

Richard L. Ottinger\*

Ruth Patrick

L. Richardson Preyer

John Quarles

John W. Rowe

John F. Seiberling

John J. Sheehan

Russell E. Train

Victoria J. Tschinkel

Robert B. Wallace

Donna W. Wise

Larry Young

### Executive Director

Ken Murphy

### \*Executive Committee

## FACT SHEET

The Environmental and Energy Study Institute is a bi-partisan public policy organization established in cooperation with the leaders of the Congressional Environmental and Energy Study Conference. Its mission is to produce better informed Congressional debate and generate credible, innovative policies for environmentally sustainable development.

The Institute has a special ability to produce results because of its broad-based Board of Directors, its problem-solving approach, and its special relationship with Congress. It is Members of Congress and their staffs who turn to the Institute for information, analysis and ideas, who participate in the Institute's work, and who promote the Institute's initiatives.

The Institute's products feature pro-active educational briefings; short, timely issue and policy reports; consensus-building policy workshops; blue-ribbon task force recommendations; regional and national conferences; and Congressional testimony and provision of information and technical assistance.

Priority Issues: The Institute's agenda focuses on timely issues and opportunities where it can make a difference and on carefully chosen projects for which it is well suited. Programs and projects are underway in the areas of global climate change, energy efficiency and renewable energy, groundwater protection, agriculture, solid and hazardous waste management, water efficiency and natural resource management in the Third World. In all areas, the Institute is seeking both sound environmental management and development.

The Institute has two special cross-cutting programs: the Congressional Leadership Development Program and "Technologies for Environmentally Sustainable Development," a fair and policy forum to be held on the 20th anniversary of Earth Day in 1990.

October 1989

Publications: Besides its own reports, the Institute publishes the Congressional Conference's highly respected Weekly Bulletin and Special Reports outside Congress. Subscription information is available on request.

Funding: Primary funding for the non-profit, tax-exempt Institute comes from foundations. Other support comes from publications, individuals, corporations and government.

More on the Conference: The Congressional Study Conference is a certified legislative service organization made up of more than 90 Senators and 290 Representatives -- from both sides of the aisle and across the political spectrum -- and financed by dues from its members' official budgets. Its reputation for timely, unbiased and authoritative legislative information and research has made the Conference the largest of all Congressional caucuses and an indispensable resource for policymakers on and off Capitol Hill. The Conference's Co-Chairs are Congressman Robert E. Wise, Jr. (D-W.Va.) and Senator Albert Gore, Jr. (D-Tenn.). Vice Chairs Are Congresswomen Jan Meyers (R-Kans.) and Senator John McCain (R-Ariz.).

## CONWAY & COMPANY CREDENTIALS

The technology fair and international forum will require a blending of technical events management skills with the substantive knowledge of key technology and policy issues. For that reason, EESI has engaged the services of Conway & Company to manage the planning and execution details of the fair and the forum.

Conway & Company is a broad based public relations and communications company which began operations in Washington in 1958, making it the second oldest public relations firm in the nation's capital. The firm provides innovative and effective coalition management, media relations, advertising, events management, employee relations and government affairs management to a wide array of clients. Both its graphics department and its film and video group have been cited for award-winning products.

Among the firm's recent clients are: The Trump Shuttle, the National Realty Committee, the National Rural Electric Cooperative Association, MAGLEV USA, the Democratic Leadership Council, Pan American World Airways, Montgomery Mall, the Post Office Pavilion, Polinger Company, Luz International Limited, several major Washington law firms, the AFL-CIO and other international labor organizations.

The firm has decades of experience in events management, ranging from smaller press gatherings to running a delegate conference of thousands or orchestrating simultaneous filming and press events during the opening day of a new airline.

For example, a coalition of five Fortune 500 firms and the union representing their manufacturing employees commissioned the firm in 1986 to organize and produce simultaneous press events in over fifty cities around the country, united by a live satellite video teleconference.

The day before the event, a coalition spokesman appeared on the Today Show for the "Close-Up" segment interview. The actual event, which involved Members of Congress, governors, state legislators, a lengthy list of CEO's, labor leaders and literally thousands of manufacturing employees, was featured on the evening news of all three commercial networks.

Local television coverage in the event sites was at the saturation level, as was local newspaper and wire service coverage. National articles appeared in the Washington Post, the Wall Street Journal, the New York Times, and USA Today, where the event was the cover story for the Friday "weekend" edition.



Conway & Company has conducted numerous other live televised events for both companies and policymakers, involving both domestic and international locations. Several of these have been produced as packaged programs for release to public television stations as a part of their public affairs programming.

One such occasion was the 50th anniversary meeting of the Southern Governors' Association in Colonial Williamsburg, Virginia. At this meeting, the firm produced and directed a special session of the governors on civil rights, moderated by the Washington Post's Haynes Johnson. This session, which brought the governors together with several leaders of the civil rights movement (Andrew Young, Wiley Branton, Vernon Jordan, etc.) before an audience of press and other opinion leaders, was broadcast live from the historic House of Burgesses to public television stations around the country. Several stations carried the program live, with many others taping the show for subsequent air dates.

The firm has conducted satellite press conferences from convention ballrooms to the Mojave Desert, and has handled originations from television studios, hotel facilities, and various field locations from California to Europe. Its film and video projects have even taken principals in the firm to shooting locations in Eastern Europe.

#### Robert Yates and Associates

To assist in the exhibition management activities associated with the technology fair, Conway & Company will be joined by Robert Yates and Associates. Yates brings over twenty years of trade show and exhibition design and management experience to the Conway team. He has held senior posts with two of the nation's largest convention services organizations, Andrews Bartlett and Hargrove, Inc. He has supervised and directed the design, construction, and events at countless conventions, trade shows, exhibitions and special events, including the President's Education Summit in Charlottesville, Virginia, the Williamsburg Economic Summit, and the Bush Presidential Inauguration.

ALBERT GORE, JR.  
U.S. Senator



WASHINGTON, D.C. 20510

JOHN HEINZ  
U.S. Senator

November 16, 1989

Mr. Bill Stanton  
Counselor to the President  
World Bank  
1818 H Street, NW  
Washington, DC 20433

Dear Mr. Stanton:

We have recently announced, along with the Environmental and Energy Study Institute, our plans for the Technology Fair and International Forum here in Washington next spring. The Fair and Forum, highlighting "Technologies for Environmentally Sustainable Development," will be held on the Mall April 4-8, 1990 as a prelude to the celebration of the 20th anniversary of Earth Day.

Several governmental institutions, including the U.S. Department of Energy, Overseas Private Investment Corporation, and the U.S. General Accounting Office, and a number of non-governmental organizations have already helped to launch this project and now serve on its Organizing Committee (see attached).

Additional support is still needed to help make the Fair and Forum a success, so we are inviting organizations that could not join us in our initial effort to now become sponsors of the project by helping to fund both the Fair and Forum. Further information on exhibiting at the Fair will be sent to you under separate cover.

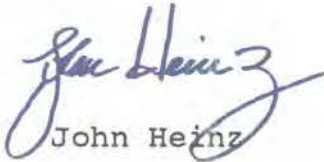
Together with EESI, and the Organizing Committee, we are all very excited about this undertaking. The Fair and Forum promise to be an important arena in which to examine the role that technology and public policies can play in shaping the environment of our world - an effort that you would want to help lead.

November 16, 1989

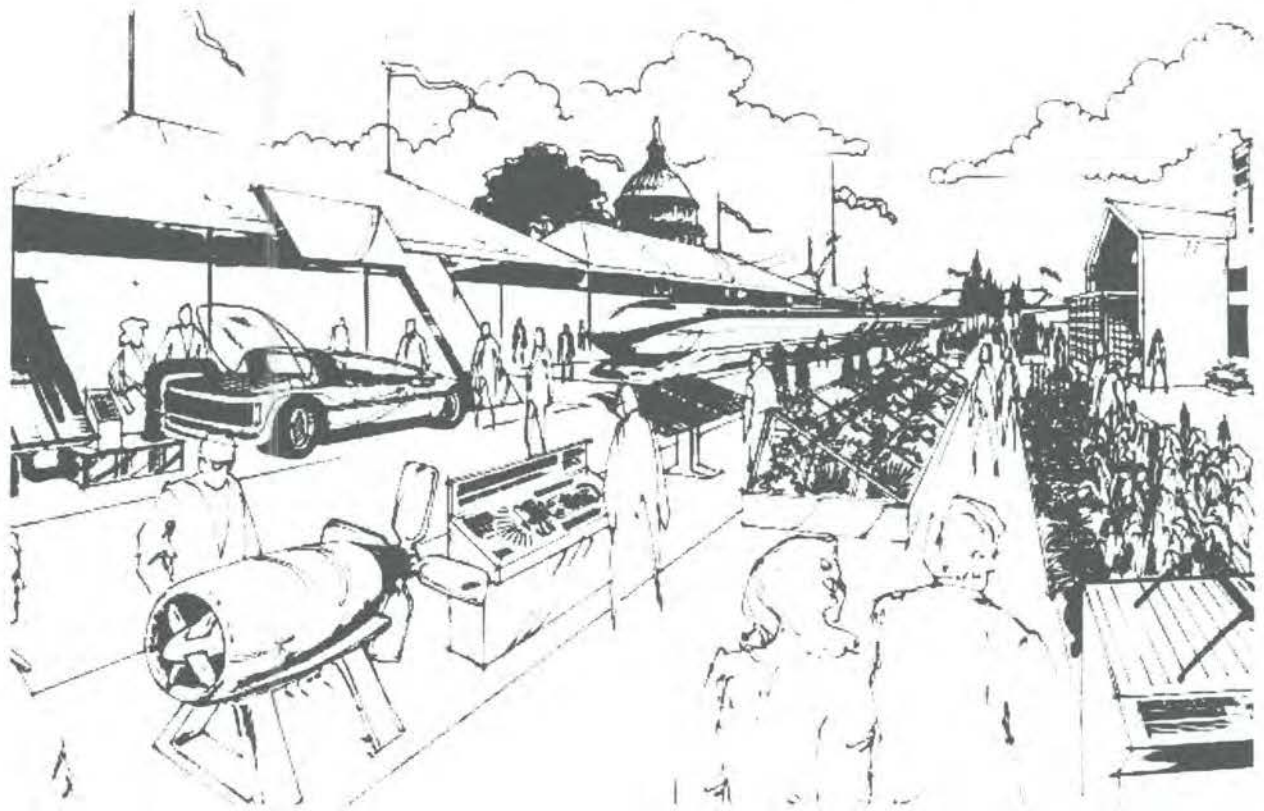
Page 2

With only limited time between now and next spring, we are going to have to move ahead rather quickly. So we ask you to please get back to us as soon as possible if you will be able to join us as a sponsor. If you have additional questions, please contact Ken Murphy, Executive Director of EESI, at (202) 628-1400.

Many thanks,

  
John Heinz

  
Albert Gore, Jr.



# **TECHNOLOGIES FOR ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT**

---

*Technology Fair and International Forum  
Washington, D.C.  
April 1990*

# Technologies for Environmentally Sustainable Development

## *Organizing Committee*

*(As of November 9, 1989)*

*Co-chairmen:*

*Senator John Heinz and Senator Al Gore*

American Gas Association  
American Public Power Association  
AT&T  
Battelle, Pacific Northwest Laboratories  
Bechtel  
Browning Ferris  
Center for Neighborhood Technology  
Chemical Manufacturers Association  
CIBA-GEIGY Corporation  
Combustion Engineering  
Conservation Foundation  
Council for Solid Waste Solutions  
DuPont  
Global Legislators for a Balanced Environment  
Global Tomorrow Coalition  
International Institute for Energy Conservation  
LUZ International  
National Center for Appropriate Technology  
North Carolina Alternative Energy Corporation  
Oak Ridge Associated Universities  
Overseas Private Investment Corporation  
Smithsonian Institution  
State Waste Reduction Programs Roundtable  
Tennessee Valley Authority  
Lester Thurow, MIT  
United Nations Environment Program  
U.S. Department of Energy  
U.S. General Accounting Office  
U.S. Windpower  
USX  
Waste Management  
Westinghouse  
Roy F. Weston, Inc.  
World Resources Institute

TECHNOLOGIES FOR ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT

Technology Fair and International Forum

April 1990

\* \* \* \*

Advance Program Details

November 9, 1989

TABLE OF CONTENTS

	<u>Page</u>
I. Project Summary	1
-- Overview	
-- Technology Fair	
-- International Forum	
II. Press Conference Announcing Project	5
-- Senator John Heinz	
-- Senator Al Gore	
-- Environmental and Energy Study Institute	
III. Details on Technology Fair	10
-- Narrative Description and Illustrations	
IV. Details on International Forum	15
-- Narrative Description and Illustration	
V. Media Components	20
VI. Project Team	23
-- Environmental and Energy Study Institute	
-- Conway and Company	
-- Robert Yates and Associates, Inc.	

## PROJECT SUMMARY

### Overview

This project -- a Technology Fair and International Forum on Technologies for Environmentally Sustainable Development -- is designed to provide highly visible opportunities for corporate leaders, Members of Congress and other government policy makers, and leaders of nongovernmental organizations to participate together in activities concurrent with the 20th anniversary of Earth Day.

The focus will be two-fold:

- o showcasing environmentally-sound technologies, products and strategies now available for addressing the world's environmental, energy and economic development challenges. The technology exhibition will be on the Mall in Washington, D.C.
- o addressing the public policy options that will impact commercial development of environmentally-sound technologies as concerns over the environment increase locally and internationally. Public and private sector leaders from around the world will take part in an international forum through live satellite hook-up.

Events dealing with the 20-year commemoration of Earth Day will capture a great deal of public and media attention during the month of April, 1990. This project will assure that progress made by the private sector and government in the past 20 years will receive their share of the spotlight. Furthermore, the project will provide a means for corporate leaders, government policy makers, and public interest representatives to engage in constructive discussions with one another about policy options in the context of Earth Day.

The Technology Fair and International Forum will be held in Washington, D.C., April 4-8, 1990, and will be linked via live satellite transmission to coordinated activities in several other world capitals.

Major opportunities for national and international media coverage are designed into the project. In addition, a special production on the technology fair and international forum will be offered for public television.

The project is organized by the Environmental and Energy Study Institute, in cooperation with United States Senators John Heinz and Al Gore and the Congressional Environmental and Energy

Study Conference. The Conference is a certified legislative service organization made up of more than 90 Senators and 290 Representatives.

Senators Gore and Heinz are chairing the organizing committee for the Technologies for Environmentally Sustainable Development project. Members of the organizing committee include corporate, governmental and public interest organization representatives. Contributions from the corporate participants in the organizing committee constitute the start-up fund for the project.

The Technology Fair and International Forum on Technologies for Environmentally Sustainable Development is independent of any other organization or Earth Day-related event. The organizing committee for the project will include Members of Congress, corporate leaders, federal officials and other representatives.

Funding for the project will come from corporate contributions, government grants, television underwriting, and exhibit participation fees.

### Technology Fair

The Technology Fair will be held April 4-8, 1990, coinciding with the probable final full week of congressional business prior to the Easter recess. This timing will allow active involvement by Members of Congress, and will help establish a constructive theme for Earth Day activities that will occur later in the month.

A combination of covered and open exhibition spaces will be located on the Mall, in close proximity to the Capitol. Shuttle transportation will be made available to facilitate access to the exhibit by Members of Congress and congressional staff.

The exhibition will be open to the public during daytime hours, and large public crowds are anticipated. The week for the Technology Fair is close to Easter and to the Washington Cherry Blossom Festival, both of which mark high points for the number of tourists in downtown Washington.

It is expected that a wide variety of technologies, processes and products will be displayed, applicable to a broad diversity of sectors, including energy, transportation, agriculture, chemicals, manufacturing, waste treatment, water conservation, and others. This will offer policy makers, the media, and the public a chance to investigate, first hand, innovations and alternatives in technologies.



The Technology Fair will also offer elected officials an effective setting for making statements on energy and environmental issues during the Earth Day period. In order to facilitate this exchange between elected officials and the media, live television linkages via satellite will be arranged between settings on the Mall at the Technology Fair and local news outlets in home states and congressional districts. This will allow Members of Congress and local television news anchors to engage in "real time" discussions or tape delay broadcast of interviews.

The Technology Fair will be self-financing from fees charged to exhibitors. In the interim, before exhibitor fees are available, the initial start-up and promotional costs will be covered from the contributors' seed money fund.

#### International Forum

The International Forum will be held Thursday and Friday, April 5-6, during the week of the Technology Fair to link the tangible displays on the Mall with public policy options. Gathering in a suitable Capitol Hill location, such as the Senate Caucus Room in the Russell Senate Office Building, members of the House and Senate will join in discussion with corporate leaders and other experts.

The select nature of the participants along with the critically important issues at hand offer significant possibilities for media exposure for the public and private participants. The room will be constructed along the lines of a television set to enhance the interchange among participants and facilitate television coverage. Television lighting, a sophisticated sound system, and the use of short, pre-produced video pieces projected onto large screens introducing segments of the discussion will add both to the visual intensity of the Forum and the content of the discussion.

Recognizing that many of the energy and environmental issues confronting policy makers cannot be dealt with in the context of the U.S. alone, and that the commercial market place is increasingly international, the Forum will link up with similar sessions to be organized in several other countries. Using two-way audio and visual satellite linkages, the overseas forums organized under the sponsorship of appropriate organizations -- such as the European Parliament, the environmental center for Eastern Europe in Prague, or other legitimate conveners of public and private leaders -- will be linked with the Forum in the United States.

As a supplement to immediate media coverage anticipated for the event, plans for a subsequent television program based on the Technology Fair and International Forum are being explored.

---

# News from Senator John Heinz

---

Release           October 26, 1989  
Contact           Grant Oliphant   (202) 224-7753

## HEINZ, GORE CHALLENGE MARKETPLACE:

### USE ENTREPRENEURIAL SAVVY TO DEVELOP PRO-ENVIRONMENT TECHNOLOGIES

WASHINGTON, D.C. -- Calling on U.S. businesses to harness the power of America's technological inventiveness, U.S. Senators John Heinz (R-PA) and Al Gore (D-Tenn.) today launched a major initiative to encourage the development of environmentally-sound products.

"American consumers are ready to buy products that promote sustainable development and protect the environment. Today, we are challenging our nation's leading industries, entrepreneurs and inventors to take their best ideas off the drawing board and put them on the market shelf," Heinz said.

The Senators issued the challenge while announcing a fair, sponsored by the Environmental and Energy Study Institute (EESI), to showcase so-called pro-environment products and methods during Earth Day celebrations next April. The Technology Fair, which will culminate the Senators' and EESI's 6-month push for product innovation by featuring products already developed and others invented over the next few months, will be held on the Mall in Washington, D.C..

According to Heinz, pro-environment products promote the sustainable development of natural resources by minimizing or eliminating their negative impact on the environment. Examples include energy-efficient appliances, products made from recycled tires,

newspapers or plastics, cooling systems that don't use ozone-depleting CFCs, environmentally benign pesticides, and many others, the Pennsylvania Senator said.

"The problems of climate change, species extinction, acid rain, urban smog and many more require new thinking. Action by the federal government alone will not suffice," Heinz said. "Unless we harness the forces of the marketplace, unless the private sector can help us provide new and sustainable technologies, we may accomplish too little, too late."

- 30 -

NEWS FROM

# U.S. Senator Al Gore



(D - Tennessee) SR 393 Russell Building, Washington, D.C. 20510 (202) 224-4944

FOR IMMEDIATE RELEASE  
Thursday, October 26, 1989

Contact: Marla Romash  
202-224-7155  
202-547-0806 (H)

**"GREEN TECH" FAIR OFFERS AMERICAN INDUSTRY CHANCE TO BOAST  
Gore Says Event Will Illustrate  
Industry Gains in Environmental Protection**

WASHINGTON -- A mall-sized "Green Tech" Fair and International Policy Forum that will complement the April 1990 Earth Day celebration represents a chance for American industry to show-off the new technologies developed to balance environmental protection and economic growth and, to work to bring as yet undeveloped technologies and products to the public, Sen. Al Gore, D-TN, a sponsor of the fair and an international forum, said today (10/26).

"Since the first Earth Day in 1970, we've moved dramatically as a nation toward recognition that our economic development must proceed in an environmentally safe way," said Gore, the sponsor of the resolution setting the 20th Anniversary Celebration of the first Earth Day. "Business and industry have successfully developed new technologies to balance these often competing goals. We've come a long way, but there's still a long road ahead."

The "Green Tech" Fair will be held the first week in April, 1990 on the mall between the Capitol and the Air and Space Museum. At the same time, an International Policy Forum will be conducted on Capitol Hill and seen, via satellite, in other international cities. Both events are sponsored by the Energy and Environment Study Institute, working with the Congressional Environmental and Energy Study Conference of which Sen. Gore is co-chairman. Representatives of business and non-profit organizations also are working on these events.

"This is an opportunity for American business to show us their best, to surprise us with their skill and innovation and, to illustrate that not only do they recognize the environmental crisis we face, but also that they are willing to join us in working to find solutions to confront that crisis," Gore said.

At the "Green Tech" Fair, products and technologies that can have a direct impact on reducing pollution and environmental damage will be demonstrated. At the International Forum, members of Congress, policy makers, business and environmental leaders will discuss the public policy implications of these technologies.

#

# Environmental and Energy Study Institute

122 C Street, N.W., Suite 700

Washington, D.C. 20001

(202) 628-1400

## Board of Directors

### Chairman

Roger W. Sant\*

### Vice Chairman

James Gustave Speth\*

### Secretary-Treasurer

Carleton D. Burt\*

Joan Z. Bernstein  
Lester R. Brown  
John H. Chafee  
William Patrick Collins  
Gerald Decker  
Carol E. Dinkins  
Joseph L. Fisher\*  
S. David Freeman  
Robert Fri  
John Heinz  
Thomas C. Jorling  
C. Payne Lucas  
Paul N. McCloskey, Jr.  
George G. Montgomery, Jr.  
Edmund S. Muskie  
Richard L. Ottinger\*  
Ruth Patrick  
L. Richardson Preyer  
John Quarles  
John W. Rowe  
John F. Seiberling  
John J. Sheehan  
Russell E. Train  
Victoria J. Techinkel  
Robert B. Wallace  
Donna W. Wise  
Larry Young

### Executive Director

Ken Murphy

### \*Executive Committee

FOR RELEASE

2 p.m.

October 26, 1989

CONTACT: Grant Oliphant  
202/224-6324  
Marla Romash  
202/224-7155  
Ken Murphy  
202/628-1400  
John Wilson  
202/289-0800

## SENATORS HEINZ AND GORE ANNOUNCE ENVIRONMENTAL TECHNOLOGY INITIATIVE TO COINCIDE WITH EARTH DAY ANNIVERSARY

WASHINGTON, D.C. -- Senators John Heinz (R-Pa.) and Al Gore (D-Tenn.), joined by private and public sector leaders, announced plans today for a major Technology Fair and International Forum to be held in Washington in April 1990 to coincide with the 20th Anniversary of "Earth Day."

The project, "Technologies for Environmentally Sustainable Development," will showcase private and public sector innovations and explore public policy options that can help solve global environmental problems.

"Today is a turning point, not just because we are mustering the ingenuity of America's marketplace on behalf of the environment, but because we are moving to prevent pollution rather than having to clean it up," Heinz said.

"We are challenging America's business leaders and entrepreneurs to reach into their corporations and laboratories for the technologies, products and strategies to address the world's environmental needs," Gore said. "This effort will allow policy makers to examine these technologies firsthand and debate the role public policies can play in hastening their development and use."

The Technology Fair, to be located on the Mall,

--MORE--

and the International Forum, to take place on Capitol Hill with satellite links to other capital cities around the globe, will occur the first week in April 1990.

The Project is sponsored by the Environmental and Energy Study Institute, a non-profit educational organization, in cooperation with the Congressional Environmental and Energy Conference, a legislative service organization with a membership of 90 Senators and 290 Representatives.

Senators Gore and Heinz were joined by representatives of government, business and non-profit organizations, all members of the project's Organizing Committee (see attached).

The Technology Fair was conceived as an opportunity for business and the public sector to bring forward their best technology for solving and reducing environmental problems. The Technology Fair will transform a portion of the Mall located between the Capitol and the Air and Space Museum into a massive demonstration of technologies, products and strategies that can have a direct impact on reducing air pollution, global warming, soil and ground water contamination and a host of other environmental problems.

The International Forum will take place concurrently with the Technology Fair and provide members of Congress, other policy makers and business and environmental leaders an opportunity to discuss the public policy implications of these emerging technologies. Because many environmental problems are global in scale requiring international cooperation to fashion solutions, the Forum is planned to include live television links between similar groups of policy makers in capital cities of several other nations.

###

## DETAILS ON TECHNOLOGY FAIR

### Purpose

The Technology Fair is designed to give companies, government agencies and other organizations a high-impact means to show their constructive responses to the many environmental concerns that are capturing heightened attention locally, nationally, and globally.

At the foot of the U.S. Capitol on the Mall in Washington, D.C., and with concentrated media coverage, companies will showcase products, equipment and processes that either correct or avoid environmental problems while contributing to economic development. Government agencies and other organizations also will demonstrate their roles in furthering development of environmentally sound technologies.

### Target Audiences

The high-profile exposure given to displays at the Technology Fair will provide marketing benefits to exhibitors. In addition, the audiences of the exhibition are members of Congress, the Executive Branch, and the media. Numerous activities will be conducted to reach these audiences, including special walk-throughs for members of Congress and Administration officials, press conferences with live satellite hook-up, and shuttle transportation to and from Capitol Hill.

Through media coverage, there will be wide public exposure in the U.S. and internationally. Additionally, a large volume of on-site public traffic is expected from Mall visitors. Daily foot traffic could easily be in the tens of thousands. In our planning and coordinating meetings, the Smithsonian Institution has reported that April is the highest visitor month on the Mall, with 3 million museum visitors. In the month of April, 40,000 people per day visit the Air and Space Museum, many of them technology-oriented. The Air and Space Museum is adjacent to the Technology Fair site.

Special arrangements will be made for visits and tours of the Technology Fair for foreign embassy officials, financial institutions, school teachers and students, and potential end users of the technologies.



## Physical Configuration

As shown in Illustrations #1 & #2, the Technology Fair will be arranged in courtyard design on the section of the Mall immediately east of the Smithsonian's Air and Space Museum, in sight of the Capitol building.

This design provides a total of 60,500 sq. ft. of exhibit space. Of the total, 44,900 sq. ft. will be covered space (under exhibition tenting) along the perimeters of the Fair site, and 15,600 sq. ft. will be available for open-sky exhibits in the interior courtyard of the site.

Booth sizes will range from 100 sq. ft. to 1,600 sq. ft. for the covered spaces, and from 400 sq. ft. to 2,000 sq. ft. in the open courtyard. (Larger spaces can be accommodated if desired.) The layout for the covered spaces will be arranged around approximately fifteen large "anchor" booths, ranging in size from 900 to 1,600 sq. ft.

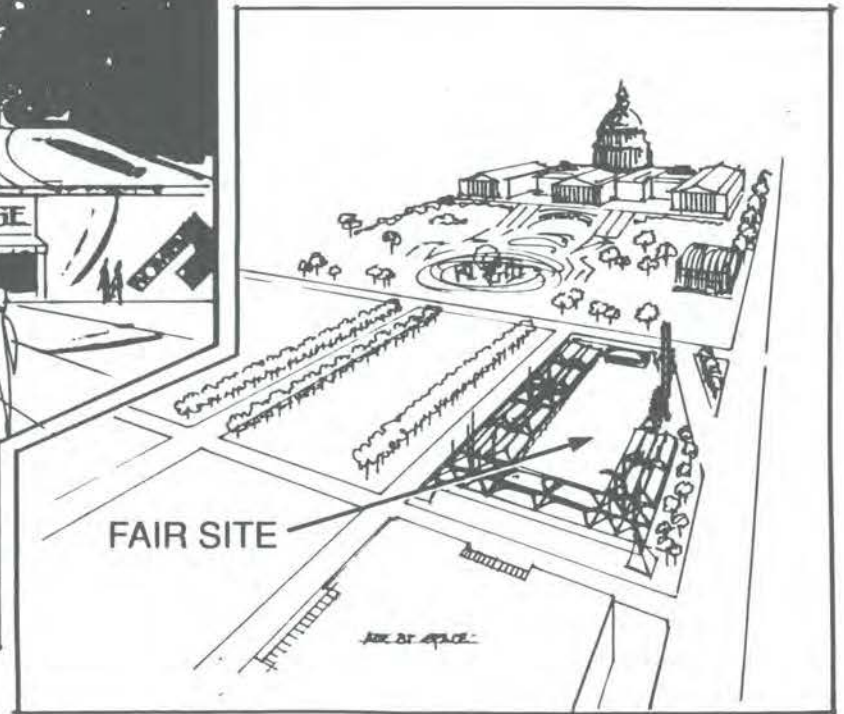
Illustration #3 provides a hypothetical booth-space floor plan, showing the distribution of various sized booths around the anchor displays. The Fair layout is designed on a modular construction basis so that it can be scaled down if needed. Illustration #3 assumes full use of the space by 216 exhibitors.

Each 10'x 10' space will consist of a back wall of burgundy drape and a low divider on each side. The floor of all of the inside booths will consist of a plywood substructure covered with black astroturf. Individual booths may carpet their spaces as they choose. Aisles will be marked with large identification signs, indicating the special areas.

Each outside space will be outlined with a single rope on posts that may be removed after the booths are set up.

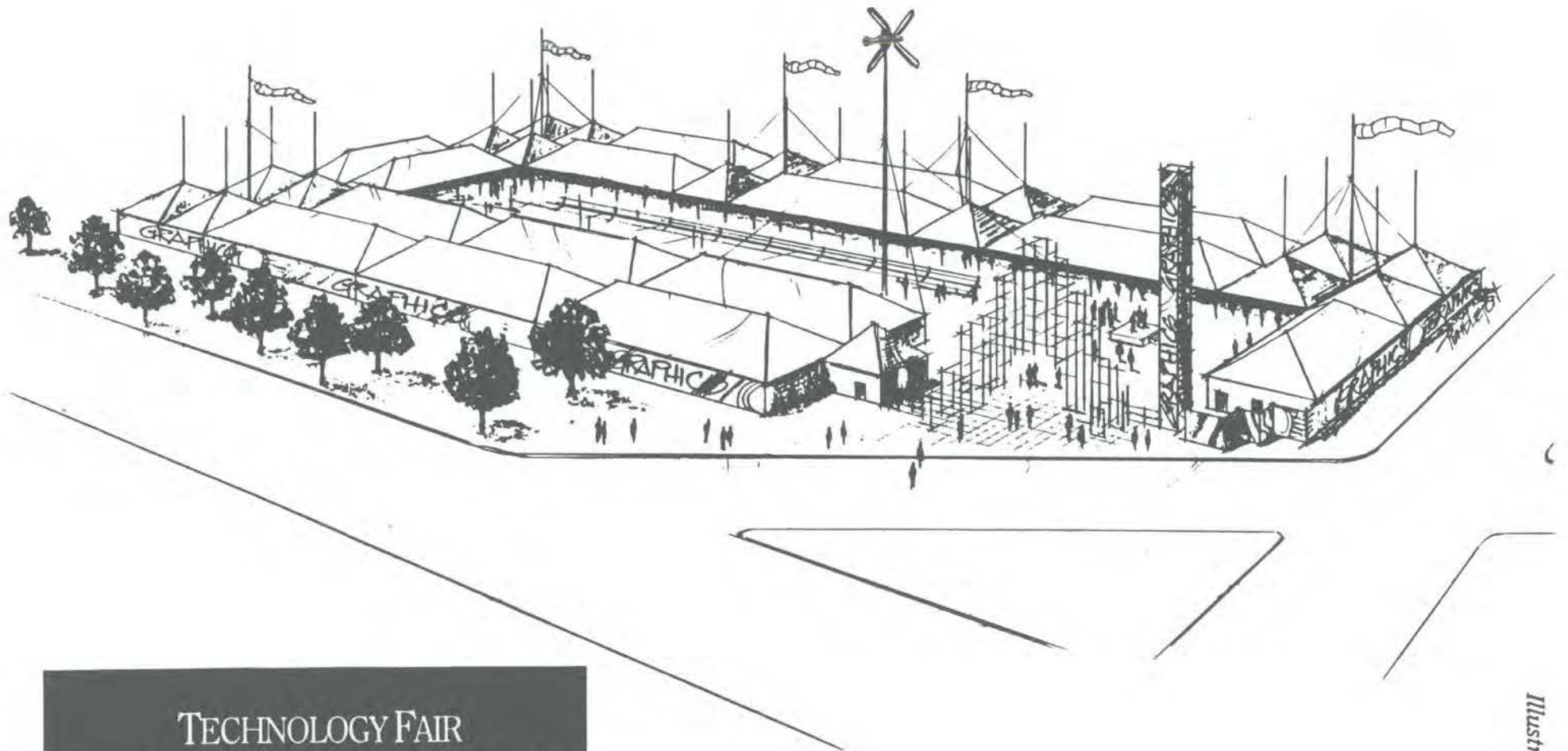
Decorated security walls will surround the entire site, with designated entry points. Twenty-four hour security will be provided.

A press conference staging area is designed for the courtyard area near the main entrance, as well as a VIP meeting room and press center.



## TECHNOLOGY FAIR

(Left) View from fair showing U.S. Capitol in background.  
(Right) Technology Fair located on the Mall, between the National Air and Space Museum and U.S. Capitol.



## TECHNOLOGY FAIR

Aerial view of fair with entrance on Maryland Avenue, S.W.

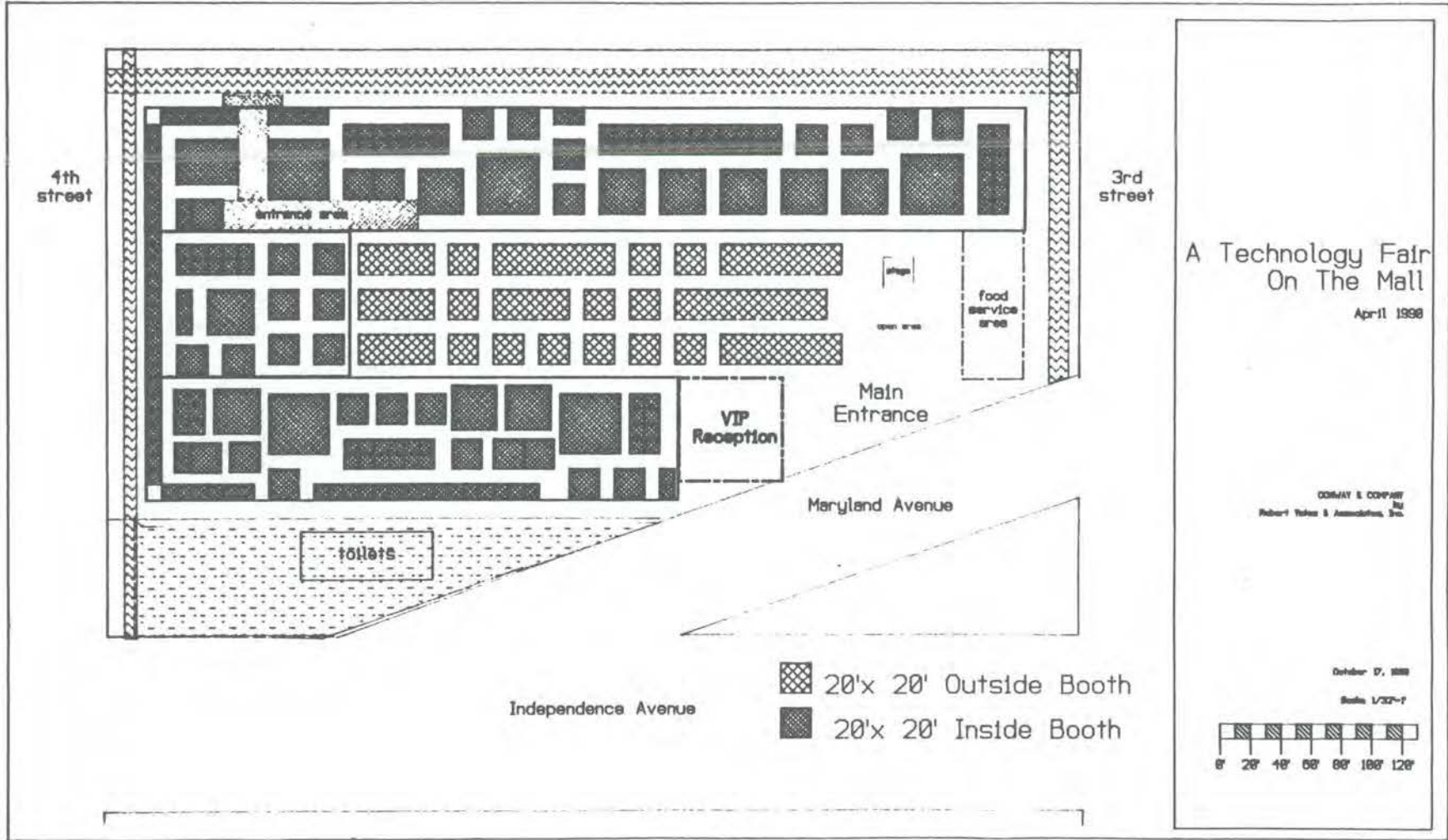


Illustration 3

### Thematic Groupings

The exhibition will be organized around several broad themes designed to incorporate most relevant industry sectors and end-use applications. Current plans call for the following themes to be represented in the Fair:

- o Manufacturing for Sustainable Development
- o Transportation and the Environment
- o Cleaning Up Yesterday's Problems
- o Energy for Tomorrow
- o "Green" Houses and Buildings
- o Waste Management for the Environment
- o Food Production and Forestry for People and the Environment
- o Environmentally Sustainable Consumer Products
- o "Successful" Communities

In each thematic section of the Fair, exhibitors will showcase their contributions -- technologies, products, processes and strategies -- for achieving environmentally sustainable development.

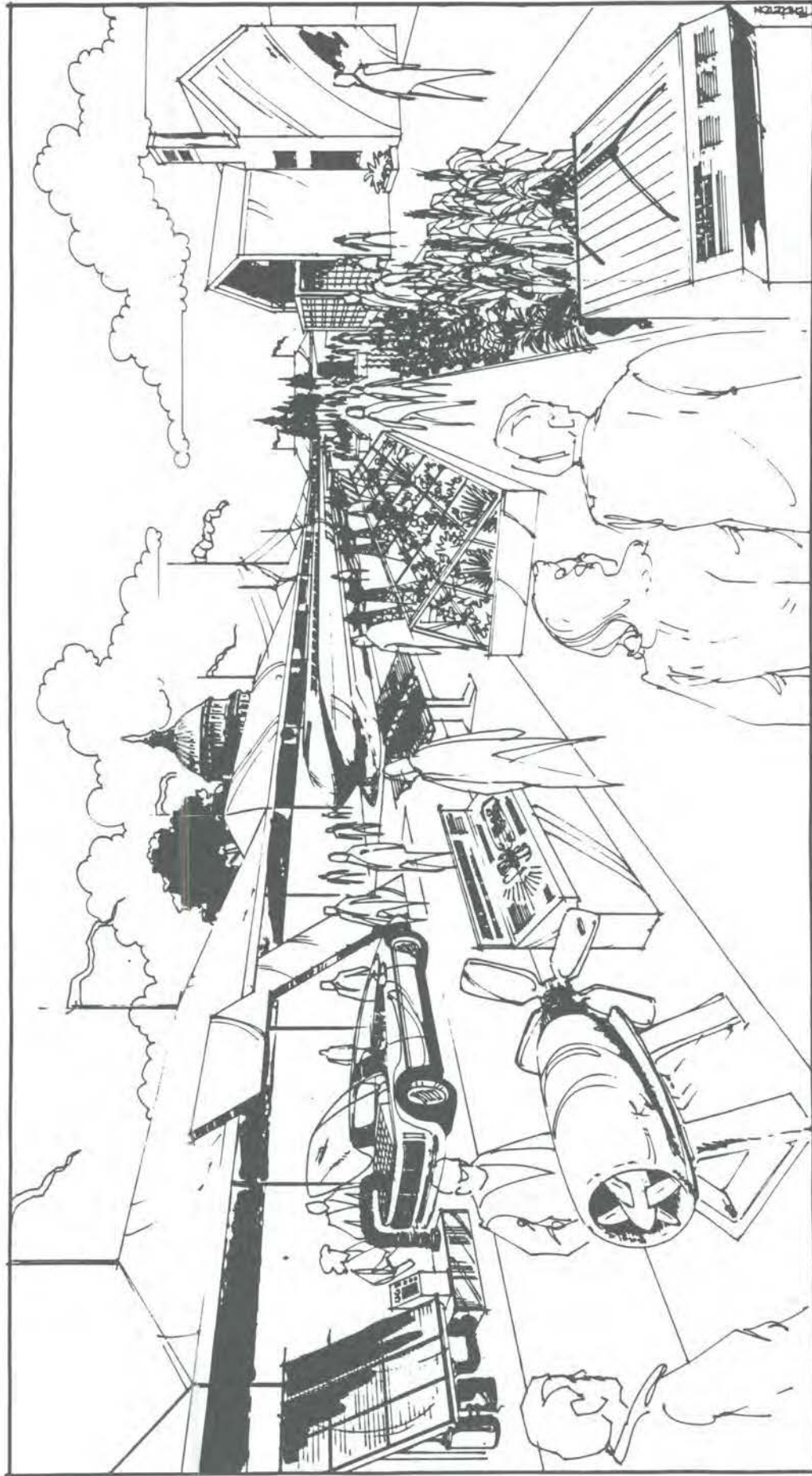
Illustration #4 shows a hypothetical view of agricultural, energy and transportation exhibits, as well as an environmentally engineered residence.

### Costs and Revenues

The Technology Fair is designed to be self financing from exhibitor fees, with revenues anticipated to cover all costs.

The initial planning and promotion costs will be "borrowed" from the \$200,000 start-up fund. The start-up fund will be repaid from the revenues generated from exhibitor fees, thus allowing the replenished start-up fund to be applied to the costs of the International Forum.

As currently planned, revenues from the Technology Fair are budgeted at \$1,145,800. This estimate is derived from exhibitor fees ranging from \$15.50/sq. ft. to \$23.50/sq. ft., depending upon size and location. These rates are within the range



## TECHNOLOGY FAIR

Visitors viewing agriculture, energy, and transportation technology exhibits with environmentally engineered residence at right.

commonly charged at commercial trade shows.

As a comparison for exhibit space for an event similar to the Fair, we have asked several Associations what they charge for their exhibit space. Other services may be involved that are not represented here:

National Cable Television Association  
\$13.50 per square foot for members  
\$25.00 per square foot for non-members

Food Processing Machinery and Supplies Association  
\$11.00 per square foot for members  
\$14.00 per square foot for non-members plus a \$2,000.00 charge (e.g., 10'x 20' booth = \$24.00 per square foot)

Army  
\$22.00 per square foot

The budget also provides for the donation of up to 5,000 square feet (fifty 10' x 10' booths) for selected organizations that could not otherwise participate but whose presence is judged to be important for the Fair's scope and balance.

Anticipated expenses total \$1,142,085. Included in this budget is a 5% contingency for unanticipated expenses. If the size of the exhibition is scaled back because of the need for less booth space, reductions in many of the costs would follow.

#### Professional Management

Thematic supervision of the Technology Fair is the responsibility of the Environmental and Energy Study Institute. The Institute has a proven track record in organizing major events involving members of Congress, federal officials, corporations and nongovernmental organizations. Additional information on the Institute is in a separate section.

Administrative management for preparation, promotion and operation of the Fair is the responsibility of Conway and Company and its primary contractor, Robert Yates & Associates, Inc. Combined, these two companies have extensive experience in events management, large scale production, and exhibition design and management. Information on the firms' qualifications is located a separate section. One of the leading Washington-area convention and trade show firms will be contracted to provide the booth equipment and services.

Tentative Exhibitor Schedule

March 28-29      Set up Exhibit Space  
April 2-3        Exhibitors set up  
April 4           Fair Opens  
                  11:00am - Opening Ceremonies  
                  6:00pm - Fair Closes  
April 5           Fair open 9:00am - 5:00pm  
April 6           Fair open 9:00am - 5:00pm  
April 7           Fair open 9:00am - 5:00pm  
April 8           Fair open 9:00am - 5:00pm  
April 9           Exhibitor tear down  
April 10          Site cleared by 6:00pm

Note: The International Forum is scheduled for April 5-6.



## DETAILS ON INTERNATIONAL FORUM

### Purpose and Target Audience

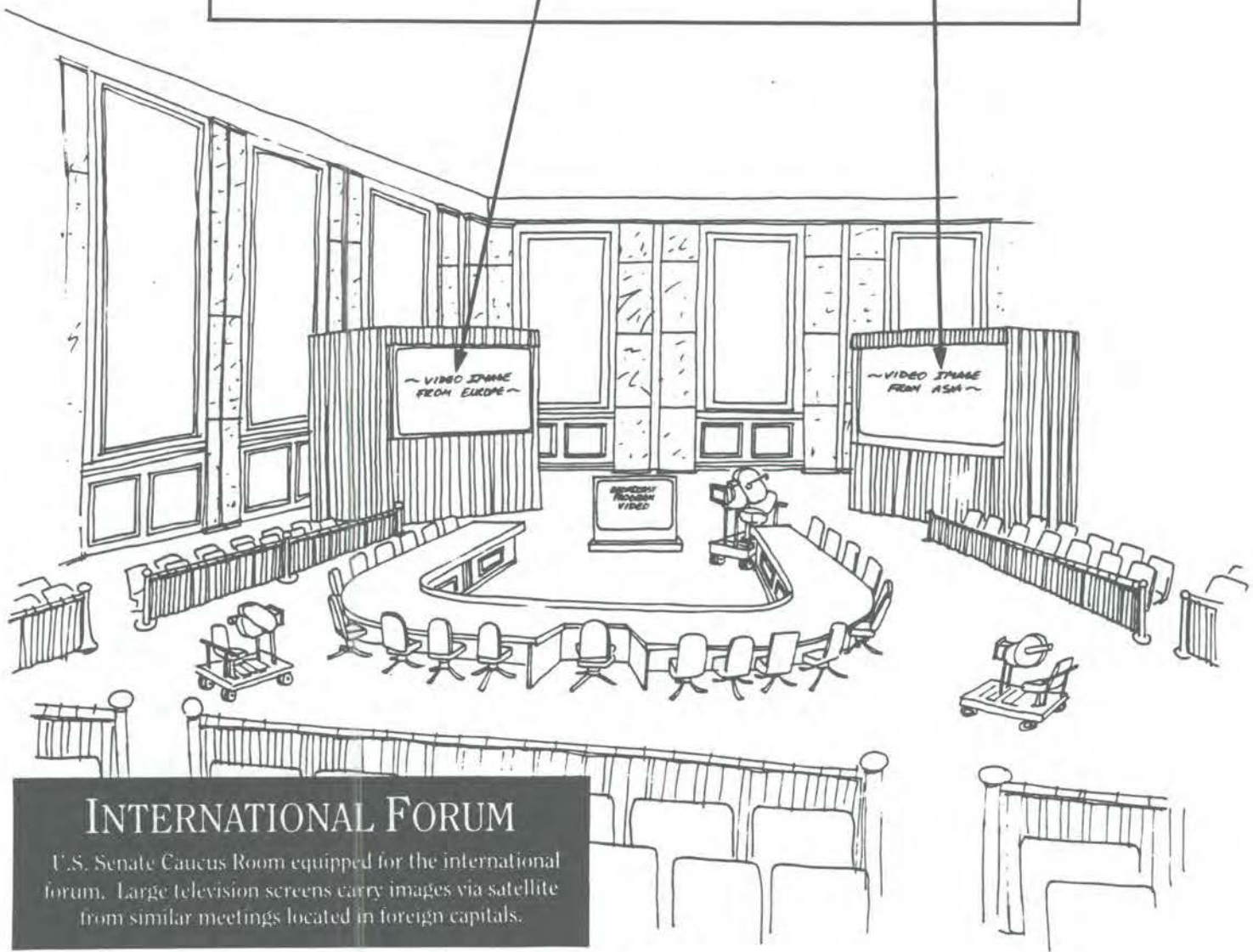
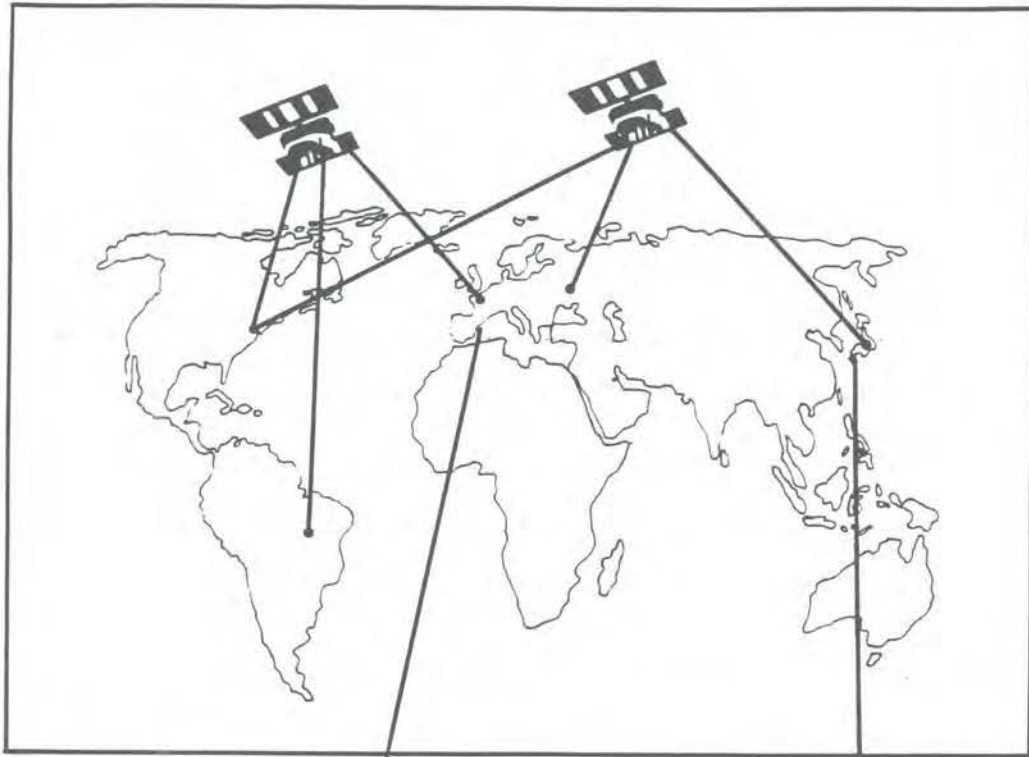
The International Forum will be convened for two days (April 5-6) during the week of the Technology Fair to link the tangible displays on the Mall with public policy options. The need for this linkage is clear. During the days immediately preceding Earth Day, there will be a dramatic increase in the level of public discussion and policy debate surrounding environmental issues. Absent a high level and highly visible discussion of the role that technology can play in helping to solve these environmental problems, much of the public debate could focus exclusively on the problems and not on the solutions.

While it is clear that new technologies offer critical solutions to many of our environmental problems, it is not clear that the policy makers and the public fully understand the relationship between public policy choices and the development of these technologies within the private sector. For that reason, it is essential that during the Earth Day period that a major policy discussion involving high level policy makers and leading representatives of the business community engage in a solution-oriented public debate of the environmental problems facing us. A Capitol Hill venue for such a Forum offers the greatest potential for public and media exposure and for constructive dialogue.

### Room Configuration

Gathering in a suitable Capitol Hill location, such as the Senate Caucus Room in the Russell Senate Office Building (see Illustration #5), members of the House and Senate will join in discussion with corporate leaders, Executive Branch officials, and other experts. Each forum session will be limited to twenty five participants, to encourage give and take and to assure active participation by all at the table. An invited audience of several hundred will be able to witness these discussions firsthand.

The select nature of the participants along with the critically important issues at hand offer significant possibilities for media exposure for the public and private participants. The room will be constructed along the lines of a television set to enhance the interchange among participants and facilitate television coverage. Television lighting, a sophisticated sound system, and the use of short, pre-produced video pieces projected onto large screens introducing segments of



## INTERNATIONAL FORUM

U.S. Senate Caucus Room equipped for the international forum. Large television screens carry images via satellite from similar meetings located in foreign capitals.

the discussion will add both to the visual intensity of the Forum and the content of the discussion.

Recognizing that many of the energy and environmental issues confronting policy makers cannot be dealt with in the context of the U.S. alone, and that the commercial market place is increasingly international, the Forum will link up with similar sessions to be organized in several other countries. Using two-way audio and visual satellite linkages, the overseas forums organized under the sponsorship of appropriate organizations -- such as the European Parliament, the environmental center for Eastern Europe in Prague, or other legitimate conveners of public and private leaders -- will be linked with the Forum in the United States.

#### Format and Themes

The forum would be divided into a number of sessions running throughout the course of a day. Current plans call for the following general themes to be represented at the forum (as they will at the fair):

- o Manufacturing for Sustainable Development
- o Transportation and the Environment
- o Cleaning Up Yesterday's Problems
- o Energy for Tomorrow
- o "Green" Houses and Buildings
- o Waste Management for the Environment
- o Food Production and Forestry for People and the Environment
- o Environmentally Sustainable Consumer Products
- o Successful Communities

Because of the limitations of time, and the need to schedule several of the sessions around the "global" clock to link up with foreign sites, several of these themes will be programmed into specific sessions.

Each session will unfold with a moderator (probably a television news anchor personality) introducing the session to those in the room and on the air. The moderator will introduce the participants (different for each session), and the topics for

discussion. Much like news programs (Nightline, Capital to Capital, etc.), subjects will be introduced with brief video reports, to quickly frame the discussion and provide a departure point for the session. The participants and audience can also visit, via video technology, actual applications of technologies or sites of environmental problems as necessary to facilitate a provocative and lively exchange.

Discussion will continue, guided by the moderator, as time permits. At the close of each session, the moderator will sum up the conversation, addressing the major points reflected in the session prior to closing out the broadcast period.

In this fashion, each session will exist as a stand-alone program, appropriate for broadcast without further editing.

Among the questions the forum will address are the following:

- o What incentives would help the private sector accelerate innovation, create markets for the innovative technologies, products, and strategies showcased on the Mall, and lead to their widespread use?
- o What governmental obstacles stand in the way of development and use of these innovative technologies?
- o Are there opportunities for public-private partnerships?
- o What steps should government and the private sector take -- separately or together -- to achieve widespread use of environmentally sustainable development technologies, products and strategies?

During the sessions that will have an international link, the moderator will prepare the U.S. participants for "going live" to the foreign location. The large monitors will carry television signals from those sites (see Illustration #5), and the discussions will ensue. There will be no foreign moderator, although there will likely be foreign dignitaries presiding with the assistance of technical personnel and translators. Thus, the moderator will have the additional role of directing traffic between the two locations and dealing with any translation problems or other issues that might arise in this live format.

## Participants

Session participants will include Members of Congress, federal agency officials, academic experts, industry leaders, and non-governmental organization representatives. Industry participants will come primarily from the companies and institutions on the organizing committee for the fair and forum, which include a broad cross-section of industry sectors and capabilities.

To assure bi-partisanship, each session will be co-chaired by Members of Congress from both political parties, with the entire technology fair and forum project under the co-chairmanship of Senators Al Gore and John Heinz.

## Additional Programming and Follow-up

The several hours of forum sessions will be edited into a one-hour program for subsequent airing. This program will also include additional footage of the technology fair, and will serve to summarize the key policy and technology issues that emerged from the discussions.

Discussions are underway with both public and commercial television organizations regarding the possible production and broadcast of this special, as well as additional live public affairs coverage of the actual sessions.

The ideas and options generated by the Policy Forum, and their pros and cons, will be published in a special 50-page report by EESI. The report will be distributed widely on Capitol Hill and to about 3000 other leaders in the media, private sector, federal and state agencies, non-governmental organizations and academia.

EESI will also transcribe the discussions at the Policy Forum and make these transcripts available upon request.

## Funding

The International Forum will be funded through three mechanisms. The first is the \$200,000 in funds created by the initial contributions of companies, government agencies, and other institutions to the EESI as they join the organizing committee for the Technology Fair and International Forum.

The second source of funds consists of traditional underwriting for the television components of the fair and the forum. Details must await conclusion of programming discussions with public and commercial television organizations, but typical

public television underwriting formats would generate several hundred thousand dollars in additional funds.

Additional foundation and corporate support will be sought for various forum components, such as the dinner and published proceedings. It is also anticipated that any foreign site would involve some mix of corporate and public support from that country.

The forum budget is designed to expand from a base level production with one remote location funded by the original fund of \$200,000 to cover four remote international sites for a little less than \$800,000.

#### Professional Management

Overall supervision of the International Forum is the responsibility of the Environmental and Energy Study Institute. EESI is solely responsible for the selection of materials to be distributed at the forum sessions as well as the program, choice of moderator, format and subject matter for each session.

Conway and Company has been retained to produce and direct the details of the forum, both in terms of video production and in terms of broadcast programming, and to manage other details required by EESI. Additional support (camera crews, stage construction, etc.) will be subcontracted once actual overseas locations have been determined. Information on the firm's qualifications is located in a separate section.

## MEDIA COMPONENTS

One of the goals of the overall project is to create a high level of visibility during the period leading up to Earth Day for technologies, products and strategies that can assist in meeting the world's environmental and economic challenges. Thus, a number of specific media components have been designed into the project which will focus attention not only upon these technologies, but also on the individuals and organizations, both public and private, that are engaged in bringing them to fruition.

The overall goal of these components is to create multiple opportunities for media representatives to:

- o become educated about the various technologies and their relative position to the market (i.e. research, development, commercial activity, etc.),
- o understand the interactions between public policy decisions, private sector decisions, and the development of these technologies,
- o conduct interviews with Congressional and industry representatives in highly visual settings at the technology fair, as well as live footage from the forum teleconferences,
- o and obtain well-produced video footage (or photographs) of the technologies on display, and the problems they hope to address, for use in stories covering the fair and forum as well as Earth Day.

In the eyes of the media, the project will begin with a kick-off press event on Capitol Hill scheduled for October 26, at which Congressional and industry leaders will lay out the goals of the effort and plans for the fair and forum.

### Technology Fair Media Activities

The week of the fair will begin with a major press event at the site, which should draw a large contingent of reporters and cameras. In addition to the obvious energy and environment reporters, this event should draw major participation from local bureaus of papers in Congressional districts as well as major television and print outlets in Europe and other forum origination sites.

The fair will be punctuated with a series of scheduled media opportunities for Members of Congress and industry leaders to tour the fair exhibits and conduct interviews in the dramatic setting that these exhibits will provide.

The project organizers will also provide for regular feeds from the fair site to satellite "gateways" where local stations can conduct interviews with their elected representatives and obtain pre-recorded video footage of the technologies on display and "real world" applications which they might address. These interviews could form the basis of local evening news broadcast segments across the country, tailored to local concerns or involvement (i.e. an interview of a corporate official of a firm with a plant in the Congressional district, describing the firm's activities in developing a new technology).

Facilities would be built into the fair site to provide for network quality feeds appropriate for both television and radio use. There would also be "vantage" points designed for wrap-up shots that Washington-based reporters could use for filing stories from the fairgrounds (perhaps showing some fair exhibits and the Capitol or Washington Monument in the background).

The media facilities at the fair site would be fully staffed during the hours of fair operation to help facilitate media tours and interviews and to assist in arrangements for the daily live and tape-delay feeds.

#### International Forum Media Activities

The forum will be designed as a live media event, to instill as much media attention as is possible. A carefully designed television "set" will be constructed to provide the right camera shots of participants and audience, as well as accommodate both working press areas and the "Nightline" type of screens necessary to converse live with remote locations.

The forum "sessions" will be scheduled around a global clock, to provide for linking up the various policy makers and industry leaders at the optimum times for international media coverage. Video segments on the technologies and the problems they might hope to address will be pre-produced, so that they can be used as brief introductions to each session's formal discussions.

These video segments will include footage of the week's activities at the fair, including shots of the exhibits and the media events that have been conducted adjacent to them.



The video and audio feeds from the forum will be available to all television and radio networks and stations with satellite capabilities, and additional pre-produced material featuring the technology fair exhibitions will be fed to provide for local editing decisions.

#### Additional Television Programming

Efforts are already underway to secure either public or commercial broadcasting involvement in either live news coverage of segments of the forum or a one-hour documentary on the entire project. This programming would incorporate footage from both the technology fair and the forum along with appropriate narration to convey the overall message of the project that technologies will play a critical role in addressing the world's environmental and energy problems and there are important roles for both the public and private sectors in furthering this development.

This programming provides an additional opportunity for highly visible underwriting assistance that can help make the entire project (both fair and forum) more accessible to the public and longer lasting in its impact upon the nation's public and private decision makers.

# Environmental and Energy Study Institute

122 C Street, N.W., Suite 700

Washington, D.C. 20001

(202) 628-1400

## Board of Directors

### Chairman

Roger W. Sant\*

### Vice Chairman

James Gustave Speth\*

### Secretary-Treasurer

Carleton D. Burtt\*

Joan Z. Bernstein  
Lester R. Brown  
John H. Chafee  
William Patrick Collins  
Gerald Decker  
Carol E. Dinkins  
Joseph L. Fisher\*  
S. David Freeman  
Robert Fri  
John Heinz  
Thomas C. Jorling  
C. Payne Lucas  
Paul N. McCloskey, Jr.  
George G. Montgomery, Jr.  
Edmund S. Muskie  
Richard L. Ottinger\*  
Ruth Patrick  
L. Richardson Preyer  
John Quarles  
John W. Rowe  
John F. Seiberling  
John J. Sheehan  
Russell E. Train  
Victoria J. Tschinkel  
Robert B. Wallace  
Donna W. Wise  
Larry Young

### Executive Director

Ken Murphy

### \*Executive Committee

## FACT SHEET

The Environmental and Energy Study Institute is a bi-partisan public policy organization established in cooperation with the leaders of the Congressional Environmental and Energy Study Conference. Its mission is to produce better informed Congressional debate and generate credible, innovative policies for environmentally sustainable development.

The Institute has a special ability to produce results because of its broad-based Board of Directors, its problem-solving approach, and its special relationship with Congress. It is Members of Congress and their staffs who turn to the Institute for information, analysis and ideas, who participate in the Institute's work, and who promote the Institute's initiatives.

The Institute's products feature pro-active educational briefings; short, timely issue and policy reports; consensus-building policy workshops; blue-ribbon task force recommendations; regional and national conferences; and Congressional testimony and provision of information and technical assistance.

Priority Issues: The Institute's agenda focuses on timely issues and opportunities where it can make a difference and on carefully chosen projects for which it is well suited. Programs and projects are underway in the areas of global climate change, energy efficiency and renewable energy, groundwater protection, agriculture, solid and hazardous waste management, water efficiency and natural resource management in the Third World. In all areas, the Institute is seeking both sound environmental management and development.

The Institute has two special cross-cutting programs: the Congressional Leadership Development Program and "Technologies for Environmentally Sustainable Development," a fair and policy forum to be held on the 20th anniversary of Earth Day in 1990.

October 1989

Publications: Besides its own reports, the Institute publishes the Congressional Conference's highly respected Weekly Bulletin and Special Reports outside Congress. Subscription information is available on request.

Funding: Primary funding for the non-profit, tax-exempt Institute comes from foundations. Other support comes from publications, individuals, corporations and government.

More on the Conference: The Congressional Study Conference is a certified legislative service organization made up of more than 90 Senators and 290 Representatives -- from both sides of the aisle and across the political spectrum -- and financed by dues from its members' official budgets. Its reputation for timely, unbiased and authoritative legislative information and research has made the Conference the largest of all Congressional caucuses and an indispensable resource for policymakers on and off Capitol Hill. The Conference's Co-Chairs are Congressman Robert E. Wise, Jr. (D-W.Va.) and Senator Albert Gore, Jr. (D-Tenn.). Vice Chairs Are Congresswomen Jan Meyers (R-Kans.) and Senator John McCain (R-Ariz.).

## CONWAY & COMPANY CREDENTIALS

The technology fair and international forum will require a blending of technical events management skills with the substantive knowledge of key technology and policy issues. For that reason, EESI has engaged the services of Conway & Company to manage the planning and execution details of the fair and the forum.

Conway & Company is a broad based public relations and communications company which began operations in Washington in 1958, making it the second oldest public relations firm in the nation's capital. The firm provides innovative and effective coalition management, media relations, advertising, events management, employee relations and government affairs management to a wide array of clients. Both its graphics department and its film and video group have been cited for award-winning products.

Among the firm's recent clients are: The Trump Shuttle, the National Realty Committee, the National Rural Electric Cooperative Association, MAGLEV USA, the Democratic Leadership Council, Pan American World Airways, Montgomery Mall, the Post Office Pavilion, Polinger Company, Luz International Limited, several major Washington law firms, the AFL-CIO and other international labor organizations.

The firm has decades of experience in events management, ranging from smaller press gatherings to running a delegate conference of thousands or orchestrating simultaneous filming and press events during the opening day of a new airline.

For example, a coalition of five Fortune 500 firms and the union representing their manufacturing employees commissioned the firm in 1986 to organize and produce simultaneous press events in over fifty cities around the country, united by a live satellite video teleconference.

The day before the event, a coalition spokesman appeared on the Today Show for the "Close-Up" segment interview. The actual event, which involved Members of Congress, governors, state legislators, a lengthy list of CEO's, labor leaders and literally thousands of manufacturing employees, was featured on the evening news of all three commercial networks.

Local television coverage in the event sites was at the saturation level, as was local newspaper and wire service coverage. National articles appeared in the Washington Post, the Wall Street Journal, the New York Times, and USA Today, where the event was the cover story for the Friday "weekend" edition.

Conway & Company has conducted numerous other live televised events for both companies and policymakers, involving both domestic and international locations. Several of these have been produced as packaged programs for release to public television stations as a part of their public affairs programming.

One such occasion was the 50th anniversary meeting of the Southern Governors' Association in Colonial Williamsburg, Virginia. At this meeting, the firm produced and directed a special session of the governors on civil rights, moderated by the Washington Post's Haynes Johnson. This session, which brought the governors together with several leaders of the civil rights movement (Andrew Young, Wiley Branton, Vernon Jordan, etc.) before an audience of press and other opinion leaders, was broadcast live from the historic House of Burgesses to public television stations around the country. Several stations carried the program live, with many others taping the show for subsequent air dates.

The firm has conducted satellite press conferences from convention ballrooms to the Mojave Desert, and has handled originations from television studios, hotel facilities, and various field locations from California to Europe. Its film and video projects have even taken principals in the firm to shooting locations in Eastern Europe.

#### Robert Yates and Associates

To assist in the exhibition management activities associated with the technology fair, Conway & Company will be joined by Robert Yates and Associates. Yates brings over twenty years of trade show and exhibition design and management experience to the Conway team. He has held senior posts with two of the nation's largest convention services organizations, Andrews Bartlett and Hargrove, Inc. He has supervised and directed the design, construction, and events at countless conventions, trade shows, exhibitions and special events, including the President's Education Summit in Charlottesville, Virginia, the Williamsburg Economic Summit, and the Bush Presidential Inauguration.

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

MH  
JWS  
AK  
ST

\* (1) BBC o/r  
(2) CP file

CORRESPONDENCE DATE : 89/09/13 DUE DATE : 89/10/10  
LOG NUMBER : 890920004 FROM : Sen. Gore, Heinz  
SUBJECT : Inv. to join the organizing committee & to co-sponsor the fair & policy forum & provide maj. grant re: Tech for Environ Sust. Devel  
OFFICE ASSIGNED TO FOR ACTION : Mr. Hopper (D-1202)

ACTION:

01

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- \_\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_
- \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : DH's office: pls. clear final resp. w/ Mr. Aguirre-Sacasa prior to submission for Mr. Conable's sig.  
cc: Mr. Aguirre-Sacasa

For File 8

\* I attended this lunch and spoke to both Sen. Gore and Neiny. I told the director I was there just to add the bank's moral support. at the present time it is V.S. oriented and, as someone pointed out, "It looks as if we are promoting V.S. Technology to the World". Sponsors say they want to change the image. We should wait and see. I made no commitment.

Sen. Gore referred to an "International Legislative Conference on the Environment" where they expect participation from legislatures from 30 countries - next spring. We should participate in this forum, if asked. - Show to B.B.C and then to File.

JWS  
10/5/89

Noted in log.  
CP  
10/5

# United States Senate

WASHINGTON, D.C. 20510

September 13, 1989

The Honorable Barber Conable  
President  
World Bank  
1818 H Street, N.W.  
Washington, DC 20433

Dear President Conable:

We are writing to invite you and your organization to join us on the organizing committee for a major international fair and policy forum on "Technologies for Environmentally Sustainable Development" to be held on Capitol Hill and the Mall in the spring of 1990, the 20th anniversary of Earth Day. We have enclosed a draft concept paper for your information.

As a member of the organizing committee, you will have the opportunity to help us plan what promises to be the most important and visible activity to celebrate the progress made by the private sector in the 20 years since the first Earth day and to showcase the technologies, strategies and products being developed to meet the challenges ahead.

We believe that as a participant in the fair and forum, you will gain widespread recognition as a leader in the search for solutions to the twin challenges of environmental protection and economic development.

You also will be able to share your ideas about how to accelerate technological innovation and how to create new markets here and abroad.

The fair and forum are being sponsored by the non-profit Environmental and Energy Study Institute, in cooperation with the Congressional Environmental and Energy Study Conference -- the largest informal caucus in Congress with more than 80 Senators and 280 Representatives as members.

The fair and forum will be held in Washington D.C., but will be linked via an international teleconference to leaders in other major capitals. Besides national and international media coverage, the fair and forum will be turned into a public television program.

The Honorable Barber Conable  
September 13, 1989  
Page Two

The fair and forum will be strictly non-partisan and will involve a wide range of companies, agencies and other participants.

We invite you to join us on the organizing committee and to co-sponsor the fair and policy forum and provide a major grant for them.

The initial meeting of the organizing committee will be held on October 4th from 12 to 2 p.m. at the La Colline Restaurant at 400 North Capitol Street, N.W. in Washington, D.C. We hope you or your representative will join us.

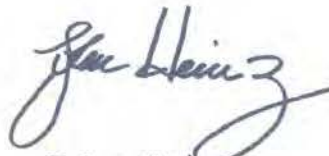
Given the limited time between now and next spring, we are going to have to move forward quickly. So we ask you to get back to us as soon as possible to let us know whether you will be able to join us on October 4th. If you would like more information, please contact us or Ken Murphy, the executive director of the Institute at (202) 628-1400. All correspondence and RSVP calls should be directed to EESI Technologies for Sustainable Development, Conway & Company, Suite 850, 1201 New York Avenue, N.W., Washington, D.C. 20005, (202) 289-0800.

Thank you.

Sincerely,



Albert Gore, Jr.  
U.S. Senate



John Heinz  
U.S. Senate

Enclosures



# Environmental and Energy Study Institute

122 C Street, N.W., Suite 700

Washington, D.C. 20001

(202) 628-1400

## Board of Directors

### Chairman

Roger W. Sant\*

### Vice Chairman

James Gustave Speth\*

### Secretary-Treasurer

Carleton D. Burt\*

Joan Z. Bernstein

Lester R. Brown

William Patrick Collins

Gerald Decker

Carol E. Dinkins

Thomas B. Evans, Jr.

Joseph L. Fisher\*

S. David Freeman

Robert Fri

Gilbert Gude\*

John Heinz

Thomas C. Jorling

C. Payne Lucas

Paul N. McCloskey, Jr.

George G. Montgomery, Jr.

Edmund S. Muskie

Richard L. Ottinger\*

Ruth Patrick

Frank M. Potter, Jr.

L. Richardson Preyer

John Quarles

John F. Seiberling

John J. Sheehan

Elvis J. Stahr

Raul R. Tapia

Russell E. Train

Victoria J. Tschinkel

Robert B. Wallace

Donna W. Wise

Larry Young

### Executive Director

Ken Murphy

\*Executive Committee

SEPTEMBER 11, 1989 DRAFT

## TECHNOLOGIES FOR

## ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT

The Environmental and Energy Study Institute, in cooperation with Senators John Heinz and Al Gore and the Congressional Environmental and Energy Study Conference, plans a major international fair and policy forum on "Technologies for Environmentally Sustainable Development" to be held on Capitol Hill in Washington D.C. in the spring of 1990, the 20th anniversary of Earth Day.

The fair and policy forum promise to be a highly visible and significant opportunity to celebrate the progress made by the private sector in the 20 years since the first Earth Day and to showcase the technologies being developed to meet the twin challenges of environmental protection and economic development in the years ahead.

The fair will allow Members of Congress, federal officials, the public and the media to learn first-hand about innovative technologies, strategies and products and how they can achieve environmentally sustainable development. Government R&D also will be featured.

In the policy forum, public and private sector leaders will explore ways to accelerate the development and use of innovative technologies and the options and opportunities to create markets here and abroad.

The fair and forum will be held in Washington D.C. but will be linked via an international teleconference to leaders in other major capitals. Besides national and international media coverage, the fair and forum will be offered for public television programming.

The fair and forum also will provide a variety of opportunities:

\* For Members of Congress and participating companies to gain media and public attention for their activities, taking advantage of the heightened interest in the environment fostered by Earth Day.

\* For companies to showcase their technologies, strategies and products for sustainable development before national and international leaders, the media and the public, as well as potential users.

The organizing committee for the fair and forum will include Members of Congress, corporate leaders, federal officials and environmental and other representatives.

Funding will come from government grants, corporate contributions and participation fees.

The Environmental and Energy Study Institute is a non-profit, 501(c)(3) education and policy organization launched in 1984 by the leaders of the Congressional Environmental and Energy Study Conference and other national leaders. Its mission is to produce better informed Congressional debate, credible analysis and innovative policies for environmentally sustainable development.

The Conference is a certified legislative service organization made up of more than 80 Senators and 280 Representatives. Its reputation for timely, unbiased and authoritative legislation information and research has made the Conference the largest of all Congressional caucuses.

The Conference's chairs are Senator Albert Gore, Jr. (D-Tenn.) and Congressman Robert E. Wise, Jr. (D-W.Va.). Its vice chairs are Senator John McCain (R-Ariz.) and Congresswoman Jan Meyers (R-Kans.).

TECHNOLOGIES FOR SUSTAINABLE DEVELOPMENT

Technology Fair and International Forum

Organizations In Attendance

October 4, 1989

(RSVP List)

Corporate and Other Nongovernmental Organizations

American Public Power Association  
American Petroleum Institute  
Amoco  
Aluminum Association  
AT&T  
Bechtel Group, Inc.  
Brooklyn Union Gas  
Browning Ferris Industries  
Center for Neighborhood Technology  
Chemical Manufacturers Association  
Chevron U.S.A., Inc.  
CIBA-GEIGY Corporation  
Combustion Engineering Inc.  
Council for Solid Waste Solutions  
Edison Electric Institute  
FMC Corporation  
IBM  
ITT  
Lower Colorado River Authority  
LUZ International Limited  
Manufacturers of Emissions Control Association  
National Academy of Sciences  
National Association of Manufacturers  
National Center for Appropriate Technology  
National Rural Electric Cooperative Association  
Oak Ridge Associated Universities  
Proctor & Gamble  
Public Technology Inc.  
Smithsonian Institution  
Solar Energy Industries Association  
Solarex  
Southern Company Services  
USX Corporation  
Westinghouse Electric  
W.R. Grace

*International Parliamentary Conference on the Environment*

*- Spring of 90 - U.S. Congress Sponsored  
at New. Cto*

### Governmental Organizations

Department of Agriculture  
Department of Energy  
Department of the Interior  
Environmental Protection Agency  
Federal Regional Power Administrations  
(WAPA, SWAPA, SEPA, Alaska)  
National Aeronautics and Space Administration  
Office of Technology Assessment  
Overseas Private Investment Corporation  
Pacific Northwest Laboratories  
Peace Corps  
Solar Energy Research Institute  
Tennessee Valley Authority  
U.S. Geological Survey

### International Organizations

United Nations Development Program  
United Nations Environment Program  
World Bank

- What is the Focus -

Is it U.S. Technology on display for  
The rest of the World to say "here is the answer"

I FI invited to give us an international focus and  
advice.

Is the Forum and Fair Independent

NO - Both are

Presently -

U.S. Based and Focused -

Hopefully, interest will be expanded to international  
private industries.

Conaway and Co.

---

**TECHNOLOGIES FOR SUSTAINABLE  
DEVELOPMENT**

*Technology Fair and International Forum  
April 1990*

**Organizing Committee Meeting  
Wednesday, October 4, 1989**

TECHNOLOGIES FOR SUSTAINABLE DEVELOPMENT  
Technology Fair and International Forum  
April 1990

Organizing Committee Meeting

Wednesday, October 4, 1989  
12:00 - 2:00 p.m.  
La Colline Restaurant  
400 North Capitol Street, N.W.  
Washington, D.C.

Co-Chairmen

Honorable John Heinz  
U.S. Senator

Honorable Albert Gore, Jr.  
U.S. Senator

TECHNOLOGIES FOR SUSTAINABLE DEVELOPMENT  
Technology Fair and International Forum  
April 1990

Organizing Committee Meeting  
Wednesday, October 4, 1989

TABLE OF CONTENTS

- I. Agenda
- II. Project Description
  - Overview
  - Technology Fair
  - International Forum
- III. Media Components
- IV. Project Organizers
- V. Budget
- VI. Key Start-Up Dates and Activities



AGENDA

TECHNOLOGIES FOR SUSTAINABLE DEVELOPMENT

Technology Fair and International Forum

April 1990

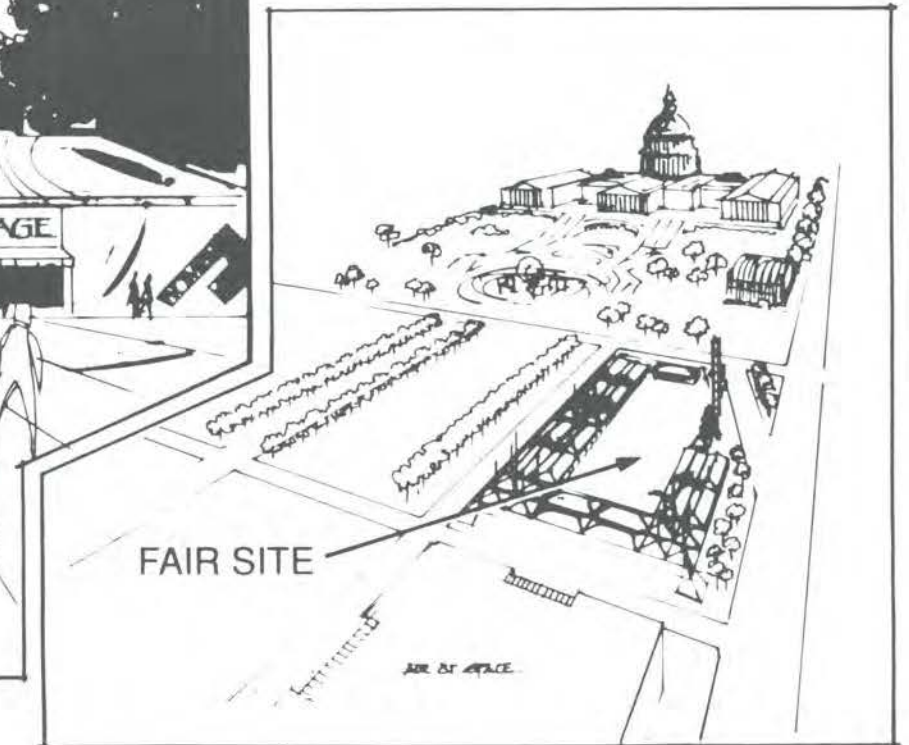
Organizing Committee Meeting

Wednesday, October 4, 1989

AGENDA

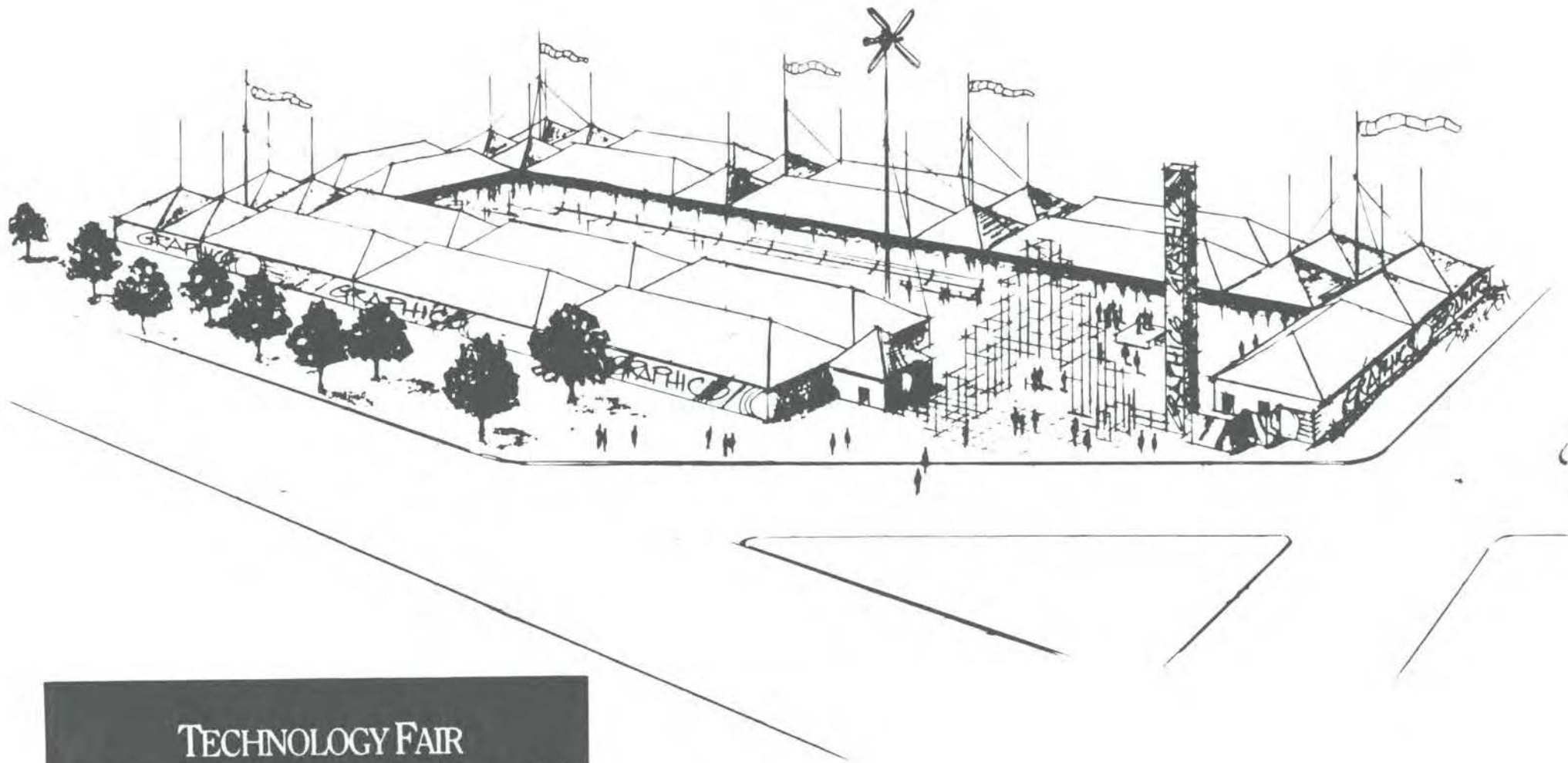
- \* Welcome and Introductions
- \* Overview of the Project
  - Lead Sponsors, Objectives, Target Audiences,  
Timing, Budget
- \* Role of Organizing Committee
  - Program Development
  - Underwriting Assistance
  - Participant Recruitment
- \* Next Steps

PROJECT DESCRIPTION



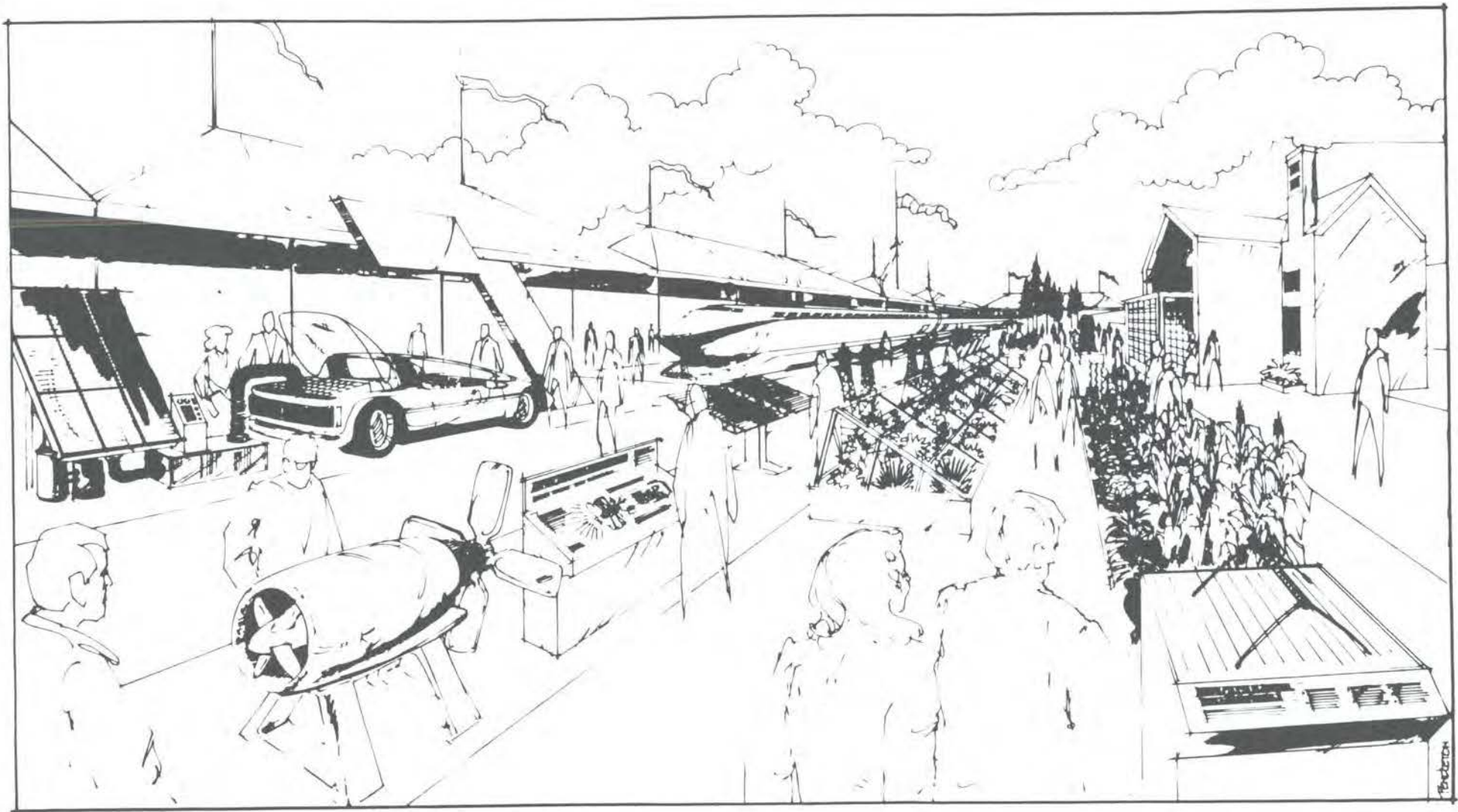
## TECHNOLOGY FAIR

(Left) View from fair showing U.S. Capitol in background.  
(Right) Technology Fair located on the Mall, between the  
National Air and Space Museum and U.S. Capitol.



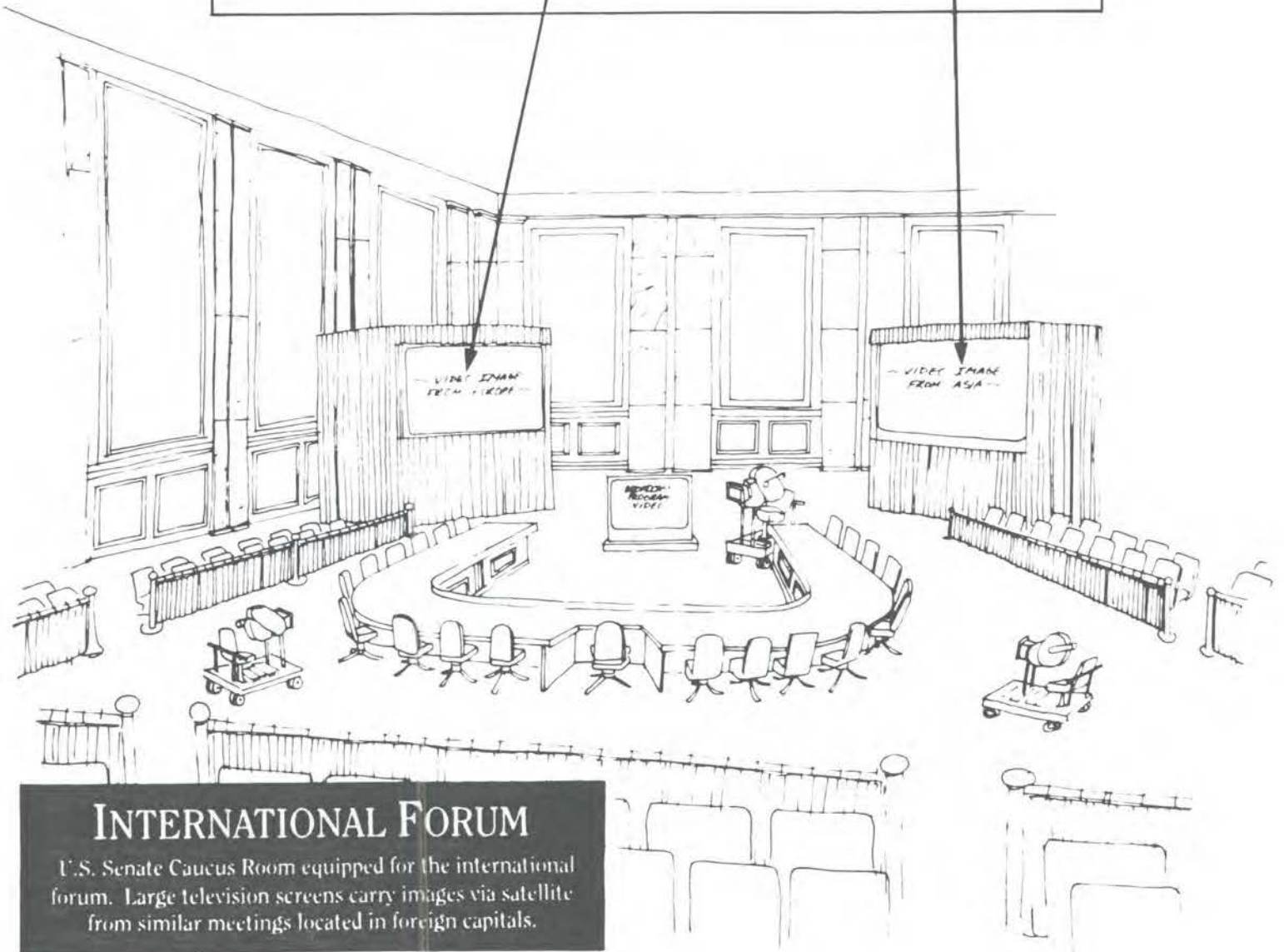
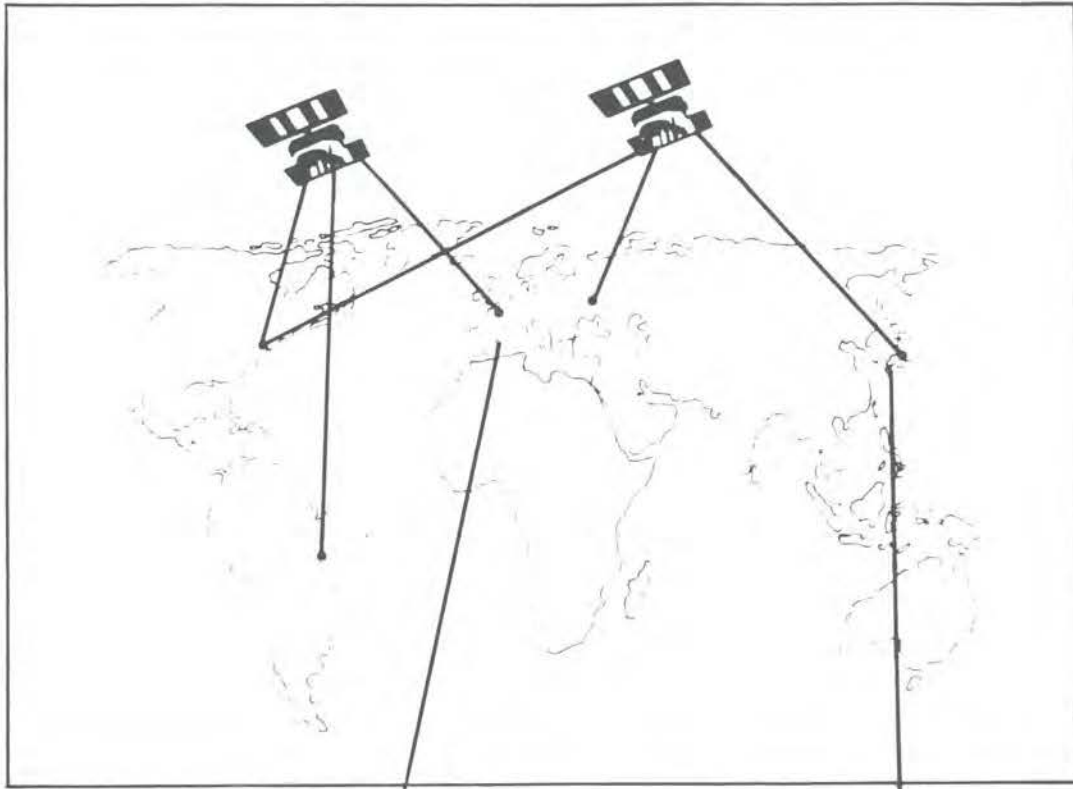
## TECHNOLOGY FAIR

Aerial view of fair with entrance on Maryland Avenue, S.W.



## TECHNOLOGY FAIR

Visitors viewing agriculture, energy, and transportation technology exhibits with environmentally engineered residence at right.



## INTERNATIONAL FORUM

U.S. Senate Caucus Room equipped for the international forum. Large television screens carry images via satellite from similar meetings located in foreign capitals.

## PROJECT DESCRIPTION

### Overview

This project -- a Technology Fair and International Forum on Technologies for Sustainable Development -- is designed to provide highly visible opportunities for corporate leaders, Members of Congress, and other government policy makers to participate in activities concurrent with the 20th anniversary of Earth Day.

The focus will be two-fold:

- o showcasing environmentally-sound technologies and processes now available for addressing the world's environmental, energy and economic development challenges. The technology exhibition will be on the Mall in Washington, D.C.
- o addressing the public policy options that will impact commercial development of environmentally-sound technologies as concerns over the environment increase locally and internationally. Public and private leaders from around the world will take part in an international forum through live satellite hook-up.

Events dealing with the 20-year commemoration of Earth Day will capture a great deal of public and media attention during the month of April, 1990. This project will assure that progress made by the private sector in the past 20 years will receive it's share of the spotlight. Furthermore, the project will provide a means for corporate leaders and government policy makers to engage in constructive discussions with one another about policy options in the context of Earth Day.

The Technology Fair and International Forum will be held in Washington, D.C., in early April, 1990, and will be linked via live satellite transmission to coordinated activities in several other world capitals.

Major opportunities for national and international media coverage are designed into the project. In addition, a special production on the technology fair and international forum will be offered for public television.

The project is organized by the Environmental and Energy Study Institute, in cooperation with United States Senators John Heinz and Al Gore and the Environmental and Energy Study Conference.

The Technology Fair and International Forum on Technologies for



Sustainable Development is independent of any other organization or Earth Day-related event. The organizing committee for the project will include Members of Congress, corporate leaders, federal officials and other representatives.

Funding for the project will come from corporate contributions, government grants and exhibit participation fees.

### Technology Fair

The Technology Fair is tentatively scheduled for the first week in April 1990, coinciding with the probable final full week of congressional business prior to the Easter recess. This timing will allow active involvement by Members of Congress, and help establish a constructive theme for Earth Day activities that will occur later in the month.

A combination of covered and open exhibition spaces will be located on the Mall, in close proximity to the Capitol. Shuttle transportation will be made available to facilitate access to the exhibit by Members of Congress and congressional staff.

The exhibition will be open to the public during daytime hours, and large public crowds are anticipated. The week for the Technology Fair is close to Easter and to the Washington Cherry Blossom Feastival, both of which mark high levels of tourists in downtown Washington.

It is expected that a wide variety of technologies, processes and products will be displayed, applicable to a broad diversity of sectors, including energy, transportation, agriculture, chemicals, manufacturing, waste treatment, water conservation, and others. This will offer policy makers, the media, and the public a chance to investigate innovations and alternatives in technologies.

The Technology Fair will also offer elected officials an effective setting for making statements on energy and environmental issues during the Earth Day period. In order to facilitate this exchange between elected officials and the media, live television linkages via satellite will be arranged between settings on the Mall at the Technology Fair and local news outlets in home states and congressional districts. This will allow Members of Congress and local television news anchors to engage in "real time" discussions or tape delay broadcast of interviews.

The Technology Fair will be self-financing from fees charged to exhibitors. In the interim, before exhibitor fees are available, the initial start-up and promotional costs will be covered from the contributors' seed money fund.

## International Forum

The International Forum will be convened for one or two days during the week of the Technology Fair to link the tangible displays on the Mall with public policy options. Gathering in a suitable Capitol Hill location, such as the Senate Caucus Room in the Russell Senate Office Building, members of the House and Senate will join in discussion with corporate leaders and other experts.

The select nature of the participants along with the critically important issues at hand offer significant possibilities for media exposure for the public and private participants. The room will be constructed along the lines of a television set to enhance the interchange among participants and facilitate television coverage. Television lighting, a sophisticated sound system, and the use of short, pre-produced video pieces projected onto large screens introducing segments of the discussion will add both to the visual intensity of the Forum and the content of the discussion.

Recognizing that many of the energy and environmental issues confronting policy makers cannot be dealt with in the context of the U.S. alone, and that the commercial market place is increasingly international, the Forum will link up with similar sessions to be organized in several other countries. Using two-way audio and visual satellite linkages, the overseas forums organized under the sponsorship of appropriate organizations -- such as the European Parliament, the environmental center for Eastern Europe in Prague, or other legitimate conveners of public and private leaders -- will be linked with the Forum in the United States.

As a supplement to immediate media coverage anticipated for the event, plans for a subsequent television program based on the Technology Fair and International Forum are being explored.

- Source: World's Problems - Caused by - Causes*
- 1) Population Growth -*
  - 2) Technology -*
  - 3) Politics - Political Changes*

MEDIA COMPONENTS

## MEDIA COMPONENTS

One of the goals of the overall project is to create a high level of visibility during the period leading up to Earth Day for technologies that can assist in meeting the world's environmental challenges. Thus, a number of specific media components have been designed into the project which will focus attention not only upon these technologies, but also on the individuals and organizations, both public and private, that are engaged in bringing them to fruition.

The overall goal of these components is to create multiple opportunities for media representatives to:

- o become educated about the various technologies and their relative position to the market (i.e. research, development, commercial activity, etc.),
- o understand the interactions between public policy decisions, private sector decisions, and the development of these technologies,
- o conduct interviews with Congressional and industry representatives in highly visual settings at the technology fair, as well as live footage from the forum teleconferences,
- o and obtain well-produced video footage (or photographs) of the technologies on display, and the problems they hope to address, for use in stories covering the fair and forum as well as Earth Day.

In the eyes of the media, the project will begin with a kick-off press event on Capitol Hill tentatively scheduled for October 18, at which Congressional and industry leaders will lay out the goals of the effort and plans for the fair and forum.

### Technology Fair Media Activities

The week of the fair will begin with a major press event at the site, which should draw a large contingent of reporters and cameras. In addition to the obvious energy and environment reporters, this event should draw major participation from local bureaus of papers in Congressional districts as well as major television and print outlets in Europe and other forum origination sites.

The fair will be punctuated with a series of scheduled media opportunities for Members of Congress and industry leaders to tour the fair exhibits and conduct interviews in the dramatic

setting that these exhibits will provide.

The project organizers will also provide for regular feeds from the fair site to satellite "gateways" where local stations can conduct interviews with their elected representatives and obtain pre-recorded video footage of the technologies on display and "real world" applications which they might address. These interviews could form the basis of local evening news broadcast segments across the country, tailored to local concerns or involvement (i.e. an interview of a corporate official of a firm with a plant in the Congressional district, describing the firm's activities in developing a new technology).

Facilities would be built into the fair site to provide for network quality feeds appropriate for both television and radio use. There would also be "vantage" points designed for wrap-up shots that Washington-based reporters could use for filing stories from the fairgrounds (perhaps showing some fair exhibits and the Capitol or Washington Monument in the background).

The media facilities at the fair site would be fully staffed during the hours of fair operation to help facilitate media tours and interviews and to assist in arrangements for the daily live and tape-delay feeds.

#### International Forum Media Activities

The forum will be designed as a live media event, to instill as much media attention as is possible. A carefully designed television "set" will be constructed to provide the right camera shots of participants and audience, as well as accommodate both working press areas and the "Nightline" type of screens necessary to converse live with remote locations.

The forum "sessions" will be scheduled around a global clock, to provide for linking up the various policy makers and industry leaders at the optimum times for international media coverage. Video segments on the technologies and the problems they might hope to address will be pre-produced, so that they can be used as brief introductions to each session's formal discussions.

These video segments will include footage of the week's activities at the fair, including shots of the exhibits and the media events that have been conducted adjacent to them.

The video and audio feeds from the forum will be available to all television and radio networks and stations with satellite capabilities, and additional pre-produced material featuring the technology fair exhibitions will be fed to provide for local editing decisions.

### Additional Television Programming

Efforts are already underway to secure either public or commercial broadcasting involvement in either live news coverage of segments of the forum or a one-hour documentary on the entire project. This programming would incorporate footage from both the technology fair and the forum along with appropriate narration to convey the overall message of the project that technologies will play a critical role in addressing the world's environmental and energy problems and there are important roles for both the public and private sectors in furthering this development.

This programming provides an additional opportunity for highly visible underwriting assistance that can help make the entire project (both fair and forum) more accessible to the public and longer lasting in its impact upon the nation's public and private decision makers.

PROJECT ORGANIZERS

# Environmental and Energy Study Institute

122 C Street, N.W., Suite 700

Washington, D.C. 20001

(202) 628-1400

## FACT SHEET

### Board of Directors

#### Chairman

Roger W. Sant\*

#### Vice Chairman

James Gustave Speth\*

#### Secretary-Treasurer

Carleton D. Burtt\*

Joan Z. Bernstein

Lester R. Brown

William Patrick Collins

Gerald Decker

Carol E. Dinkins

Thomas B. Evans, Jr.

Joseph L. Fisher\*

S. David Freeman

Robert Fri

Gilbert Gude\*

John Heinz

Thomas C. Jorling

C. Payne Lucas

Paul N. McCloskey, Jr.

George G. Montgomery, Jr.

Edmund S. Muskie

Richard L. Ottinger\*

Ruth Patrick

Frank M. Potter, Jr.

L. Richardson Preyer

John Quarles

John F. Seiberling

John J. Sheehan

Elvis J. Stahr

Raul R. Tapia

Russell E. Train

Victoria J. Tschinkel

Robert B. Wallace

Donna W. Wise

Larry Young

#### Executive Director

Ken Murphy

#### \*Executive Committee

The Environmental and Energy Study Institute is a bi-partisan public policy organization established in cooperation with the leaders of the Congressional Environmental and Energy Study Conference. Its mission is to produce better informed Congressional debate and generate credible, innovative policies for environmentally sustainable development.

The Institute has a special ability to produce results because of its broad-based Board of Directors, its problem-solving approach, and its special relationship with Congress. It is Members of Congress and their staffs who turn to the Institute for information, analysis and ideas, who participate in the Institute's work, and who promote the Institute's initiatives.

The Institute's products feature pro-active educational briefings; short, timely issue and policy reports; consensus-building policy workshops; blue-ribbon task force recommendations; regional and national conferences; and Congressional testimony and provision of information and technical assistance.

Priority Issues: The Institute's agenda focuses on timely issues and opportunities where it can make a difference and on carefully chosen projects for which it is well suited. Programs and projects are underway in the areas of global climate change, energy efficiency and renewable energy, groundwater protection, agriculture, solid and hazardous waste management, water efficiency and natural resource management in the Third World. In all areas, the Institute is seeking both sound environmental management and development.

The Institute has two special cross-cutting programs: the Congressional Leadership Development Program and "Technologies for Environmentally Sustainable Development," a fair and policy forum to be held on the 20th anniversary of Earth Day in 1990.

October 1989



Publications: Besides its own reports, the Institute publishes the Congressional Conference's highly respected Weekly Bulletin and Special Reports outside Congress. Subscription information is available on request.

Funding: Primary funding for the non-profit, tax-exempt Institute comes from foundations. Other support comes from publications, individuals, corporations and government.

More on the Conference: The Congressional Study Conference is a certified legislative service organization made up of more than 90 Senators and 290 Representatives -- from both sides of the aisle and across the political spectrum -- and financed by dues from its members' official budgets. Its reputation for timely, unbiased and authoritative legislative information and research has made the Conference the largest of all Congressional caucuses and an indispensable resource for policymakers on and off Capitol Hill. The Conference's Co-Chairs are Congressman Robert E. Wise, Jr. (D-W.Va.) and Senator Albert Gore, Jr. (D-Tenn.). Vice Chairs Are Congresswomen Jan Meyers (R-Kans.) and Senator John McCain (R-Ariz.).

BUDGET

## BUDGET

A draft budget estimating expenses for all categories of the Forum has been developed. This budget projection is based on a "worst case" scenario under which expenses for every aspect of the project must be met through cash contributions and exhibitor fees. Several areas of the budget are likely areas for "in-kind" contributions or non-cash underwriting. These opportunities will be explored fully with the objective of lowering the overall project budget.

Under the worst case scenario, the entire project budget is \$1.8 million, of which the Forum activities amount to \$800,000 and the Fair approximately \$1 million. The initial start up threshold of \$200,000 in seed money contributions will serve to launch the full scope of the project.

### International Forum

Administration, Travel, Pre-Production	\$200,000
Production -- DC Site 4 Remote Sites	275,000
Satellite Network	125,000
Set Construction -- DC 4 Remote Sites	100,000
Communications	50,000
Press Feeds	50,000

### Technology Fair

Construction/Operation Tenting, Flooring, Installation, Etc.	700,000
Promotion Printing Exhibitors' Packages, Other Materials	150,000
Administration Security, Phones, Power, Permits	100,000
Press/Television Linkages Microwave, Satellite, Crew, Advisories	50,000

KEY START-UP DATES AND ACTIVITIES

## KEY START-UP DATES AND ACTIVITIES

### DATES

#### October

- 4 Meeting of Organizing Committee
- 18 (Tentative Date)  
Capitol Hill press conference with members of  
Organizing Committee announcing project
- 20 Mailing of announcement letter to corporations and  
other potential exhibitors and participants
- 25 Begin telephone follow-up

#### November

- 1 Mailing of exhibitor registration and promotion package  
for Tech Fair to expanded list

### ACTIVITIES

1. Design/produce Fair registration package
2. Begin Forum program development
  - o Identify moderator
  - o Select overseas partners
  - o Arrange television broadcast sponsorship
  - o Structure underwriting
3. Assemble technical teams for Fair/Forum



October 17, 1989

Dear Paul:

Many thanks for your note on Poland. As you well appreciate from your recent visit to Poland, things are moving rapidly there and concerted assistance from many parties will be very important in supporting these developments.

We agree that the linchpin in this whole process is the Government's program to stabilize the economy and establish a supportive macroeconomic and institutional environment, to enable the liberalized systems to operate effectively. These are the issues on which we have been focussing our consultations with the Polish authorities since they rejoined the World Bank three years ago. We were encouraged by our discussions with the new Government during the Annual Meetings and we look forward to supporting a strong and credible Polish program.

Encouraging foreign direct investment from the outside is, of course, an important aspect of the external assistance needed to support this process. With the proper incentives, private capital flows from many sources, including possibly East Asia as well, could play an important part.

I am pleased to note that the Government of Poland has taken a number of measures to facilitate this, through improved joint venture regulations as well as legislation putting all sectors (socialized, cooperative and private) on equal footing. Poland's membership in the Multilateral Investment Guarantee Agency (MIGA)--the Bank Group's recent member--also provides another vehicle to reduce the risks for private capital. We are pleased to note that there are some important signals that such measures and the prospects of a sound stabilization program are renewing interest in private capital flows, including a possible capital investment fund for East and Central Europe equities being developed by European banking circles.

Should you wish further information about these measures and other aspects of the Government's program, please let me know.

Your interest is greatly appreciated.

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable

The Honorable Paul Simon  
United States Senator  
United States Senate  
Washington, D.C. 20510

Cleared with & cc: Messrs. Lari (EM4), Aguirre-Sacasa (EXTDR)  
cc: Messrs. Qureshi (OPNSV), Thalwitz (EMNVP), Nouvel (EM4CO)  
bcc: Mr. Coady (EDS)  
JLoos/mct

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

*Per Morda*  
*This will*  
*come today*  
*10/12*

~~HH~~ ~~JWS~~ ~~HT~~

**JV**  
**CP.** for follow file

CORRESPONDENCE DATE : 89/09/13 DUE DATE : 89/10/10  
LOG NUMBER : 890920002 FROM : Sen. Paul Simon  
SUBJECT : Re - some way of encouraging capital investment from  
Hong Kong to Poland.  
OFFICE ASSIGNED TO FOR ACTION : Mr. M. Qureshi (E-1241)

ACTION:

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- \_\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_
- ✓ \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBCj SIGNATURE
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : MAQ's office: pls. clear final resp. with Mr. Aguirre-Sacasa prior to submission for Mr. Conable's sig.  
cc: Mr. Aguirre-Sacasa

Note 9/29: an interim response from Mr. Stanton is attached for info.



# United States Senate

WASHINGTON, DC 20510

September 13, 1989

The Honorable Barber B. Conable, Jr.  
President  
World Bank  
1818 "H" Street N.W.  
Washington, D.C. 20433

Dear Barber:

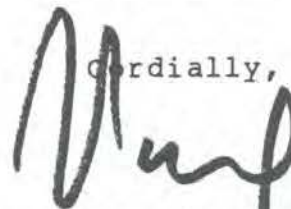
I recently spent six days in Poland. I don't need to tell you that what is happening there really could be crucial to the future of all of us. If the Polish experiment can succeed, it will have an enormous impact on the Soviet Union, and it should permit both the United States and Soviet Union to substantially reduce the arms expenditure and be of much greater assistance to the kind of programs you work on at the World Bank.

My reason for writing is that someone said to me recently that there should be some way of encouraging captial investment from Hong Kong in Poland.

There is a great deal of idle capital in the Hong Kong area, much of which is coming to the United States, Canada, and Switzerland. With the proper incentives, it strikes me that something could be done to encourage some of that investment in Poland.

Obviously, if the United States does come through with a significant program, and we have investment from Hong Kong, but if Poland fails to face its own economic problems, all of this does not mean much. I am hopeful, though not certain at this point, that Poland will emerge with a solid program.

If you can have someone in your operation look at this and get in touch with me, I would appreciate it.

Cordially,  


Paul Simon  
United States Senator

PS/ead

The World Bank  
Washington, D.C. 20433  
U.S.A.

J. William Stanton  
Counselor to the President

September 29, 1989

Dear Paul:

Thank you for your letter of September 13 to Mr. Conable.

Barber has been involved in the Annual Meetings of The World Bank for the past week and a half followed by a trip which will bring him back to the office after Columbus Day. He has asked me to let you know that Bank staff are looking into your suggestion that capital investment from Hong Kong to Poland should be encouraged. A response to your letter can be expected in mid-October.

Best wishes.

Sincerely,

*Bill*

The Honorable Paul Simon  
United States Senate  
Washington, D.C. 20510

---

The World Bank  
Washington, D.C. 20433  
U.S.A.

J. William Stanton  
Counselor to the President

September 29, 1989

Dear Paul:

Thank you for your letter of September 13 to Mr. Conable.

Barber has been involved in the Annual Meetings of The World Bank for the past week and a half followed by a trip which will bring him back to the office after Columbus Day. He has asked me to let you know that Bank staff are looking into your suggestion that capital investment from Hong Kong to Poland should be encouraged. A response to your letter can be expected in mid-October.

Best wishes.

Sincerely,

*Bill*

The Honorable Paul Simon  
United States Senate  
Washington, D.C. 20510

*P/S - The bank had some good meetings with Polish Finance officials this week. If you want to know what we are going to do - (hopefully) let me know and I will bring someone up to brief you.*

*B-*

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

October 13, 1989

Dear Dave:

Thank you for your letter and your telephone call regarding my participation in The Global Forum on Environment and Development for Survival to be held in Moscow next January.

I was right to be cautious in my conversation with you. My schedule since joining the World Bank is not within my personal control, and there is a trip planned for me in mid-January to some of the Bank's member countries. I've enclosed a copy of my response to the Conference Co-Chairmen.

It was good to hear from you about this important, and as you say, historic, event. I'm sorry not to be able to participate.

Best personal wishes.

Sincerely,



Enclosure

The Honorable  
Dave Durenberger  
United States Senate  
Washington, D.C. 20510-2301

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

October 13, 1989

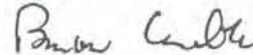
Dear Reverend Morton and Senator Ulloa:

Thank you for your letter inviting me to give a plenary address to The Global Forum on Environment and Development for Survival in Moscow on January 19, 1990. United States Senator Durenberger contacted me about this, as well.

I appreciate being offered the opportunity to address this distinguished gathering on the issues of global survival, a subject of immense importance to The World Bank. Unfortunately, previously planned travel to some of the Bank's member countries during mid-January will prevent my being able to participate in this important global forum.

It is evident from the impressive group of speakers that the Conference will be a great success. I regret not being able to be with you, but look forward to seeing the results of the meeting.

Sincerely,



The Very Reverend James Parks Morton  
and  
Senator Manuel Ulloa  
Co-Chairmen  
Global Forum Office  
304 East 45th Street (12th Floor)  
New York, New York 10017

cc: The Honorable Dave Durenberger  
United States Senate  
Washington, D.C. 20510-2301

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

BFC  
JCS  
MTH

CORRESPONDENCE DATE : 89/09/13

DUE DATE : 89/09/29

LOG NUMBER : 890914013

FROM : Sen. Durenberger

SUBJECT : Conveying an invitation to give a plenary address on Jan 19, 1990  
re Global Forum on Environ. & Development to be held in Moscow.

OFFICE ASSIGNED TO FOR ACTION : Mr. Hopper (D-1202)

ACTION:

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- \_\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_
- ✓ \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :DH's office: pls. clear final resp. with Mr. Aguirre-Sacasa prior to submission for Mr. Conable's sign.  
cc: Mr. Aguirre-Sacasa



With FAS

Sen. Durenberger also spoke with Mr. Conable by phone regarding this invitation on Sept. 19, promising to give it careful consideration.

Mr. Conable is not inclined to do unless there is strong recommendation in favor on behalf of the Bank.

# United States Senate

DAVE DURENBERGER

September 13, 1989

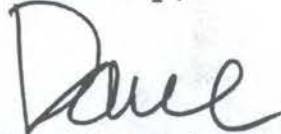
Mr. Barber Conable  
President  
World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

I hope you'll consider this invitation seriously. It has the potential to be an historic event, and I would enjoy being there with you.

Let me know what you think.

Sincerely,



Dave Durenberger  
United States Senator

DD:kh



# GLOBAL FORUM ON ENVIRONMENT AND DEVELOPMENT FOR SURVIVAL

Moscow, USSR 15-19 January 1990

September 8, 1989

#### ORGANIZED BY:

- The Global Forum of Spiritual and Parliamentary Leaders on Human Survival

#### HOSTED BY:

- The Supreme Soviet
- The Religious Communities of the Soviet Union
- The Soviet Academy of Sciences
- The International Foundation for the Survival and Development of Humanity

#### PREPARATORY COMMITTEE

Evguenij Velikhov, MP  
Chairman

Metropolitan Pitirim, MP  
Vladislav L. Malkevich  
Roald Z. Sagdeev, MP  
Gennady L. Gerasimov  
Alexei V. Yablokov, MP

V. Rev. James Parks Morton  
Senator Manuel Ulloa  
Co-Chairmen

Chief Oren Lyons  
Erica Terpstra, MP  
Carl Sagan  
Tarzie Vittachi  
Akio Matsumura

Live global television program  
by  
Foundation for Global  
Broadcasting

Mr. Barber Conable  
President  
World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Conable:

We write to extend to you our most cordial invitation be present as an Honored Guest and to give a plenary address on the afternoon of January 19, in the concluding session of a major international conference to be held in Moscow on January 15-19: The Global Forum on Environment and Development for Survival.

President Mikhail Gorbachev is confirmed to give a major speech on environment in the same concluding plenary in the Kremlin's historic St. George's Hall. United Nations Secretary General Javier Perez de Cuellar will also speak in this closing ceremony.

Because of the preeminent key role of the World Bank in environment and development issues, we feel it is highly appropriate for you to speak on global survival in this important closing assembly. You have given the world community outstanding and creative leadership as it faces a crisis which is unprecedented in urgency and complexity. We would be honored by your participation in this conference, which we hope will be a pathbreaking event. Your presence will do much to ensure its total success and impact.

A draft program, which (since not all speakers are confirmed) is a confidential document, is enclosed to give you a detailed picture of the conference structure and content. You will see that your name is noted in the designated place on page 5. Other materials are enclosed for your detailed information.

The conference will bring together 600 members of the world's parliaments and spiritual leaders of the world's religious traditions, along with scientists, environmentalists, journalists, business leaders, artists and observers from key organizations, half of them from within the Soviet Union, and half from overseas. The meeting aims to generate fresh approaches to the global environmental crisis by fostering dialogue and new partnerships between leaders in different fields. The conference is co-hosted in the Soviet Union by an extraordinary alliance: the Supreme Soviet, the religious communities of the Soviet Union,

#### GLOBAL FORUM OFFICE:

304 East 45th Street (12th Floor)  
New York, NY, 10017 USA

Tel. #: (212) 953-7947  
Telex: 499418 GCPPD

Fax #: (212) 557-2061  
Cable: GLOCOMPAR

#### HOST COMMITTEE:

Ulitsa Vesnina 9/5  
121002 Moscow, USSR

Tel. #: 241-9639  
Telex: 411749 NIKASU



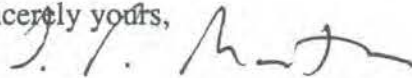
coordinated by the Russian Orthodox Church, the U.S.S.R. Academy of Sciences, and the International Foundation for the Survival and Development of Humanity.

The final plenary, as well as highlights of the conference and background with "success stories" on innovative projects in environment and development from all over the world, will be broadcast globally on January 19 as part of a two-hour satellite program produced by the Foundation for Global Broadcasting. The combined coverage available through Intelsat and Intersputnik, which have agreed to an unprecedented collaboration for this telecast, will result in a viewing audience of as much as one billion.

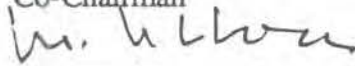
A documentary film similar to that made of the Oxford Global Survival Conference in April 1988 will also be made of the Moscow conference, which is expected to attract extensive media attention.

We do hope that you will let us know at your earliest convenience of your acceptance. We are at your disposal for any questions or discussion you may have, and look forward very much to your positive response.

Sincerely yours,



The Very Reverend James Parks Morton  
Co-Chairman



Senator Manuel Ulloa  
Co-Chairman

cc: Senator Dave Durenberger

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

October 13, 1989

Dear Senator Hatfield and Congressman McHugh:

Thank you for sending me a copy of the Policy Report, "The Developing World: Danger Point for U.S. Security." Your letter arrived during the rush of our Annual Meetings, and I apologize for not responding sooner.

As you know, as President of an international organization, I worry about sustainable development and economic growth in the developing world a great deal, though not specifically in relation to how they affect U.S. security. I commend you for your vision in commissioning this report. Clearly a multilateral approach to many of these problems may prove more successful than a bilateral approach, which confirms my feeling that if there wasn't a World Bank one would have to be invented.

I would be glad to meet with you to discuss these global economic and development issues and the role of the World Bank. Because of the focus of this report particularly on U.S. security issues, I have copied my letter and yours to the U.S. Executive Director for the World Bank.

Sincerely,

*Barber Conable*

The Honorable Mark O. Hatfield  
United States Senate  
Washington, D.C. 20510

The Honorable Matthew F. McHugh  
U.S. House of Representatives  
Washington, D.C. 20515

cc: Mr. E. Patrick Coady, U.S. Executive Director

BBC\*HH  
JWS

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 89/09/11

DUE DATE : 00/00/00

LOG NUMBER : 890915010

FROM : Sen. Hatfield

SUBJECT : Would welcome the opportunity to meet and discuss the report and  
its recom. re Developing World Danger Point for US Security.

OFFICE ASSIGNED TO FOR ACTION : Mr. B. Conable (E-1227)

ACTION:

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- \_\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_
- \* ✓ \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE *done*
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :cc: Messrs. Coady, Aguirre-Sacasa (letter only)  
Ms. Volk (FF)

Note: BBC sent reply to Messrs. Hatfield and McHugh on Oct. 13, 1989 (copy attached)!

**Congress of the United States**  
**Washington, DC 20515**

September 11, 1989

Hon. Barber Conable  
President  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

We are writing to bring to your attention a policy report we and our late colleague Representative Mickey Leland released just prior to Congress' August recess, entitled The Developing World: Danger Point for U.S. Security. The report, which is the result of a year-long study, finds that political and economic instability in the Developing World is emerging as potentially a greater threat to U.S. security than Soviet military power.

Because of our interest in a broad range of foreign policy issues, the three of us decided to commission the report. We felt a need to step back from the day-to-day decisions we are often faced with in foreign policy, and to chart a new course for the 1990's based on the tremendous changes in the world in the past decade.

We call it to your attention because the Third World problems it addresses -- of economic stagnation, environmental damage, lack of democracy, militarization, and drug trafficking -- are ones which you have confronted, in many cases boldly, and which you and we will confront together in the years to come. While we do not have instant solutions for every problem, we do make some policy recommendations which we think may be of interest.

This report was one of the last major policy projects in which Mickey Leland took an active role. Mickey's loss has saddened us greatly, but it has also increased our determination to bring many of the policies he was advocating into reality. We would welcome the opportunity to meet with you to discuss the report and its recommendations, and to work with you to implement its goals.

Sincerely,

  
Senator Mark O. Hatfield

  
Rep. Matthew F. McHugh

# ARMS CONTROL AND FOREIGN POLICY CAUCUS

Rep. Howard L. Berman  
*Chairman*

Sen. Mark O. Hatfield  
*Vice-Chairman*

Sen. Dale Bumpers  
*Vice-Chairman*

Rep. Bill Green  
*Secretary-Treasurer*



U.S. Congress  
501 House Annex 2  
Washington, D.C. 20515  
(202) 226-3440

Edith B. Wilkie  
*Executive Director*

**Contacts:** Caleb Rossiter or Edie Wilkie  
(Caucus: 226-3440)  
Julie McGregor (Sen. Hatfield: 224-3753)  
Gabe Kajeckas (Rep. McHugh: 225-6335)  
Timmy Jensen (Rep. Leland: 226-5470)

EMBARGOED FOR RELEASE UNTIL AUGUST 1, 1989, 11 A.M.

## Congressional Report Documents Dangers for U.S. Security, Proposes New Initiatives

August 1... Spiraling economic and political instability in the Developing World could emerge as a greater threat to U.S. security than Soviet military power, according to a report released today by three Members of Congress.

The report documents the impact on the U.S. of five Third World problems: economic stagnation, environmental damage, lack of democracy, militarization, and drug trafficking. The report makes detailed proposals for addressing these problems.

The three Members, Sen. Mark O. Hatfield (R-Ore.) and Reps. Mickey Leland (D-Tex.) and Matthew F. McHugh (D-N.Y.), hold key positions on Committees with jurisdiction over the Developing World. All serve in Congress' Arms Control and Foreign Policy Caucus, through which they commissioned the report.

The report, entitled The Developing World: Danger Point for U.S. Security, challenges Congress and the Administration to move away from the outdated East-West, Cold War mentality, and toward a new approach which makes these issues the primary focus, not

the traditional secondary one, in the National Security debate. It includes specific policy recommendations to:

- \* transfer most U.S. bilateral programs to multilateral efforts by both developed and developing countries, in recognition that the problems cross national boundaries;

- \* ban military aid and sales to dictatorships and military forces acting independently of elected governments;

- \* replace the U.S. Low-Intensity Conflict (LIC) policy, which attempts to find military solutions to civil wars, with a policy of attacking the Roots of Intense Conflict (RIC) through negotiations and changes in underlying inequities;

- \* replace dangerous and futile field operations by U.S. anti-drug agents with multilateral programs to promote economic development in drug-producing regions;

- \* cut world-wide military spending by 50 percent, to free up hundreds of billions of dollars for development;

- \* appoint a U.S. Development Representative, to be the President's top Cabinet adviser on developing countries; and

- \* convene a summit between developed and developing countries to sign an agreement on meeting the five challenges.

"These five global epidemics may not explode as fast as nuclear weapons, but their net effect could be just the same: destruction of our society as we know it," said Sen. Hatfield, ranking Republican member of the Appropriations Committee and a former Chairman of the Caucus.

Rep. Leland, Chairman of the House Select Committee on Hunger, said the report showed that "the lack of economic and

political opportunity in developing countries is not just a tragedy for their people -- it is also a challenge to our own well-being. The international debt crisis not only caused unemployment in developing countries; it also cost the U.S. 1.8 million jobs, a quarter of all our unemployment. The 23 wars in the developing world in the past two years not only killed thousands of people and created hundreds of thousands of refugees; they also reduced U.S. exports by billions of dollars."

"Today's security threats are problems like global warming and international debt. They aren't American or Soviet problems alone, and they can't be solved bilaterally -- they are transnational problems that require transnational solutions," said Rep. McHugh, also a former Chairman of the Caucus and a member of the House Appropriations Subcommittee on Foreign Operations.

The Arms Control and Foreign Policy Caucus, the 130-Member Congressional research group whose staff prepared the report with the staffs of the three Members, rotates its chairmanship every two years. Rep. Howard L. Berman (D-Cal.) recently took over the chairmanship from Sen. Hatfield. Berman, a member of the Foreign Affairs Committee, praised the three Members for commissioning the report, saying, "this is a seminal document for Congress and the American public: it points the way out of the Cold War era of U.S. foreign policy toward a secure future. I look forward to helping to legislate many of its proposals."

\* \* \*

# ARMS CONTROL AND FOREIGN POLICY CAUCUS

Rep. Howard L. Berman  
*Chairman*

Sen. Mark O. Hatfield  
*Vice-Chairman*

Sen. Dale Bumpers  
*Vice-Chairman*

Rep. Bill Green  
*Secretary-Treasurer*



U.S. Congress  
501 House Annex 2  
Washington, D.C. 20515  
(202) 226-3440

Edith B. Wilkie  
*Executive Director*

## THE DEVELOPING WORLD: DANGER POINT FOR U.S. SECURITY

A REPORT TO THE ARMS CONTROL AND FOREIGN POLICY CAUCUS

COMMISSIONED BY

SENATOR MARK O. HATFIELD (R-OREGON)

REPRESENTATIVE MICKEY LELAND (D-TEXAS)

REPRESENTATIVE MATTHEW F. MCHUGH (D-NEW YORK)

PREPARED JOINTLY BY  
THE STAFF OF THE ARMS CONTROL AND FOREIGN POLICY CAUCUS  
AND THE STAFFS OF SENATOR HATFIELD,  
REPRESENTATIVE LELAND AND REPRESENTATIVE MCHUGH

AUGUST 1, 1989



Table of Contents

Preface.....i

Chapter I: Introduction and Summary.....1

    Summary of Findings.....1

    Summary of Recommendations.....4

Chapter II: The Danger of Economic Stagnation.....9

    Summary of Findings.....9

    Extent of the Problem in the Developing Countries....10

    Impact on the U.S.....11

    Evaluation of U.S. Policies and Programs.....13

Chapter III: The Environmental Crisis.....31

    Summary of Findings.....31

    Extent of the Problem in the Developing Countries....32

    Impact on the U.S.....33

    Evaluation of U.S. Policies and Programs.....35

Chapter IV: The Challenge to Democracy.....39

    Summary of Findings.....39

    Extent of the Problem in the Developing Countries....40

    Impact on the U.S.....42

    Evaluation of U.S. Policies and Programs.....45

Chapter V: The Threat of Militarization.....53

    Summary of Findings.....53

    Extent of the Problem in the Developing Countries....54

    Impact on the U.S.....57

    Evaluation of U.S. Policies and Programs.....59

Chapter VI: The Menace of Drug-Trafficking.....65

    Summary of Findings.....65

    Extent of the Problem in the Developing Countries....66

    Impact on the U.S.....68

    Evaluation of U.S. Policies and Programs.....69

Chapter VII: The Transition in U.S. Public Opinion.....73

    Summary of Findings.....73

    Attitudes on Foreign Policy: An Increase in Concern  
        for Global Issues.....74

    Attitudes on Foreign Aid: People-Oriented Aid  
        Supported, Military Aid Opposed.....76

Chapter VIII: Recommendations for the 1990's and Beyond.....84

Methodological Notes and Footnotes.....92

List of Figures and Tables

Figure II-1: <u>The Uses of U.S. Foreign Aid</u> .....	16
Figure II-2: <u>Distribution of Economic Support Funds</u> .....	18
Figure II-3: <u>Distribution of Military Aid</u> .....	20
Figure II-4: <u>Trends in U.S. Foreign Aid</u> .....	21
Figure II-5: <u>Multilateral and U.S. Economic Aid Compared</u> .....	23
Figure II-6: <u>U.S. Support for Multilateral Development Institutions</u> .....	27
Table IV-1: <u>Examples of Forms of Government in the Developing World</u> .....	41
Table V-1: <u>Wars in the World, 1987-88</u> .....	54
Table V-2: <u>The Spread of Weaponry in Developing Countries</u> .....	56
Figure VI-1: <u>U.S. Overseas Anti-Drug Programs</u> .....	70
Figure VII-1: <u>Public Attitudes About Foreign Aid</u> .....	77
Figure VII-2: <u>Types of Aid Programs Favored by Americans</u> .....	78
Figure VII-3: <u>Military Aid and U.S. Public Opinion</u> .....	81

\* \* \*

THE DEVELOPING WORLD: DANGER POINT FOR U.S. SECURITYPREFACE

A year ago, as the Senate was ratifying a nuclear arms control treaty for the first time in 15 years and as Ronald Reagan's eight-year term in the White House was drawing to a close, a group of Members of Congress from the Senate and House of Representatives began meeting to discuss new concepts of U.S. security, and to educate ourselves on the key aspects of what we called the "North-South" relationship.

These meetings, at which a broad range of experts from both the developing and developed countries spoke, challenged our assumptions on many foreign policy issues and introduced us to new approaches and new threats. At the conclusion of the series, participating Members expressed a desire for more information: for specific data on the situation in the developing world and its impact on U.S. security, for the compilation of that data in an easily-usable reference, and for specific evaluations of U.S. policies and recommendations about the directions the United States ought to take in the 1990's and the 21st Century.

This report is the result.

The report, which was prepared by the staff of the Arms Control and Foreign Policy Caucus (the Congressional policy group that originated the meetings) in consultation with us and members of our staffs, identifies and defines five key challenges that confront developing nations -- economic stagnation, environmental damage, the threat to democracy of the military's political power, weapons proliferation and militarization, and drug-trafficking -- and their implications for U.S. security.

We believe this report documents that these five challenges are emerging as a potentially greater long-term threat to U.S. security than Soviet military power. U.S. foreign policy must address them as key challenges not just to the developing world, but to U.S. security as well -- rather than as isolated or secondary issues, as we have too often in the past. The policies we adopt must be fashioned on economic and security grounds that are relevant to the 1990's, rather than on the ideological grounds of a Cold War that began at the end of World War II.

We also believe that the advent of a new Administration in Washington and the apparently new approach to international relations exhibited by Soviet leader Mikhail Gorbachev offer a unique opportunity to reorient foreign policy for the next decade.

This report serves the valuable function not only of identifying the five challenges we believe are paramount, but also of measuring -- with facts and figures -- the extent of those problems in the developing world and of evaluating their impact

specifically on the United States. For instance, the report documents that the economic slow-down in developing countries during this decade cost the United States 1.8 million jobs; that the instability caused by recent civil conflicts in Central America cut U.S. exports to that region by 30 percent; and that the destruction of tropical rain forests eliminates wild species that provide half of U.S. medicines.

By providing a range of specific, detailed examples of the direct importance of the developing world to the United States -- economically, politically and militarily -- this report represents a unique effort: it puts the challenges and changes in the developing world into an American political context, rather than into a solely academic or strictly legislative one.

By fundamentally reexamining the goals and assumptions of U.S. programs and reassessing our priorities, the report is bound to provoke controversy -- especially in its evaluation of U.S. programs and policy toward the five challenges. The report finds, overall, that U.S. policy often has failed to achieve U.S. interests in promoting development and democracy. And the report documents this failure with hard, even brutal, data.

On a more positive note, the report also finds that a transition may be beginning toward a more workable foreign policy, one which recognizes the importance to U.S. interests of assisting the developing world, particularly through multilateral initiatives, to reduce debt, protect the environment, promote democracy and civilian control of the military, negotiate settlements to wars, reduce weapons proliferation, and provide alternatives to drug production. The report makes a number of recommendations to strengthen and speed this transition.

Finally, to guide Members in fashioning sustainable policies, the report includes a comprehensive review of available polling data on public opinion on both foreign policy and foreign aid.

The report also makes some significant discoveries -- findings with which we are still grappling, but which clearly demand new attention. For instance:

- Only one of the 23 conflicts being fought in the world in the past two years occurred in a full and stable democracy, while the 22 others occurred in one-party states or countries with elected governments that have not fully consolidated democracy. This suggests that the chance of war increases as political freedoms decrease, and that U.S. security interests in political stability are enhanced by the expansion of political rights.
- Developing countries spend \$200 billion each year on military budgets, more than enough to pay their annual international debt service of \$135 billion, and four times the level of their annual economic aid from all donors,

including the U.S. This suggests that priorities must change in developing countries' own budgets as well as in the U.S. foreign aid budget.

- The comprehensive review of polling data reveals that Americans' concerns have shifted from East-West issues, such as communist expansion, to North-South issues, such as drugs and trade; and that while the U.S. public strongly supports foreign aid when it believes the aid directly benefits the poor, a majority opposes military aid and aid to dictators.

The findings in the report, and the recommendations, are those of the staff of the Arms Control and Foreign Policy Caucus. While we are not unanimous in our support of each and every one of them, as the Members who commissioned the report we are pleased to submit it to our colleagues in the Caucus as a unique resource on which we should reflect before making decisions on the real nature of the threats to U.S. security. We call for recognition that the next decade and the next century will require new approaches and a new commitment to seeing the developing world as a full partner with the developed world. Only with this recognition will we be able to design policies to achieve our mutual security.

Sen. Mark O. Hatfield (R-Oregon)  
Rep. Mickey Leland (D-Texas)  
Rep. Matthew F. McHugh (D-New York)

August 1, 1989

## Chapter I

### INTRODUCTION AND SUMMARY

The United States is at a turning point in its foreign policy toward the developing world. As we enter the 1990's, our traditional East-West orientation in foreign policy, initiated over 40 years ago to meet the challenges of the Cold War, is becoming increasingly irrelevant to our security interests.

The world has undergone a dramatic transformation since the conclusion of World War II. Few of today's African and Asian countries were independent then, and few Latin American countries had foreign policies independent of the United States. In just the past five years alone, a radical shift in East-West relations has begun to turn a dangerous competition for influence into an uneasy, mutual search for security.

Signs of this shift include the Intermediate-Range Nuclear Forces Treaty, Mikhail Gorbachev's and George Bush's proposed reductions of forces in Europe, the decision of Central American Presidents to disarm the contras and sponsor democratic elections in Nicaragua, the withdrawal of Soviet troops from Afghanistan, and U.S.-Soviet cooperation on a cease-fire and the withdrawal of foreign troops from Angola and Namibia.

At the same time, U.S. policy-makers have started to see the overriding importance to U.S. security of issues that fit into a global, or North-South, context rather than an East-West one. For example, solutions to problems such as global warming, drug trafficking and international debt require the cooperation of developed and developing countries, and would benefit all.

This report seeks to define U.S. security interests in the developing world for the 1990's and beyond, to evaluate the policies and foreign aid programs that are used to promote those interests, and to make recommendations to improve policies and programs. The report also includes a comprehensive review of polling data on foreign policy, designed to ascertain what sort of policies and programs the public is likely to support.

#### Summary of Findings

(1) The developing world faces five serious challenges: economic stagnation, environmental damage, the political power of the military, militarization (war, military spending and weapons proliferation), and drug-trafficking.

- A trillion dollar debt has led to a 50 percent reduction in economic growth in the developing world.

- At current rates of deforestation, one quarter of tropical forests will be gone within 20 years. An area the size of Pennsylvania is lost every year.

- The developing world's population could nearly double to 7 billion people by the year 2025.

- Half of the governments in the developing world are unelected; another quarter are elected, but still struggling to "consolidate democracy" through civilian control of the military.

- The chance of war appears to increase as political freedoms decrease: of the 23 wars that occurred in the past two years, only one occurred in a full and stable democracy.

- The number of developing countries with chemical weapons has doubled in the 1980's to 13, and the number producing ballistic missiles could double to 15 in the 1990's.

- Developing countries spend \$200 billion each year on military budgets, more than enough to pay their debt service.

- Escalating drug production has made sections of drug-growing countries ungovernable.

(2) The problems of the developing world pose an immediate and far-reaching threat to U.S. security.

- One-quarter of unemployment in the U.S. today is due to the economic slow-down in developing countries, which reduces their demand for U.S. exports.

- The developing countries buy one-third of U.S. exports, a share that can greatly increase if their income rises. At present, they have 77 percent of the world's population, but only 20 percent of the world's income.

- Continued destruction of tropical rain forests could result in the loss of materials used in half of U.S. medicines, and is responsible for one-quarter of global warming.

- Countries with a politically-independent military or an unelected government lack accountability and the rule of law, and so are prone to corruption that wastes U.S. aid (as in the Philippines under Marcos) and to drug-trafficking (as in Panama under Noriega).

- Civil wars dramatically cut demand for U.S. exports; in Central America, wars and the instability they cause have cut U.S. exports by 30 percent.

- The proliferation in developing countries of chemical and nuclear weapons -- and of missiles and aircraft to carry them -- places at risk U.S. forces stationed nearby in Italy, Turkey, the Persian Gulf and the Philippines.

- Cocaine and heroin produced exclusively in developing countries cause 5,000 U.S. deaths a year; drug-related murders account for the majority of murders in a number of U.S. cities.

(3) Many U.S. policies and programs have failed to adapt to meet the changing nature of the challenges in the developing world.

- Multilateral solutions are required to tackle multilateral problems such as debt, the environment, weapons proliferation, and drugs, but U.S. policy often remains focused on bilateral efforts.

- The structure of the U.S. bureaucracy discourages a comprehensive approach -- the Agency for International Development is excluded from key decisions on debt, trade, the environment, security aid, and the multilateral banks.

- Programs whose primary purpose is to promote long-term economic development receive less than one-fourth of all U.S. foreign aid, and U.S. funding for the actors with the most potential to promote development, the multilateral organizations, has fallen 25 percent in the 1980's. ✓

- Despite the Baker Plan, \$85 billion more left the developing countries in the last three years than came in to finance growth. ✓

- Environmental policy is fragmented in a dozen U.S. agencies, and is flawed by a reluctance to seek multilateral solutions to problems, such as global warming, that cross national boundaries. ✓

- U.S. leadership in the area of family planning has been hampered severely by the debate over abortion and abortion rights, and U.S. funding for key programs has been cut by a third. ✓

- U.S. military aid, while in many cases used as leverage to support elections, inadvertently has undercut another key component of the transition to democracy -- civilian control of the government after elections -- by strengthening politically-independent military forces.

- U.S. policy has emphasized pursuing elusive military solutions to civil wars in developing countries, more than settling them. Very often, the conflicts simply continue, halting economic and political development.

- U.S. efforts to reduce military spending and weapons proliferation have not been supported vigorously with the tools available to U.S. foreign policy. The U.S. is the second-largest exporter of weapons to developing countries.



- Anti-drug funding has been misdirected, with the majority going to futile bilateral eradication and interdiction programs.

(4) A transition may be beginning toward a more workable foreign policy that promotes long-term U.S. interests in development and democracy in the developing world.

- The Brady Proposal on international debt has the potential to ease developing countries' debt burdens by up to 20 percent, and to restart economic growth.

- Protection of the international environment is increasingly a concern of policy-makers, as shown by the U.S. signing the ozone protocol and pressuring multilateral banks to block projects that damage the environment.

- A clear linkage has been established between military aid and the holding of elections, with only 2 percent of military aid going to unelected governments, and military aid being denied completely to dictatorships in Latin America.

- The Bush Administration has started in some cases, such as Nicaragua and the Sudan, to stress efforts to settle civil wars rather than simply helping U.S.-supported allies continue a futile search for a military victory.

- The U.S. has joined other developed countries in creating multilateral agreements on chemical weapons and ballistic missiles that have slowed, although not stopped, the export of technology needed to build them.

- U.S. anti-drug personnel are increasingly calling for more focus on educational campaigns in developing nations, and on programs to improve economic opportunity throughout drug-producing regions.

- Americans' concerns have shifted from East-West issues, such as communist expansion, to North-South issues such as drugs and trade. The U.S. public strongly supports foreign aid when it believes the aid directly benefits the poor, but a majority opposes military aid and aid to dictators.

#### Summary of Recommendations

##### (1) Adopt a Multilateral Approach.

- Design regional and multilateral solutions as a first resort to the regional and multilateral challenges in the developing world, since U.S. bilateral policies and programs lack the funding and scope needed to solve problems that cross national boundaries. Long-term U.S. security interests are more likely to be achieved by strengthening institutions that can craft multilateral solutions.

- Redirect funding for most U.S. bilateral programs on debt, development, drugs, the environment, and balance of payments to more effective multilateral programs and non-governmental organizations. ✓

- Establish a clear division of labor in economic development, with the International Monetary Fund handling macroeconomic reforms, multilateral banks and international agencies focusing on large-scale development plans and research, and non-governmental organizations supporting local development projects. Bilateral donors such as the U.S. should fund and support these other actors, and should conduct their own projects only in those limited areas where they have unique expertise.

### (2) Confront the Threat to Democracy.

- Heighten the importance in U.S. relations with developing countries of progress toward a transition to democracy, the rule of law, and civilian control of an apolitical and professional military.

- Use military programs as leverage not just to encourage elections, but to support the consolidation of democracy, by providing aid, sales, training and military cooperation only to freely-elected governments; in the case of elected governments still consolidating democracy, eligibility should be conditioned on movement toward a rule of law and an apolitical military.

- Revamp military training programs to promote civilian control and an apolitical military by: teaching civilian officials of foreign governments how to manage their military and improve military judicial systems, and teaching officers that they have a professional duty to accept civilian control and the rule of law.

### (3) Dramatically Reduce the Debt Burden.

- Implement the Brady Proposal to reduce developing nations' debt repayments through multilateral agreements. A one-time approval of guarantee authority may be necessary, but actual funding should be possible within the current levels of foreign aid, both because regulatory pressure can be put on private banks to participate, and because of the transfer of bilateral balance of payments aid for most countries to the multilaterals (see recommendation 1, above) and the reduction of military aid (see recommendation 7, below).

- Encourage bilateral and multilateral donors to ease the burden of debts owed them, in concert with negotiations under the Brady Proposal. The U.S. should follow the lead of Canada and France and reduce repayments from poorer countries; multilaterals should expand their concessional aid, to help these countries manage their debt without adding to short-term repayment problems.

- Stress sustainable growth in negotiations on debt. The reforms required of developing countries participating in the Brady Proposal and other debt plans should promote long-term growth by protecting the environment and living standards for the average citizen, rather than short-term bursts in repayments.

#### (4) Intensify Environmental Efforts.

- Pursue multilateral agreements that require developed and developing countries to share the political and economic costs of making improvements in their environmental practices.

- Push for changes in lending rules in the multilateral banks that favor protection of the environment, such as lowering interest rates for environmentally-sound projects to compensate for their short-term economic costs to the recipients.

- Negotiate a political compromise among all sides of the domestic debate over abortion and abortion rights, to restore both U.S. leadership and earlier levels of U.S. funding for international family planning.

#### (5) Replace Low-Intensity Conflict (LIC) with a Policy of Attacking the Roots of Intense Conflict (RIC).

- Encourage governments engaged in civil wars to negotiate settlements, and to attack the economic and political causes of war with dramatic and sustained changes in policy.

- As a general rule, oppose bilateral and multilateral balance of payments aid for countries not trying to negotiate settlements to civil wars. U.S. policy should be to spur vigorous attempts to promote negotiations in civil wars, not to provide sustained funding for wars that disrupt society so badly that nobody can really "win."

#### (6) Attack the Drug Problem Multilaterally.

- Break the "us versus them" attitude that limits current policy by making anti-drug efforts completely multilateral. The current policy of providing funds and imposing sanctions bilaterally forces the U.S. to bear all the diplomatic costs for what is truly an international problem, and fosters opposition in countries that are sensitive about being directed by the U.S.

- Recognize that U.S. forces operating in eradication and interdiction efforts overseas are of minimal effectiveness in reducing the availability of drugs in the U.S., but are in maximum personal danger and, furthermore, could lead to U.S. military involvement in civil wars. U.S. military, intelligence, DEA, and contract personnel should be withdrawn from overseas operations, except for gathering and sharing intelligence.

- Support multilateral initiatives to improve rural economic opportunity throughout entire drug-producing regions -- as opposed to "crop substitution" that helps only a small number of farmers grow alternative crops -- and to carry out educational campaigns in both developed and developing countries.

#### (7) Cut Military Spending and Weapons Proliferation.

- Challenge developing countries to join developed countries in a mutual 50 percent reduction in troops and spending by the year 2000, to free up huge resources while maintaining mutual security. New thinking about security interests and military doctrine has already led to similar levels of cuts being given serious consideration in bilateral U.S.-Soviet talks.

- Expand international agreements that limit the proliferation in both developed and developing countries of ballistic missiles and of chemical, biological and nuclear weapons, and enforce them with stiff sanctions on companies and countries that are found responsible for violations.

- Reduce the volume and sophistication of military aid and sales, except to the Camp David countries, and open negotiations with the Soviet Union and other arms exporters to reduce the volume and sophistication of their arms transfers. U.S. foreign aid and developing countries' budgets are limited, and have much higher priorities than modernizing military forces.

#### (8) Establish a Framework to Address the Challenge.

- Establish a single governmental unit, the U.S. Development Representative, modeled after the Cabinet-level U.S. Trade Representative, to serve as the President's top adviser and coordinator for U.S. policy toward developing countries on economic growth, environmental protection, democratic institutions, military respect for civilian rule, military spending and weapons proliferation, and drug-trafficking.

- Initiate a program of development education in the U.S. and "people-to-people" aid overseas, in which a streamlined AID, renamed the Institute for Development and Democracy, would establish long-term links for U.S. municipalities, universities, and citizens' groups with counterparts overseas. The Institute would also provide operating grants to local-level organizations, human rights monitors, and groups promoting legal rights.

- Elevate the importance of the five challenges to U.S. and world security by convening a Summit to prepare a 10-year agreement to meet them, with leaders of developing countries, developed countries, international organizations, and key private development, environmental, and human rights groups.

(9) Strengthen Congress' Expertise.

● Appoint a House-Senate Task Force on Democracy and Development to attend key international meetings with the Administration and report back to Congress, based on the successful precedents of the Arms Control Observer Group and the Congressional Delegation to the UN.

● Educate Members and staff about the developing world by establishing, with private funds rather than taxpayer monies, a foundation to sponsor in-depth field visits. Pooling donations from foundations, corporations, and foreign groups would reduce the conflicts-of-interest inherent in the existing system of direct sponsorship of travel by these organizations.

● Augment the current system of foreign policy hearings with informal discussions between Members of Congress, top Administration officials, foreign and domestic experts, and representatives of foreign governments in the formative stages of foreign aid and other foreign policy decisions.

\* \* \*

## Chapter II

THE DANGER OF ECONOMIC STAGNATIONSummary of FindingsThe Extent of the Problem in the Developing Countries:

- \* The rate of per-capita growth in the developing countries fell by 50 percent in the 1980's. Sub-Saharan Africa and the 17 most debt-burdened countries had negative growth.
- \* Net annual lending to the developing countries fell nearly \$90 billion between 1981 and 1987; \$40 billion more goes out each year to pay their \$1.2 trillion debt than comes in.
- \* This economic slow-down has lowered living standards and undermined the prospects for future growth: the number of poor in Latin America increased 25 percent in the 1980's; half of the developing world lacks safe drinking water; and 40,000 children die daily from preventable diseases.

Impact on the U.S.:

- \* Slow growth in the developing world in the 1980's cost the U.S. \$362 billion in export earnings and 1.8 million jobs, or one-quarter of total U.S. unemployment in 1987.
- \* Continued slow growth jeopardizes repayment of the \$101 billion U.S. banks have lent to developing nations.
- \* The developing countries can be the source of a significant rise in U.S. exports if their income rises: at present, they have 77 percent of the world's population but only 20 percent of the world's income.

Evaluation of U.S. Policies and Programs:

- \* The Brady Proposal to reduce debt by up to 20 percent is a significant improvement over the unsuccessful Baker Plan; \$85 billion more came out of countries targeted by Baker during his three-year plan than came in as new lending. ✓
- \* Programs whose primary purpose is to promote long-term economic development receive less than one-fourth of all U.S. foreign aid, and U.S. funding for the actors with the most potential to promote development, the multilateral organizations, fell 25 percent in the 1980's. ✓
- \* Organization of the U.S. bureaucracy precludes a comprehensive development plan: prime responsibility for development falls under AID, but it has little control over Cabinet Departments' decisions in key areas, such as debt, trade, security assistance, and the multilateral banks.

The Extent of the Problem in the Developing Countries:  
Debt Inhibits Growth and Increases Poverty

As a result of a world-wide recession in the early 1980's, a lack of new financing to make debt payments, deteriorating terms of trade, poorly organized economies, and environmental problems, an economic crisis is gripping the developing world (Please see the Methodological Notes at the end of the report for a definition of the "developing world"):

\* After averaging a solid 3.6 percent annual increase between 1965 and 1980, the rate of per-capita economic growth in the developing countries fell by 50 percent between 1980 and 1987 (the latest year for which comparable data are available), to 1.8 percent. In much of the developing world, including Sub-Saharan Africa and the 17 most debt-burdened countries, per-capita growth actually was negative from 1980 to 1987. (1)

\* Net annual lending to developing countries fell nearly \$90 billion in the 1980's, from a \$47 billion annual inflow in 1981 to a situation in which annual repayments on old loans exceeded new loans by \$41 billion in 1987. (Unless otherwise noted, all dollar figures in this report are in real, 1989 dollars to permit fair comparison across time.) The lack of new financing forces developing countries to use their export earnings to service their \$1.2 trillion debt, rather than to promote internal development. (2)

\* The domestic investment needed to spur economies also suffered dramatically during the 1980's. In 23 of 24 Latin American countries, the amount of capital invested per worker -- a key indicator of future growth -- was lower in 1987 than in 1981, because of debt servicing and capital flight. (3)

\* A sharp decline in export earnings compounded the developing world's financing gap. Between 1980 and 1987, the purchasing power of Latin America's currencies fell 26 percent and Sub-Saharan Africa's 50 percent. (4) Developing countries' "terms of trade" deteriorated as well, as the prices they received for their commodity exports fell more than 50 percent between 1974 and 1986 -- meaning that they had to export twice as much just to be able to buy the same amount of imports. (5) Their losses on the terms of trade were estimated at \$104 billion in 1986 alone. (6)

\* The developing world as a whole was allocating one-fifth of its export earnings to debt payment in 1987, and the 17 most heavily-indebted nations and Sub-Saharan Africa were allocating one-third. (7)

\* A number of countries have either stopped meeting their original terms of repayment or have needed emergency loans.

Brazil, Peru, the Philippines, Venezuela and a number of African countries have sharply reduced payments, while Egypt, Zaire and many others have repeatedly deferred them by agreeing to "rescheduling" under strict foreign control. Mexico has twice required multi-billion dollar rescue packages from the U.S. Government to maintain its payments to U.S. private banks. (8)

\* Severe reductions in living standards have resulted from the economic slow-down and the lack of financing for debt, not only imposing immediate hardships but also threatening the prospects for future growth:

- In more than half of the 39 "least developed countries," daily calorie consumption was lower per person in 1985 than in 1965. (9)

- The number of people living in poverty in Latin America increased 25 percent in the 1980's, to 170 million or 40 percent of the population. (10)

- Only half of the people in the developing world have access to safe drinking water. (11)

- Every day 40,000 children under the age of five die in developing countries from diseases that are either controllable or preventable for children in the developed countries, such as diarrhea, infections, measles and polio. (12)

\* \* \*

Impact on the U.S.:  
Debt and Poverty Cost Millions of American Jobs

As economic growth was cut in half in developing countries during the 1980's, creating a "debt crisis" and forcing them to cut back on imports to make debt payments, the United States and other developed countries suffered significant economic damage: (13)

- \* Between 1980 and 1987, the U.S. lost \$362 billion in export earnings because of the economic slow-down in developing countries. The 1.8 million jobs lost accounted for fully one-quarter of all U.S. unemployment in 1987. (14)
- The exports lost accounted for nearly 90 percent of the world-wide drop in U.S. exports. (15)

- \* U.S. exports to developing countries tripled in real terms to nearly \$120 billion from 1970 to 1981, but then fell 27 percent to \$87 billion between 1981 and 1987. (16)

- \* Despite this decline in the 1980's, exports to developing countries still account for one-third of all U.S. exports and 1.8 million jobs. (17)



\* By 1987, the U.S. was losing \$78 billion in exports annually because of the slow-down in the developing countries, equal to nearly 30 percent of total U.S. exports of \$271 billion. (18)

\* Mexico's purchases of U.S. farm products fell 60 percent, from \$3.4 billion in 1981 to \$1.3 billion in 1987, hitting the soybean, corn and beef industries hardest. (19)

\* U.S. exports to Africa were cut in half, dropping from \$11 billion in 1981 to \$5 billion in 1987. (20)

\* In just one year, 1985, 220,000 American manufacturing jobs and \$5.7 billion in exports were lost because of economic slow-down in five key debt-burdened countries. (21)

A longer-term problem for the American economy is the \$101 billion that U.S. banks hold in outstanding long-term debt of governments in the developing world. (22) Much of the debt is uncollectable at face value, and is being sold on secondary markets at prices ranging from 10 to 70 percent of face value. (23) Banks at the national and regional levels started in 1987 to take losses on these loans: Citicorp took a \$2.5 billion loss when it decided to set aside reserves of \$3 billion against them; Chase Manhattan took a \$1.4 billion loss on \$1.6 billion in new reserves; and Norwest Corporation of Minneapolis took a \$160 million loss on \$200 million in new reserves. (24)

The developing countries, far more than U.S. trading partners among the developed countries, have the potential for substantial growth in U.S. exports, if the problems of poverty and debt can be addressed effectively and per-capita incomes rise as they did in the 1970's:

\* 77 percent of the world's population lives in the developing world, but it accounts for only 20 percent of the world's income. Per-capita income is \$12,000 in developed countries and \$900 in developing countries. (25)

\* Before the slow-down, the developing countries were buying an expanding share of U.S. merchandise exports. Their share rose from 30 percent to 42 percent in the 1970's, before declining to 36 percent by 1986. (26)

\* Despite the slow-down in growth in the developing world, nine out of the top 20 purchasers of U.S. goods are developing countries, and these nine alone account for 20 percent of all U.S. exports. (27)

\* \* \*

Evaluation of U.S. Policies and Programs: Long-Term Economic Development Has a Low Priority in Funding and Organization

The immediate causes of the economic crisis in the developing countries have been the short-term squeeze on foreign exchange caused by debt, reduced external financing, and poor terms of trade. Fundamentally, however, it is a crisis of long-term development. In order to grow, the developing world needs to invest in the future -- in the schools, health clinics, research stations, water systems and other infrastructure that can create a population capable of generating jobs and income. Three general findings on U.S. policies and programs that affect growth are presented in the following subsections:

(1) For the short-term problem, U.S. policy has recognized the need for debt reduction in addition to new lending. The "Brady Proposal" signals a welcome shift from the "Baker Plan," which called only for new lending, and failed to stop an \$85 billion outflow from nations targeted by the Plan.

(2) For the longer-term problem, U.S. policy relies on the foreign aid program, but less than one-fourth of all aid goes to programs whose primary purpose is to promote long-term economic development. U.S. funding for the development programs with the most potential, those of the multilateral organizations, fell 25 percent during the 1980's.

(3) Responsibility for promoting long-term development has been placed in the Agency for International Development, but it has little control over decisions by Cabinet Departments in areas that affect development, such as debt, trade, security assistance and the multilateral banks.

(1) The Brady Proposal is a Significant Improvement Over the Baker Plan, Which Failed to Solve the Short-Term Crisis.

In March, 1989, Treasury Secretary Nicholas Brady proposed a new approach to the problem of international debt, in which private banks would reduce by an average of up to 20 percent the debt and debt payments owed them by developing nations, in return for having developed nations guarantee the repayment of the debt remaining after the reduction.

The Brady Proposal envisions the World Bank and the IMF managing the guarantee program and making loans to the developing nations that participate. Resources to support the proposal would be provided by Japan, the U.S. and other developed countries whose exports are being hurt by the debt crisis. Developing countries could participate only if they made "policy reforms" in their economies, such as reducing subsidies and increasing privatization.

Early support for the Brady Proposal was expressed by many of the actors whose cooperation is needed to implement it. Japan agreed

to help fund the initiative, the World Bank and IMF agreed to commit \$25 billion to debt reduction over three years, and the banking industry gave its cautious approval of the concept of debt reduction backed by guarantees. (28) However, officials from debt-burdened countries argued that a 20 percent reduction in debt and debt payments would be insufficient to restart growth, and that debt needed to be reduced up to 50 percent. (29)

As of this writing, it remains too early to evaluate the Brady Proposal. Major unresolved questions include how much money will be dedicated to it, how that money will be raised and what mechanisms will be used to encourage banks to participate. Nonetheless, it is a welcome replacement for the plan proposed in October, 1985, by then-Treasury Secretary James Baker, which rejected a policy of reducing debt, and instead sought to promote economic growth by calling for a \$29 billion increase in commercial and multilateral lending to fifteen high-debt countries, in return for their undertaking "policy reforms." (30)

Unfortunately, the Baker Plan did not achieve its twin goals of increased lending and growth:

- \* The commercial and multilateral banks resisted making what they saw as risky loans, and only provided \$15 billion in new lending, or half the goal, to countries covered by the Baker Plan. (31)

- \* During the three years of the Baker Plan, \$85 billion more was transferred out of the highly-indebted countries in repayments on previous loans than was transferred in as new lending. (32)

- \* As a result of slow or negative economic growth, lower earnings for exports and the reverse net flow of resources, the debt of Baker Plan countries increased \$40 billion to \$540 billion in the three years of the Plan. (33) Gross national product for the Baker Plan countries grew only one percent in the first two years, far less than the increase in population, resulting in negative growth per-capita. (34)

- \* All of the preceding contributed to budget reductions that resulted in less investment in physical infrastructure and in pressing human needs.

## (2) Foreign Aid Allocations Have Not Effectively Addressed the Long-term Crisis.

Most developing countries lack the internal resources they need to be competitive in the world economy and to be able to promote long-term development. In addition to commercial lending, the developed countries provide resources to advance these goals in the form of governmental "foreign aid." In the case of the United States, foreign aid has been the primary tool used to promote U.S. interests in developing countries, including

economic development. What has its contribution been to promoting long-term economic development?

Our analysis of trends in U.S. foreign aid from the last year of the Ford Administration to the last year of the Reagan Administration shows the following:

(A) Less than a quarter of U.S. foreign aid is allocated to programs whose primary purpose is to promote long-term economic development. ✓

(B) Multilateral institutions have the largest and most effective programs for promoting long-term economic development, but during the Reagan Administration, U.S. contributions to them fell 25 percent. ✓

(A) Less than a quarter of U.S. foreign aid is allocated to programs whose primary purpose is to promote long-term development.

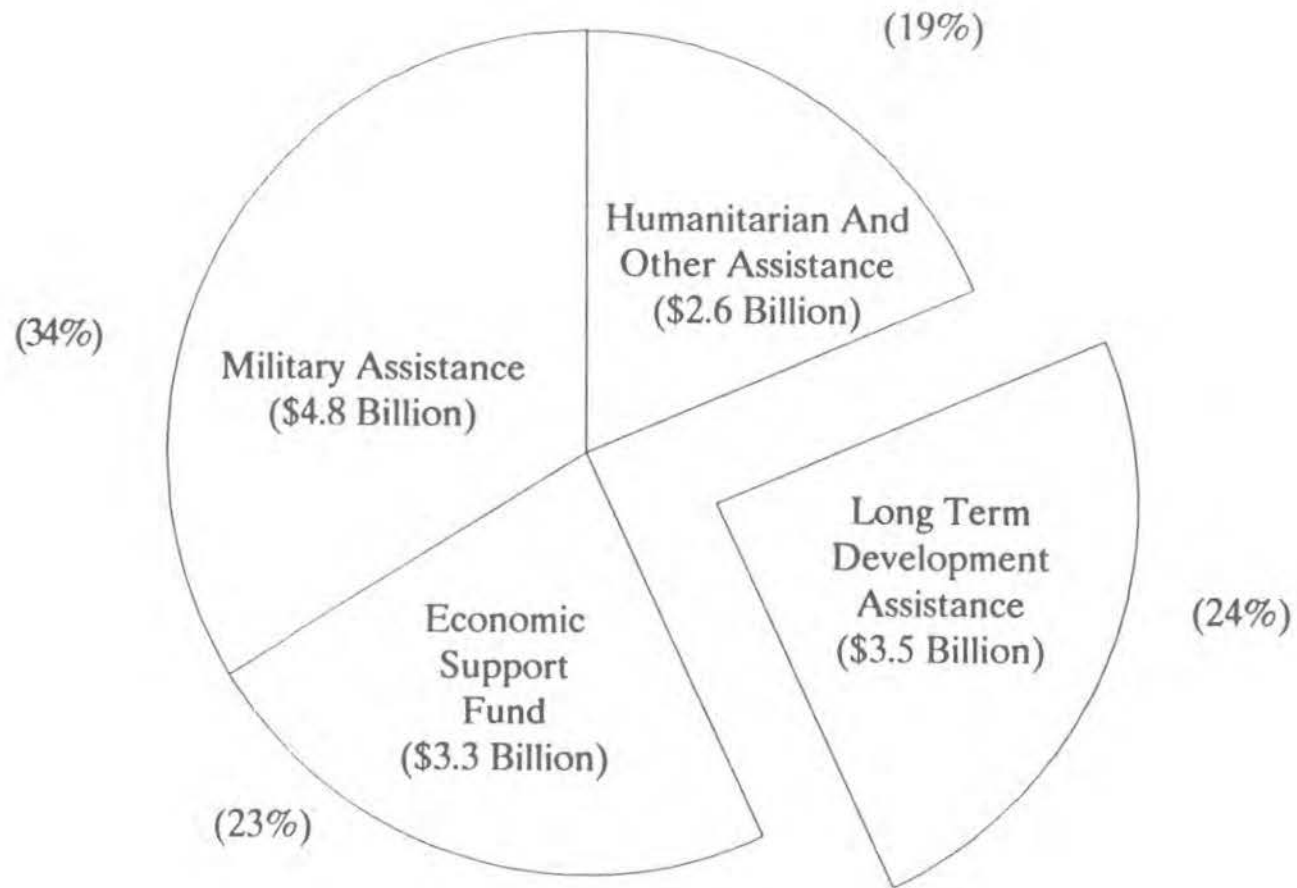
Promoting long-term economic development is not the determining factor in allocating most U.S. foreign aid. (See Figure II-1, The Uses of U.S. Foreign Aid, which breaks down funding for all U.S. foreign aid programs into four categories, based on the primary purpose of the program: long-term development aid, economic aid directly linked to diplomatic and military goals, military aid, and all other aid programs.) (35)

Long-term development aid, consisting of bilateral Development Assistance and aid to multilateral banks and organizations, accounts for just under a quarter of aid in 1989, or \$3.5 billion. It fell by a third from a high of \$5.1 billion in 1979 to a low of \$3.4 billion in 1987, and ranged as a share of all aid from a high of 34 percent in 1979 to a low of 20 percent in 1986. Nearly all the decline in this category came from a reduction in contributions to multilateral institutions (discussed below). Bilateral development aid remained relatively constant from 1977 to 1989, ranging within \$200 million of a \$2 billion level. ✓

Diplomatic and security considerations play a role in the allocation of the bilateral portion of development aid, and some is used for short-term relief and administrative costs. In general, however, the primary criterion for its allocation is its effectiveness in promoting long-term development.

AID's development goals are extremely broad, and Congress often has required that aid be directed to programs that it believed were under-funded. These earmarkings have been criticized, with some justification, as "micro-management" that impairs AID's flexibility. In some cases, however, they have led AID in directions that were later acknowledged to be crucial to development efforts. Examples include the promotion of aid in the 1970's for "basic human needs" and the earmarking of funds in

Figure II - 1  
The Uses of U.S. Foreign Aid  
Fiscal Year 1989



the 1980's to assist women in development and to provide support for basic as well as advanced education.

Economic aid directly linked to diplomatic and military goals accounts for another quarter of foreign aid in 1989, or \$3.3 billion. These Economic Support Funds (ESF), mostly in the form of cash transfers and other balance of payments aid, go to countries perceived to be of special strategic importance to the United States. ESF increased by half in the early 1980's, as it grew from a low of \$2.9 billion in 1981 to a high of \$4.4 billion in 1985 before declining in the second half of the decade. Its share of all foreign aid has ranged from 20 to 26 percent from 1977 to 1989.

Some ESF is used for development purposes, but the funds are allocated among countries primarily on the basis of strategic criteria such as U.S. military access, the Camp David Peace Accord and security threats to recipient governments.

For example, Sub-Saharan Africa, with a population of nearly half a billion people, is considered a high developmental priority, but of low strategic importance to the United States. As a result, Africa will receive about one-third of all U.S. bilateral development assistance in 1989, but only four percent of ESF.

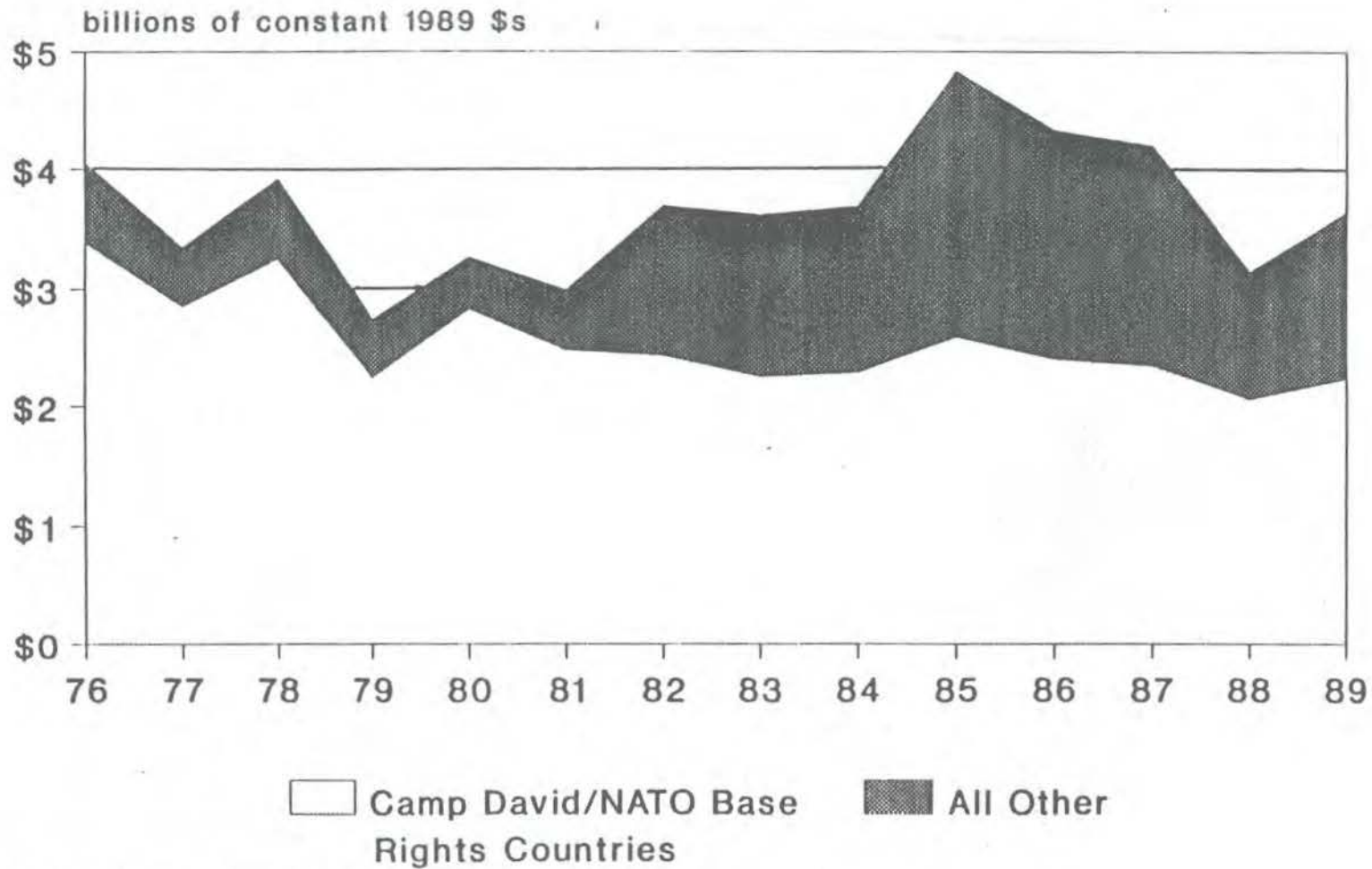
(36) Because of strained political relations, Ghana receives no ESF, despite a sustained commitment to economic reforms; Somalia and Liberia, with extremely weak records on economic reforms, do receive ESF, in large part because of agreements providing facilities to U.S. agencies.

In contrast, Central America is considered both a strategic and developmental priority: although its population is only one-twentieth that of Africa, it will receive 13 percent of all ESF funding, three times as much as Africa, and 11 percent of development assistance, one-third Africa's allocation. (37)

While the Camp David countries of Israel and Egypt, as well as the NATO countries that receive aid in return for base rights, have received a fairly consistent amount of ESF, ESF to other developing countries quintupled between 1980 and 1985 to \$2.2 billion. It declined to \$1.4 billion in 1989, still three times the 1980 level. (38) (See Figure II-2, Distribution of ESF.) These funds were focused on perceived threats to U.S. diplomatic and security interests in Afghanistan and Central America, and on fostering U.S. military access in the Persian Gulf and the Pacific. According to AID'S Inspector General, this rapid expansion of ESF programs brought such "severe management and control problems" to AID that it has "no idea of what's happening to many of our funds." (39)

Military aid accounts for a third of foreign aid in 1989, or \$4.8 billion. It too is allocated on "security" grounds, such as agreements providing U.S. military access, the Camp David Accords and threats to governments whose survival is perceived as vital

Figure II - 2  
 Distribution of Economic Support Funds



Obligations data provided by  
 Congressional Research Service

to U.S. security. Like ESF, military aid rose rapidly in the early 1980's, more than doubling from \$3.1 billion in 1980 to \$7.6 billion in 1984; its share of foreign aid nearly doubled as well, rising from 22 to 42 percent during the same period. Its current share is its lowest since 1984. Military aid to non-NATO, non-Camp David countries doubled to \$2 billion in 1984 before declining to \$760 million in 1989, lower than the 1980 level. (40) (See Figure II-3, Distribution of Military Aid.)

Other aid programs account for a fifth of foreign aid in 1989, or the remaining \$2.6 billion. Some respond to short-term humanitarian emergencies by providing food and shelter to those displaced by war and natural disaster (\$1.1 billion), others pay U.S. administrative and miscellaneous costs for foreign aid (\$700 million) and provide low-interest loans to obtain U.S. agricultural commodities in surplus (\$900 million). (41)

As is the case for ESF, some of these funds have an impact on long-term economic development, but they are allocated primarily for other reasons, such as disaster relief and the creation of markets for agricultural exports. As a share of total aid, this category was as high as 28 percent in 1980 and as low as 16 percent in 1984, with funding ranging from a high of \$4.1 billion in 1980 to a low of \$2.9 billion in 1983.

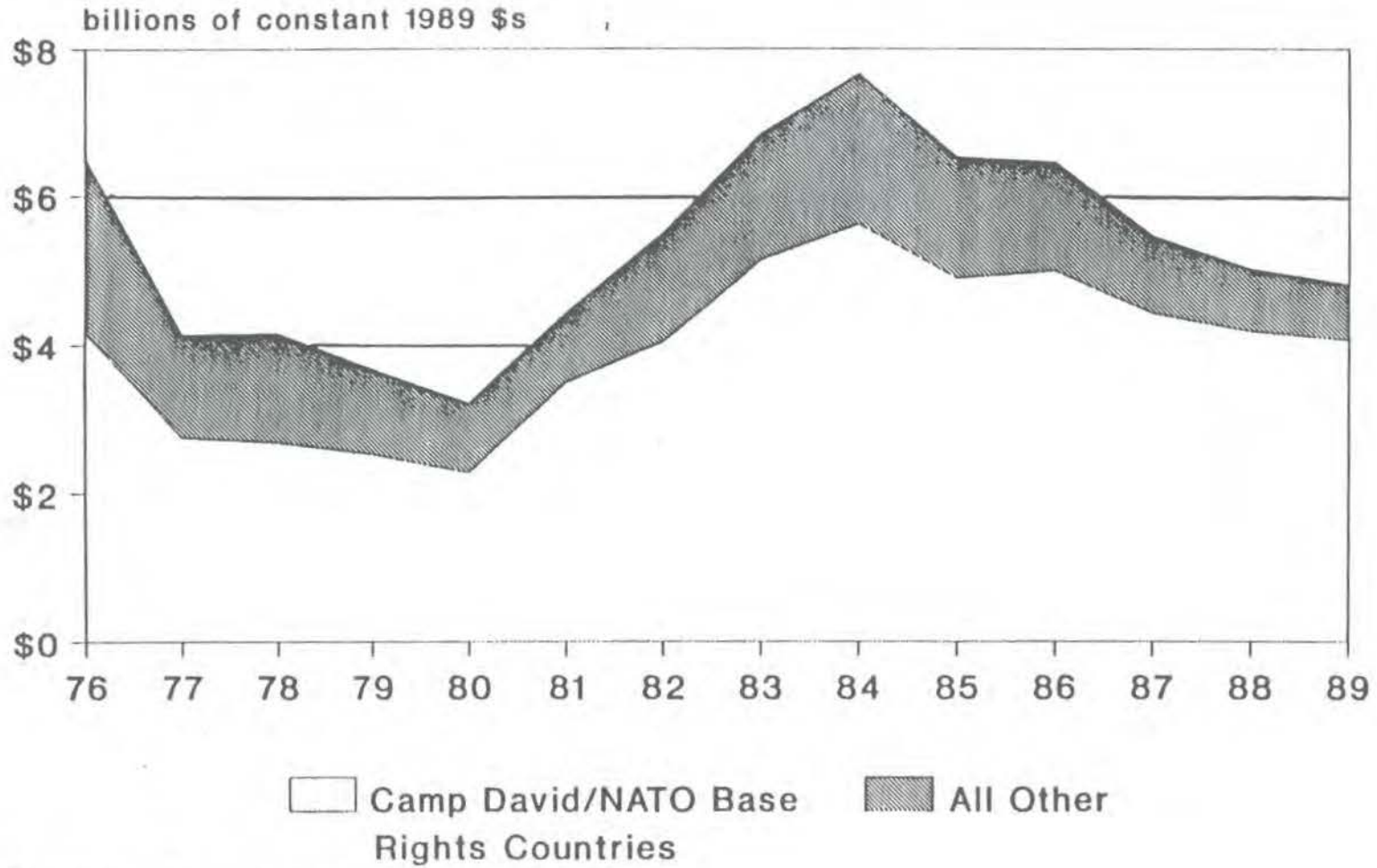
Our point in highlighting the relatively small share of resources allocated primarily to promote long-term economic development is not that other U.S. interests should play no role in the allocation of foreign aid. Rather, it is to make clear that the current allocation is an inadequate response to a critical situation, which means that U.S. aid programs are not having much impact. To be sure, foreign aid alone will not solve the long-term economic problems of developing nations. Expanded trade and investment are much more important than aid in promoting and sustaining economic growth. However, aid can be instrumental in creating the conditions for successful trade and investment.

Given the increasingly tight federal budget, foreign aid is more likely to contract than expand in the 1990's; only a change of priorities within the existing level of resources can result in substantially greater resources being focused on long-term economic development:

\* Pressure to reduce federal deficits has cut U.S. foreign aid by a quarter from its 1985 high of \$19 billion to this year's low of \$14 billion. (42) (See Figure II-4, Trends in U.S. Foreign Aid.) Foreign aid is 1.1 percent of the federal budget in 1989, as compared to 1.8 percent in 1985. This reduction during President Reagan's second term more than cancelled out the one-third increase foreign aid registered in his first term.

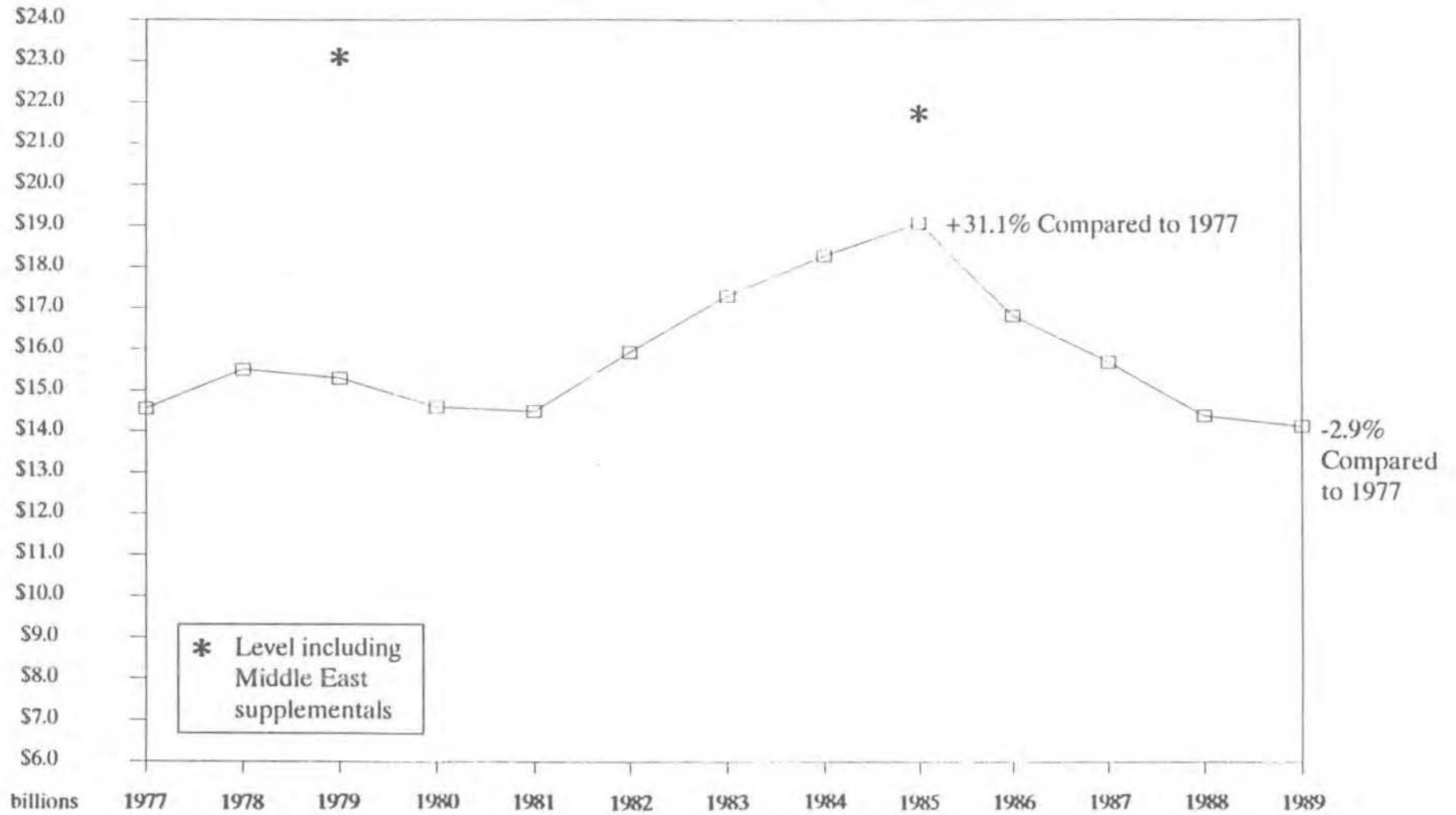


Figure II - 3  
Distribution of Military Aid



Obligations data, provided by  
Congressional Research Service

Figure II - 4  
**Trends in U.S. Foreign Aid: 1977-1989**  
 [In Constant 1989 Dollars]



Percentages reflect the highest and lowest levels compared to 1977.

\* Some reallocation of U.S. foreign aid occurs every year, and over time these decisions can significantly reshape the program. As noted previously, military aid ranged from a high of 42 percent of total aid to a low of 22 percent during the past 13 years, and multilateral economic aid ranged from 20 percent to 9 percent.

\* However, nearly 40 percent of all aid is allocated to the Camp David countries, and that figure is unlikely to decline significantly until there is a Middle East peace agreement. Substantial reallocation of the remaining aid would require a strong consensus in Congress that long-term economic development is increasingly important to our national security, in comparison to short-term support for governments cooperating with U.S. military policy.

(B) The multilateral institutions have the greatest potential to promote development, but U.S. support for them has been reduced by 25 percent, leading to cuts in programs of up to 40 percent.

#### Potential of the Multilaterals

The multilateral institutions such as the World Bank, the regional development banks, and the U.N. agencies have far greater potential to change underlying development problems than do U.S. bilateral programs:

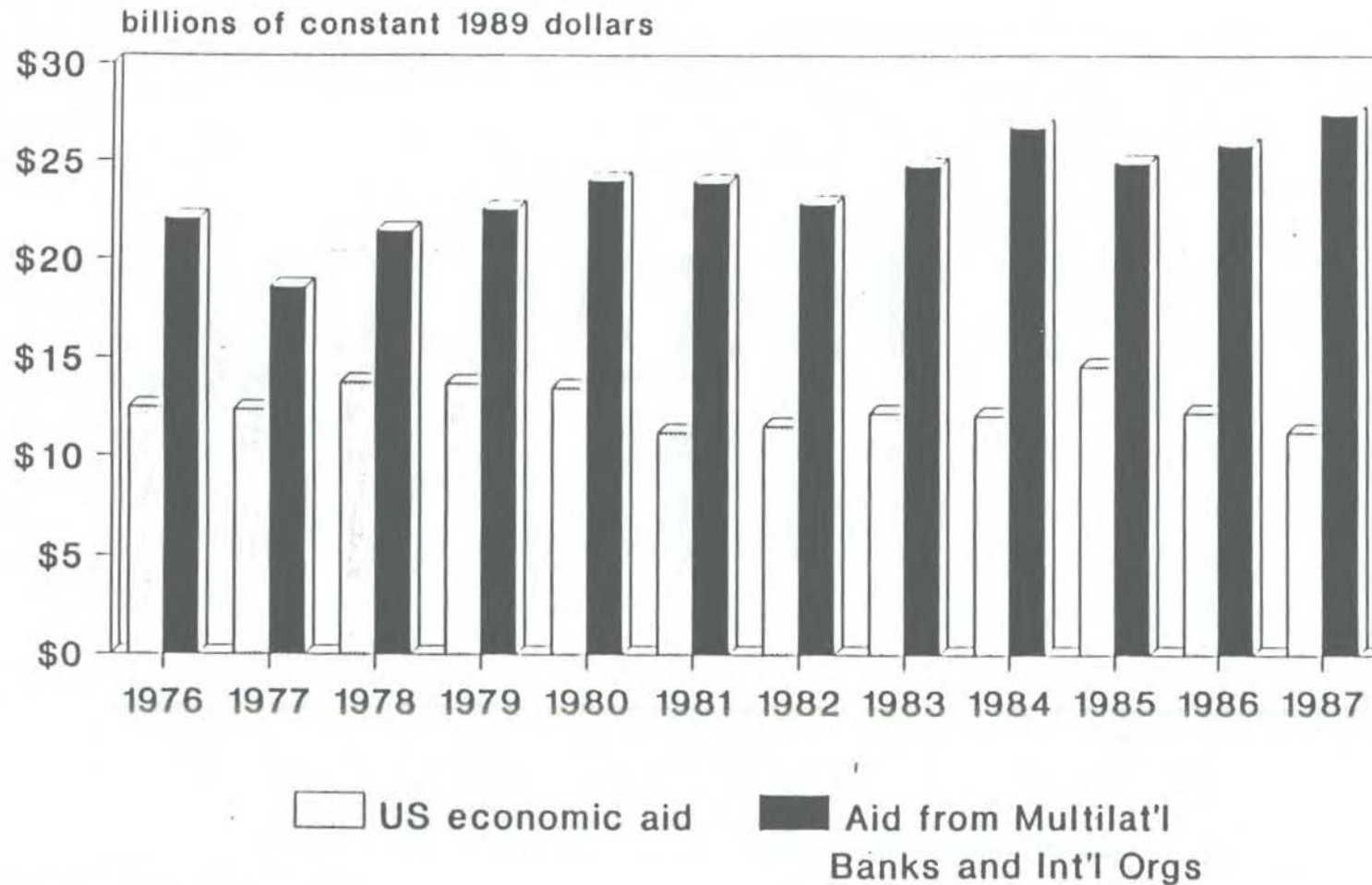
\* They provide the developing world with three times as much economic funding as the United States.

\* They allocate funds largely on the basis of economic criteria, rather than on the political and military criteria that U.S. programs emphasize, and so have substantial programs in many important, populous countries where there are only minimal U.S. programs.

\* Their economic focus and their expertise make them more effective than U.S. bilateral programs in encouraging governments to undertake economic reforms. U.S. programs are large enough to be used as leverage on economic reforms only in countries where U.S. strategic interests are high -- meaning that U.S. attempts to withhold aid until there are economic reforms lack credibility.

Overall size: The multilateral institutions usually provide three times as much economic aid per year as the United States, even when such U.S. aid is defined as broadly as possible to include all non-military aid. In 1987, the most recent comparable year, the multilateral total was \$27 billion, compared to the U.S. total of \$11 billion. (See Figure II-5, Multilateral and U.S. Economic Aid Compared.) (43)

Figure II - 5  
**Multilateral & U.S. Economic Aid Compared**



Obligations data, provided by  
 Congressional Research  
 Service

Distribution of funding: The multilaterals not only provide three times as much aid in the aggregate to developing countries, but they allocate it largely on the basis of economic criteria, rather than on the political and military criteria that U.S. programs emphasize. This permits them to maintain substantial programs in countries that have minimal U.S. bilateral programs:

\* There is only a minimal U.S. program in a number of the large, low-income countries, such as China, India, Nigeria and Indonesia (which account for more than half of the developing world's population). In contrast, the multilaterals provide \$7.7 billion annually to these four countries, over 20 times more than the level of U.S. economic assistance. (44)

\* Similarly, the \$5.4 billion provided by the multilaterals to Mexico, Brazil and Argentina, three middle-income developing countries with more people in poverty than the rest of Latin America, is a remarkable 200 times the \$27 million U.S. economic aid provides. (45)

\* U.S. economic aid is nearly \$50 per capita annually to Central America, compared to less than \$1 per capita to South America. In contrast, multilateral aid is better balanced at \$15 per-capita to Central America and \$20 per-capita to South America. U.S. economic aid to Central America quintupled between 1980 and 1987, and averaged almost a billion dollars annually during the last half of the decade to fund the recommendations of the "Kissinger Commission," but U.S. aid to South America remained under \$300 million throughout the decade. (46) Interviewed during field research for this report, a top U.S. official in Peru frustrated by low U.S. funding for its massive problems said, "it wasn't (controversial President Alan) Garcia that did us in, it was (Commission leader Henry) Kissinger."

\* During the same period, U.S. economic aid to Pakistan increased by a multiple of six to nearly half a billion dollars, reflecting that government's support for the Afghan rebels. (47) Pakistan receives nearly a third of all U.S. bilateral economic aid for Asia, compared to only 7 percent in 1980. In contrast, Pakistan currently receives 13 percent of total multilateral funding for Asia. (48)

\* Over a quarter of U.S. bilateral economic aid goes to the Camp David countries and to NATO countries where the U.S. has base rights. When funding for these countries is excluded from both multilateral and U.S. totals, the multilaterals provide three times as much aid to the rest of the world.

Credibility of aid as leverage: In many cases, even when the United States, for political reasons, provides more resources to

a country than the multilaterals, its political agenda often inhibits its pursuit of economic reforms:

\* The World Bank cut back its lending to Honduras in the first half of the 1980's to one-third its \$100 million annual average of the last half of the 1970's, because Honduras was perceived to be employing unsound economic policies. According to a top U.S. official in Honduras, the United States became "Honduras' World Bank," tripling its economic aid to an annual average of \$131 million in the first half of the 1980's, but AID officials were repeatedly unable to hold the Suazo Government to its promised economic reforms because Honduras "ran to the NSC to play the contra card." (49) This pattern of Honduras failing to meet agreed economic targets but receiving aid nonetheless, because of cooperation with other U.S. policies in Central America, continued into the late 1980's. (50)

\* In Liberia, World Bank aid was halted in the mid-1980's because of government mismanagement of the economy and failure to repay loans, but the United States filled the gap, in large part because Liberia hosts various U.S. facilities. There was no World Bank aid from 1985 through 1987, while U.S. economic assistance totaled \$190 million. AID was unable to extract significant reforms from Liberia and even pulled out its financial advisers; nonetheless, the Executive Branch requested an additional \$22 million for Liberia for fiscal year 1990. (51)

It is not just the Executive Branch whose political agenda undermines pressure for economic reforms. Administration officials who were strongly in favor of pressuring El Salvador to make significant reforms report that President Jose Napoleon Duarte lobbied Members of Congress, who in turn protested successfully to the State Department that AID should "get off his back" on economic conditions.

Debate over economic reforms: Both the World Bank as the leading multilateral donor and the United States as the leading bilateral donor (until 1988, when Japan displaced it) have provided an increasing share of their aid in the 1980's in cash transfers and other balance of payments programs rather than in development projects. The purpose has been to help with immediate debt repayments, preserve political stability, and promote "policy reforms" that allow market forces more of a role in recipients' economies. (52)

Some of the reforms, such as paying market prices to farmers, have a sound long-term economic basis but can have adverse short-term political and humanitarian consequences. Only recently has the World Bank come to support a policy of "adjustment with a human face" that provides more flexibility with a view to preserving the political stability that is necessary for future growth as economies are restructured.

Whether the restructuring will work is hotly debated. "Policy reforms" favor export-led growth, because this type of growth can generate foreign exchange earnings to pay off old debts and attract new financing. This strategy worked for the newly-industrialized countries of Asia, but it has thus far failed to restart economic growth in a number of countries that have implemented reforms in the 1980's, in part because of adverse conditions in the world economy. (53) In a meeting with Caucus Members in 1988, Singapore's Ambassador to the U.S. stressed that what worked for his country could not be transplanted to Sub-Saharan Africa because of the greatly different conditions there.

The debate over what economic reforms should be sought, and how to implement them, will certainly continue. This section has not tried to resolve that debate, either in general or for particular countries. Rather, it has pointed out that whatever strategy the United States adopts on economic reforms, it is far more likely to be pursued effectively through multilateral programs than through bilateral balance of payments programs.

#### Decline in U.S. Contributions

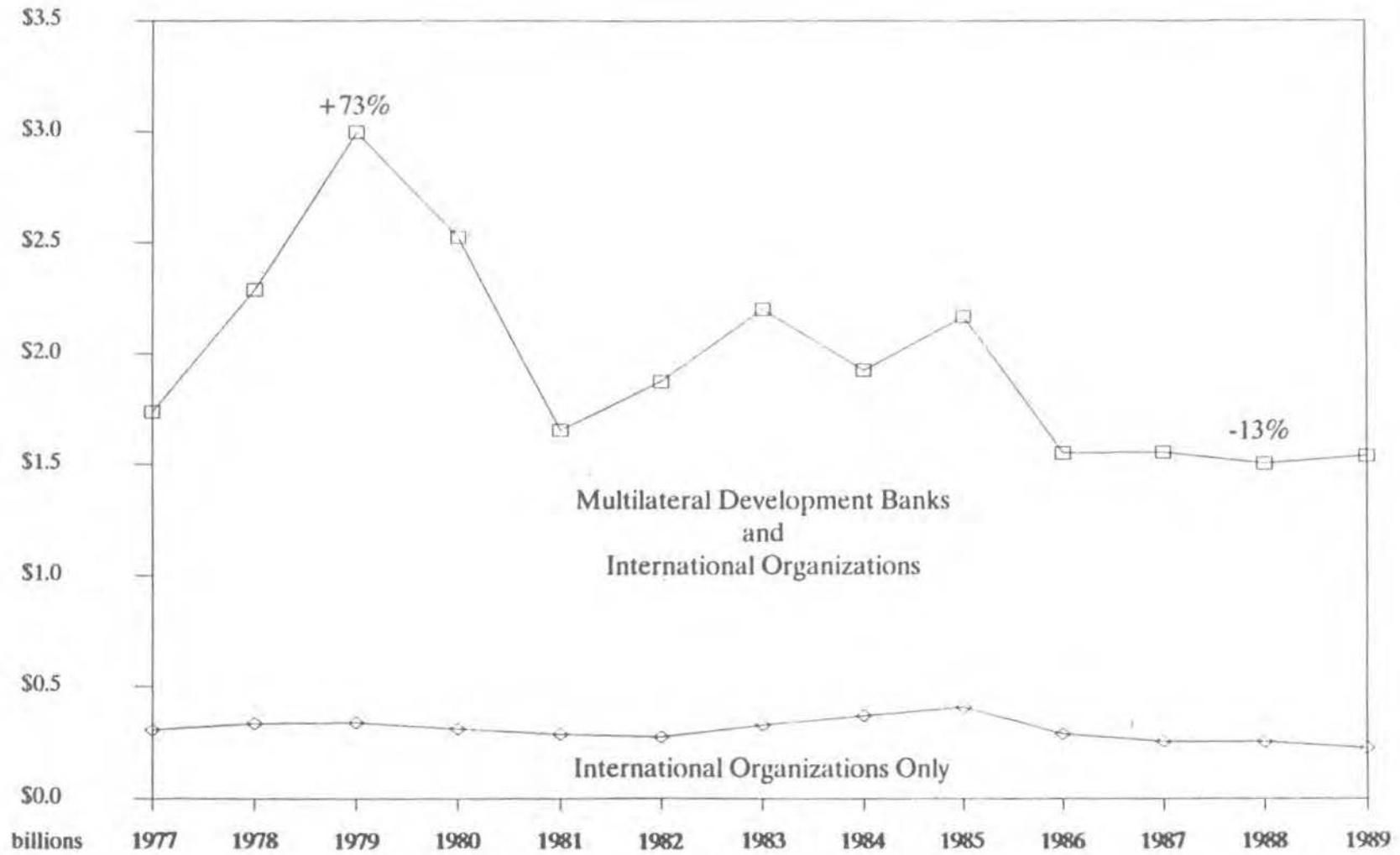
U.S. contributions to the multilaterals have declined significantly, from a high of \$3 billion in 1979 to \$1.5 billion in 1988. As a share of total U.S. aid, these contributions ranged from a high of 20 percent in 1979 to a low of 9 percent in 1986. In 1989, it stood at 11 percent. (See Figure II-6, U.S. Support for Multilateral Development Institutions.)

These contributions fluctuate year to year more than the level of bilateral aid programs does, and the 1979 figure was uniquely high because it contained substantial payments of previously pledged contributions, so it is misleading to conclude that U.S. funding has been cut in half. A fairer assessment is that during President Reagan's eight-year tenure, the average yearly contribution of \$1.8 billion represented a 25 percent cut from the \$2.4 billion annual average under President Carter.

This reduction in U.S. contributions -- caused largely by the Reagan Administration's preference for bilateral aid, because of the more immediate political benefits it provides the U.S. -- greatly restricted the multilaterals' plans to assist the poorer developing nations. U.S. insistence, especially during President Reagan's first term, in stretching out payments on previous commitments and lowering new contributions effectively forced reductions in other developed countries' contributions, because in most institutions they are linked to the level of U.S. contributions:

\* U.S. commitments to replenishments of the World Bank's International Development Association (IDA), the largest source of low-interest loans to poorer countries, were one-third lower under the Reagan Administration than the Carter

Figure II - 6  
**U.S. Support for Multilateral Development Institutions**  
 [In Constant 1989 Dollars]



Percentages reflect the highest and lowest levels compared to 1977.



Administration. Commensurate cuts were made in contributions by other nations, resulting in an 18 percent decrease in total funding provided by all countries to the first replenishment under the Reagan Administration, and a 40 percent decrease for the second. (54)

\* A similar scaling back of U.S. contributions has taken place in the Inter-American Development Bank's (IDB) agency for low-interest loans and in the innovative International Fund for Agricultural Development (IFAD), as well as in other international institutions focused on the needs of the poorest countries.

In most multilateral institutions, the United States remains the largest contributor, and so has the largest share of voting power. Although the United States is likely to continue to have the top voting share in the World Bank, its overall influence in the multilaterals will be weakened if its contributions are not increased in the 1990's -- since Japan and other donors are likely to increase their contributions and play a larger role.

### (3) A Lack of Priority and Coordination Among U.S. Agencies Handicaps Development.

A major barrier to the U.S. Government's ability to achieve its goals in international economic development has been the lack of a single, strong coordinator for development in the Executive Branch. Nearly half of the 16 official U.S. Cabinet agencies -- State, Defense, Treasury, Agriculture, Commerce and the Special Trade Representative -- share responsibility for U.S. policy toward the developing world, and numerous other independent agencies and commissions wield significant power in specific matters.

In determining U.S. policy toward the developing world, the following areas of specialization are held by the following offices in government, none of which is primarily interested in promoting long-term development:

\* Trade negotiations, including GATT and GSP, are managed by the U.S. Special Trade Representative. One of the most important decisions that the United States can make affecting a developing country's economy -- taking away import preferences or "graduating" it from the tariff relief provided to developing countries by GSP -- is recommended by an inter-agency group under the USTR.

\* Import quotas and relief from tariffs for specific products exported by developing countries are managed by the International Trade Administration of the Department of Commerce. Others participating include the Departments of State, Treasury, Labor and Agriculture. The Customs Service also has a hand in certain of these decisions.

- \* Unfair trade practices alleged against developing countries are argued before the International Trade Commission, an independent executive agency.
- \* International debt policy is managed by the Treasury Department, with assistance from the State Department and other agencies. Treasury represents the United States when developed countries' governments convene the "Paris Club" to reschedule debts they are owed by developing countries.
- \* Emergency debt relief, such as that provided recently to Mexico, is managed through "swaps" of currency by the Federal Reserve Board, under the guidance of Treasury.
- \* Multilateral development banks are under the purview of the Treasury Department. The U.S. representative at each MDB is named by the Treasury, and the Treasury Secretary is responsible for U.S. policy and votes at the banks.
- \* Most other international development organizations are the responsibility of the State Department's Bureau of International Organizations. The Bureau manages U.S. policy for U.N. programs, including the Food and Agriculture Organization, the U.N. Development Program, UNICEF, the World Food Program, and the Program for Action for African Economic Recovery and Development.
- \* International Monetary Fund decisions that affect the developing countries, which in the 1980's included the managing of a number of African economies, are the responsibility of the Treasury Department.
- \* Government-subsidized exports are managed by the Export-Import Bank and the Department of Agriculture's Commodity Credit Corporation and Food for Peace sales program.
- \* Economic Support Funds and military aid and sales are agreed to by the State and Defense Departments. AID plays a relatively minor role in allocating ESF and no role in approving military aid and sales, even though all of these decisions can have an important impact on a country's economic development.

The agency with primary responsibility for promoting economic development -- the Agency for International Development -- is one of the few actors in foreign policy that is officially subservient to another department, i.e. the State Department. For the largest share of economic aid, ESF, the State Department decides on primarily political and military grounds the funding each country will receive, and AID then implements the program in each country. AID's ability to use ESF to bargain with countries to advance a development agenda is weakened because it does not, in the final analysis, control the key decision on funding.

AID has more operational control over the Development Assistance program, but still must secure approval of all country allocations from the State Department, which has the power to veto on political grounds AID's attempts to reduce or terminate development assistance in countries AID believes are not committed to a sound economic strategy. State demonstrated this power in 1980, when it rejected an AID proposal to focus development assistance on countries with solid records in development. AID issued no similar challenges during the rest of the decade.

\* \* \*

## Chapter III

THE ENVIRONMENTAL CRISISSummary of FindingsThe Extent of the Problem in the Developing Countries:

- \* At current rates of deforestation, one quarter of the tropical forests will be gone within 20 years. An area the size of Pennsylvania is lost every year.
- \* Cropland the size of Virginia is severely eroded by overwork each year, cutting annual crop values by \$28 billion. Half of Turkey's cropland is severely eroded, as is one-quarter of India's. 40 percent of Guatemala's growing capacity has been lost.
- \* Most of the 3 billion people expected to be born within the next 35 years will be born in poverty in developing countries, putting even more pressure on the environment.

Impact on the U.S.:

- \* Environmental practices in developing countries threaten U.S. climate and health: deforestation accounts for 25 percent of "global warming," and foods from developing nations are twice as likely to contain dangerous pesticides.
- \* Clearing of tropical forests destroys the genetic materials responsible for half of U.S. medicines and for at least \$1 billion annually in improvements to U.S. crops.
- \* Destruction of forests and cropland creates millions of "environmental refugees," and in the long-term reduces income needed to buy U.S. exports.

Evaluation of U.S. Policies and Programs:

- \* Failure to solve the debt crisis is one of the primary reasons developing countries face more pressure than ever for short-term production that damages the environment.
- \* Unchecked population growth contributes to environmental degradation, yet U.S. funding for population programs has fallen 32 percent since 1985. Funds for two key agencies have been cut off because of disputes relating to abortion.
- \* Multilateral solutions are required. While some positive steps have been taken, including an ozone treaty and increased attention to environmental concerns at the multilateral banks, the U.S. refuses to sign three other important international agreements.

\* \* \*

The Extent of the Problem in the Developing Countries:  
A Downward Spiral of Poverty and Destruction

The primary cause of environmental destruction in developing countries is the desperate search for income needed both to repay international debts and to raise living standards for a rapidly increasing population. Poverty causes people to destroy rain forests and overplant cropland in an effort to sustain themselves; businesses that are encouraged by indebted governments to generate more foreign exchange carry out the same damaging practices to increase exports. The problem is compounded by continued increases in population.

Ironically, more poverty and debt is the long-term result of this destructive search for income, as erosion, reduced production and flooding, create a vicious, downward cycle. Current data indicate that the situation continues to deteriorate. (As there is no single U.S. Government agency responsible for addressing global environmental issues, this chapter relies heavily on data issued by the World Resources Institute. WRI is an independent Washington-based policy group comprised of environmental and scientific experts that has prepared a number of comprehensive assessments of the developing world's environmental problems and their impact on the developed world, often in collaboration with the United Nations Environment Program.)

\* Deforestation: More than 44,000 square miles of tropical forest, an area equal in size to Pennsylvania, are lost annually in developing countries to fuelwood, agriculture, grazing land and logging. (55) At current rates of deforestation, one quarter of the world's remaining tropical forests will be gone within 20 years. Five countries -- Ivory Coast, Nigeria, Costa Rica, Sri Lanka and El Salvador -- will have virtually no forest remaining. (56)

\* As forests disappear, animal dung that is usually used as fertilizer for crops must be used as fuel instead, reducing yields and income; 14 million fewer tons of grain are grown each year as a result of this diversion of dung. (57)

\* The severity of the floods in Bangladesh in September, 1988, that took some 3,000 lives was due to deforested watersheds in Nepal and northern India. (58)

\* Loss of Cropland: Each year, 40,000 square miles of cropland in the developing world, an area equal in size to Virginia, are seriously degraded by overwork, reducing agricultural production by an estimated \$28 billion. (59)

\* Guatemala has lost 40 percent of its growing capacity to erosion from overwork. Half of Turkey's arable land has been severely damaged by erosion, and one-quarter of India's. In Mali, the Sahara has advanced 200 miles since the 1960's, destroying needed cropland. (60)

\* Damage to Water Resources: Dumping of raw sewage and industrial waste into the waterways in developing countries increasingly endangers health and productivity. In India, for example, almost three-fourths of the surface water is contaminated. (61)

\* Fishing catches in Central America are declining as a result of overfishing and the destruction of coastal forests that protect shore habitats. (62)

Population growth is one of the primary causes of environmental destruction:

\* At current growth rates, the world's population will increase 70 percent, or 3 billion people, between 1985 and 2025; over 90 percent of the increase will take place in the developing world. (63) Most of the additional population will be born into poverty, putting even more pressure on firewood, cropland and water resources.

\* Even at global population levels existing in the late 1980's, 1 billion people, or a quarter of the developing world, are unable to get enough calories to lead a normal workday, and so tend to use up firewood and other environmental resources without replacing them. (64)

\* \* \*

Impact on the U.S.:  
Harmful Consequences for Finances and Health

Destructive environmental practices in developing countries damage the economic and environmental interests of the United States and other developed countries by eliminating plants used in medicines and business, creating costly refugee problems, hurting export markets, and accounting for 25 percent of "global warming."

Destruction of tropical rain forests in developing countries eliminates plants used to produce new medicines and improve U.S. agricultural products. These species' potential is illustrated by some current examples: (65)

\* Half of U.S. medicines are derived from the genetic material of wild species of plants, most of them from tropical forests. For example, a single plant from Madagascar's besieged forests is the basis for two drugs used to fight blood cancers such as Hodgkin's disease. These two drugs' economic benefit to the U.S. has been estimated at \$350 million per year. At current rates of deforestation, all tropical forest in Madagascar will be gone by the year 2020.

\* U.S. farmers add at least \$1 billion per year to the value of their crops as a result of genetic improvements, many of them derived from materials in developing countries. When corn blight destroyed half of many states' crop in 1970, new varieties based on Mexican corn strains revitalized the industry. Benefits to consumers of nearly-extinct Mexican strains discovered in 1978 have been estimated in the billions of dollars.

\* Only one percent of the world's plant species have been examined by researchers for their potential benefits. If deforestation continues at its current rate, more than 1000 species will be lost annually and up to 20 percent of all wild species could be lost by the year 2000.

Environmental disaster in the developing world, sometimes tied to political strife, often requires costly relief efforts to support people fleeing environments that are no longer able to sustain them: (66)

\* In Haiti, the nearly one million people who fled the country in the 1980's can be termed "environmental refugees." While fear of a repressive government certainly plays a part in the decision to leave, most of the refugees come from northwestern Haiti, where extreme deforestation and erosion have slashed food production, resulting in malnourishment for 80 percent of children. Florida's spending on Haitian refugees in the 1980's exceeds the amount of U.S. foreign aid provided to Haiti.

\* In Ethiopia, damage to the environment, caused primarily by poverty and civil war, contributed to the breakdown of society that has required billions of dollars in relief from the U.S. and other donors. Environmental refugees searching for viable land played a role in turning a border dispute with Somalia into a war in 1977.

\* In Mexico, two-thirds of the country is now semi-arid -- with the newly infertile acres the result of desertification and erosion. The lack of land to support a growing population is one important motivation for illegal immigration from Mexico to the U.S.

\* Banladesh's devastation in 1988 by floods linked to deforestation was not only a human tragedy, but also required a half billion dollar relief effort by developed countries. Even under normal conditions, flooding in the Ganges Plain costs India and Bangladesh \$1 billion annually in lost income, reducing demand for U.S. and other developed countries' exports.

Less visible types of environmental damage in developing countries also impose costs on U.S. health and finances:

\* Massive use of toxic chemicals in agriculture in developing countries -- so great as to increase poisoning of workers 2000 times over U.S. levels -- results in high levels of pesticides in foods exported to the U.S. Inspectors are able to test only one percent of U.S. food imports, so American consumers are exposed to fruits, vegetables, coffee and other products that are twice as likely as domestic produce to contain dangerous amounts of these chemicals. (67)

\* Destruction of tropical forests at current rates without adequate replanting will reduce developing countries' timber income from \$7 billion in the mid-1980's to \$2 billion in the mid-1990's, cutting purchasing power needed to buy U.S. exports. (68)

\* Dams built in developing nations lose their electrical capacity because deforestation and erosion fill them with sediment. For example, sedimentation cut the capacity of the Anchicaya Dam in Colombia 25 percent in two years, and will cut in half the projected life of the Mangla Reservoir in Pakistan. (69)

\* The cost of operating the Panama Canal will rise if deforestation of its watershed is not slowed. According to the Panama Canal Commission, 20 percent of the forest in the watershed has been destroyed in the past 25 years, and further deforestation and the resulting erosion would create extensive sedimentation in the reservoir that feeds the Canal. Substantially increased dredging would then be required in both the reservoir and the Canal. (70)

\* Deforestation in developing countries is responsible for as much as a quarter of the carbon dioxide build-up in the atmosphere that may be producing significant changes in the earth's climate, known as global warming. (71)

\* Chemicals released in the developing countries account for about 10 percent of world-wide depletion of the ozone layer; the ozone blocks solar rays that cause skin cancer and eye damage. China and India, who account for about half of the developing world's ozone-depleting chemicals, have yet to sign the Montreal Protocol limiting their release. (72)

\* \* \*

Evaluation of U.S. Programs and Policies: Increasing Attention to the Crisis, but Roadblocks on Debt and Population

Only recently has the developed world's attention focused on destruction of the environment in the developing world as a significant threat to its interests. As a result, the U.S. approach to the world's environmental crises has been characterized by minimal funding levels and fragmented policies.



U.S. leadership has been weak on the two primary causes of the environmental crisis, debt and population growth:

\* As noted in the previous chapter, despite bilateral and multilateral efforts after 1985 to help the developing countries grow out of their debt problem, total debt continued to grow through the three-year Baker Plan to \$1.2 trillion. The developing nations face more pressure than ever for short-term production that damages both the environment and long-term growth, although the Brady Proposal may help reduce some of that pressure.

\* The high-profile debate in the U.S. in the 1980's about the morality of abortion has caused tremendous collateral damage to family planning programs in developing countries. U.S. funding was cut off for the two key family planning groups: the International Planned Parenthood Federation, because some of its affiliates and non-U.S. funds aided abortions; and the United Nations Fund for Population Activities, because it assisted China when China was pressuring women to have abortions under the "one-child" policy. Total U.S. funding fell 32 percent in real terms from \$361 million in 1985 to \$244 million in 1989. (73)

The multilateral development banks of which the United States is a member often have contributed to the destruction of the environment with large-scale projects of the sort AID phased out in the 1970's. Under pressure from environmental groups and Congressional mandates, these institutions have begun to assess the impact of proposed projects on the environment. The consensus of environmental experts interviewed for this report, however, is that while the multilaterals have stopped some projects and are stepping up funding for projects to restore and preserve croplands and forests, they continue to start projects that damage the environment: (74)

\* World Bank and Inter-American Development Bank livestock programs have destroyed thousands of hectares of Central American forests, rendering land useless after it has been overgrazed and abandoned. (75) Both continue to fund livestock programs, although the World Bank lends mostly to projects that do not clear additional forest. (76)

\* Multilateral lending in Brazil for road projects opened up territories that ranchers and settlers quickly deforested. Some disbursements on these projects have been frozen, with remaining funds allotted to reforestation in damaged areas. Other projects continue to be funded, with conditions written into the loan agreement to protect the environment. Some environmental experts argue that similar conditions have been ignored in the implementation of past loans. (77)

AID also has started to assess formally the environmental impact of its development projects. However, the assessments are rarely

in-depth, and there is no comprehensive U.S. governmental policy on protecting the developing world's resources. While AID now allocates \$225 million a year for projects that protect the environment, it has no bureau focusing solely on this issue. (78)

International agreements and treaties, primarily under the United Nations, have addressed some environmental problems, and others are under negotiation:

- \* The U.N. Environment Program, formed in 1972, assisted in the negotiating of the 1987 Montreal Protocol to Protect the Ozone Layer. Both this treaty and the International Whaling Commission's multilateral agreement to curtail whaling have been successful initiatives to protect the environment. (79)

The unwillingness of the United States to accede to some of these treaties and to negotiate others has undercut its leadership:

- \* The U.S. has refused to sign three important environmental agreements, the Law of the Sea Treaty and conventions to reduce sulphur emissions by 30 percent and protect migratory species. (80)

- \* The U.S. has been hesitant to negotiate an international convention on global warming, which could entail restrictions on automobile and industrial emissions. Disagreements within the Bush Administration resulted in U.S. delegates to a key meeting in Geneva in May, 1989, giving a mixed message about U.S. willingness to support the negotiation of a convention.

One reason why a unified negotiating position is often difficult to attain is that the bureaucratic fragmentation of policy-making on international environmental issues is, if anything, even more extreme than it is on the international economic issues discussed in the preceding chapter, with more than a dozen entities in the U.S. Government playing important roles:

- \* The Agency for International Development funds and implements environmental and family planning projects.
- \* The State Department serves as the primary coordinating agency for U.S. global environmental policy, negotiating all international environmental treaties.
- \* The Environmental Protection Agency oversees the implementation of international environmental agreements in the U.S., and advises AID and the State Department.
- \* The Treasury Department controls U.S. policy at the World Bank and other development banks on environmental issues, and is the lead agency on resolving the debt problems of developing countries, which exacerbate environmental problems.

- \* The White House Office on Science and Technology Policy serves as the chief science advisory agency to the President.
- \* The Council for Environmental Quality also recommends domestic and international environmental policy to the President.
- \* The Department of Energy develops cleaner and more efficient energy technologies, and works to develop alternatives to ozone-depleting chemicals.
- \* The Department of Agriculture researches the impact of global climate changes on agriculture.
- \* The Forest Service, a part of USDA, provides technical assistance and training on the problems of deforestation and tropical forest management, and studies the connection between deforestation and global warming.
- \* The Interior Department provides technical assistance to foreign countries on environmental projects, and advises AID and the State Department on global environmental issues.
- \* The National Oceanic and Atmospheric Administration in the Commerce Department is the primary researcher of climate change, and also monitors ocean circulation.
- \* The National Aeronautics and Space Administration researches climate change and ozone depletion with theoretical models, weather balloons, aircraft and satellites.
- \* The National Science Foundation funds research on environmental issues, especially global warming and ozone depletion.

\* \* \*

## Chapter IV

THE CHALLENGE TO DEMOCRACYSummary of FindingsThe Extent of the Problem in the Developing Countries:

- \* The political power of the military often slows the transition toward multiparty elections and the consolidation of democracy that is underway in the developing world.
- \* A full half of the developing world still lives under unelected governments; another quarter lives under governments chosen in multiparty elections, but still building other elements of democracy, such as a working judiciary, a free press and a civilian-controlled military.
- \* The risk of war or violent revolution decreases as political freedom increases: only one of the 23 wars in the past two years occurred in a fully-functioning democracy, while 16 occurred under unelected governments.

Impact on the U.S.:

- \* Countries with a politically-independent military or an unelected government usually have a weak rule of law. Endemic corruption can result, hurting U.S. programs designed to spur economic growth and reduce drug-running.
- \* Fully-functioning democracies often outperform their less democratic neighbors in economic growth and, as a result, in purchases of U.S. exports.
- \* U.S. security interests have been threatened by civil wars that originated in large part because of a lack of democracy, as in Cuba, the Philippines and Vietnam.

Evaluation of U.S. Policies and Programs:

- \* U.S. military aid is almost always provided to governments chosen in fair, multiparty elections, but it can inadvertently undercut the consolidation of democracy by strengthening a military that maintains its independence from civilian and judicial control after the elections.
- \* U.S. training of foreign military officers does not challenge directly, and often does not appear to have changed, attitudes about civilian control and human rights.
- \* There are a number of little-known but influential U.S. military programs in developing nations that are outside the foreign aid process, and that send mixed signals to the military about the need to accept civilian control.

The Extent of the Problem in the Developing Countries

A movement toward greater political freedom is underway in the developing world, with countries ranging from El Salvador to South Korea moving in the 1980's from being undemocratic states to having governments chosen in multiparty elections. While the support of some military leaders has been crucial to this transition, the continuing political power of the military is a barrier to the consolidation of democracy in these countries, as well as a barrier to more countries moving from undemocratic selection of leaders to multiparty elections. Examples include:

\* In Argentina, elements in the military staged mutinies throughout the presidency of Raul Alfonsin, to forestall attempts by civilian authorities to try officers accused of abusing human rights.

\* In Brazil, the military continues to run a nuclear program that operates independently of the civilian government, and which could lead to the development of nuclear weapons. (81)

\* In Honduras, the military exercises an informal, but widely recognized, veto power over the decisions of elected civilians, and controls the activities of civilian agencies in rural provinces. (82)

\* Dictators and one-party states often rely on the military to control dissent and block movement toward multiparty elections. In some cases, such as Angola, Burma, Paraguay and Zaire, military leaders seize power and rule directly; in other cases, such as China, Kenya and Malawi, the military supports one-party leaders.

Today's transition toward democracy is significant, but it is at great risk of being reversed if the military continues to see itself as a political actor, and if debt and other economic problems keep civilian governments from meeting their citizens' demands for improved living standards. Such a reversal would not be unprecedented: similar trends toward elected governments occurred in the past, only to be ended when military forces that had been waiting in the wings returned to power, often during economic crises. For example, of the ten independent countries in South America in 1961, only Paraguay was a military dictatorship, but by the mid-1970's, eight of the ten were under military rule. (83)

Despite the trend toward multiparty elections, particularly in Latin America, full political rights remain elusive for most citizens of developing nations. To assess the status of political rights in the developing world, Caucus staff reviewed reports by the State Department and human rights organizations, conducted interviews with regional experts, and placed developing countries in three general categories (See Table IV-1 for examples):

\* Half of the developing world's population (including China) still lives under governments that prohibit competitive multiparty elections, where a dictator or a single party rules and where opposition parties are either banned or severely restricted.

\* Another quarter lives under governments chosen in multiparty elections, but which are in varying stages of consolidating other elements of a full democracy, such as a working judiciary, a free press, and a civilian-controlled military.

\* Only a quarter of the developing world lives in what might be called fully-functioning democracies, where citizens can rely on the judicial system and an apolitical military to protect their right to promote non-violent change through free speech and multiparty elections.

-----  
Table IV-1:

Examples of Forms of Government in the Developing World

<u>Democracy/Fully Functioning</u>	<u>Democracy/Still Consolidating</u>	<u>Unelected Rule</u>
27 (22% of pop.)	28 (24% of pop.)	78 (54% of pop.)
Examples:	Examples:	Examples:
Botswana Costa Rica India Senegal Venezuela	Argentina Egypt Guatemala Philippines Zimbabwe	China Cuba Ethiopia Somalia Zaire

Notes: (84)

-----

The purpose of this categorization is to present a general finding about the status of political rights in the developing world, rather than to provide an absolutely definitive rating for each country. Certain countries could fall into more than one category, based on, for instance, how highly one rates the ability of the judicial system to prosecute officers for abuses of human rights, or how fair the electoral system is judged to be for opposition parties.

Egypt, for example, could be considered a full democracy, because it has expanded press freedom and permits opposition parties to campaign for seats in the legislature. However, we categorized

Egypt as still consolidating democracy, because the State Department reports that citizens' political rights "remain limited": controversial election rules hamper opposition parties' ability to reduce the ruling party's majority in the legislature, and 900 political detainees were being held under a state of emergency at the end of 1988. (85)

There is a very real linkage in the developing world between democracy and peace. As political freedom increases, the risk of war or violent revolution decreases: of the 23 wars in the developing world in 1987 and 1988 listed in Chapter V, only one (in India's Punjab province) took place in a fully-functioning democracy, while 16 occurred under governments that were unelected, and the final six in countries still consolidating democracy. Only three of the conflicts were primarily caused by invasions; the other 20 were primarily civil wars. (See Table V-1 for details.)

The causes of each conflict are complex and varied, and include deeply-engrained economic, social and ethnic problems. In general, though, the lack of political freedom is an important contributing factor:

- \* The fact that a majority of the 20 civil conflicts took place under unelected governments and only one occurred in a full democracy indicates that if representatives of various ethnic and political factions can compete for electoral power, rely on civilian and judicial authority to control an apolitical military and make their case in a free press, nonviolent compromises are more likely than war.

- \* In the six civil wars in countries that are still consolidating democracy, the lack of clear civilian and judicial authority over military forces played a role in the decision by some, although by no means all, guerrillas to remain in rebellion rather than engage in electoral politics.

\* \* \*

#### Impact on the U.S.: Unelected Governments and Politically-Independent Military Forces Set Back U.S. Efforts

Countries with a politically-independent military or an unelected government usually lack accountability and have a weak rule of law. The result can be endemic corruption, increased drug trafficking, reduced civilian control, and environmental damage, all of which hurt U.S. security interests:

- \* Zaire, the Philippines, Haiti, and the Central African Empire were looted by corrupt dictators in the 1970's, setting their economies back by years, creating massive debt and rendering their U.S. aid ineffective. The economies of all four have performed poorly in the 1980's, although the

Philippines' economy has improved since President Corazon Aquino took office.

\* In El Salvador, corruption of some officials in the ruling Christian Democratic Party disrupted U.S. programs to assist the poor. Revelations of corruption helped swing the 1988 assembly elections to a right-wing party that has traditionally opposed U.S. policy.

\* The Andean countries' attempts to cut down on drug trafficking have been stymied by corruption in police forces and judiciaries, enforced by violent attacks on those personnel refusing bribes.

\* Panama's military leader, Gen. Manuel Noriega, was indicted in the United States in 1988 for providing protection to drug-runners, leading to U.S. sanctions that brought the economy to a standstill, at great cost to U.S. investors and traders, as well as to the Panamanian people.

\* U.S. efforts to increase civilian control over the military in Central America have often been frustrated by the failure of the Salvadoran, Guatemalan and Honduran judicial systems to punish officers for abusing human rights. Judges who have tried to bring officers to trial have been threatened, and in some cases, killed.

\* Judicial systems in the developing world are often unable to enforce laws barring unsound environmental practices. A leading Brazilian opponent of illegal destruction of forests was murdered in 1988, apparently by cattle-ranchers, with no prosecution of the perpetrators. (86)

The existence of a politically-independent military or an unelected government in a developing country also hurts U.S. economic interests. Fully-functioning democracies often outperform their less democratic neighbors in economic growth and purchases of U.S. exports, in part because they attract foreign and domestic investors who are discouraged by the frequency of civil conflict and the arbitrary exercise of power in less democratic countries.

Obviously, the process of economic growth is complex and not guided solely by the status of political rights: countries such as South Korea and Taiwan had repressive governments during their periods of phenomenal growth, as did Chile when it experienced solid macroeconomic growth, but weak performance in living standards, in the 1980's. Nonetheless, comparisons of fully-functioning democracies with their neighbors indicate that they tend to have an economic advantage over less democratic countries:

\* Costa Rica, which disbanded its military in the 1940's, has achieved the highest per-capita income, lowest incidence



of poverty and highest level of per-capita purchases of U.S. exports in Central America. For example, Costa Rica's per-capita purchases of U.S. exports are the highest in the the region at \$241, compared to second-place Honduras' \$112. Costa Rica leads its neighbors in virtually every social and economic measure that relates to future growth in U.S. markets, including per-capita income and percent of citizens with access to clean water. (7)

\* Botswana, with a full democracy and a small, apolitical border military, has consistently outperformed the other six states in Southern Africa (except South Africa). Botswana's per-capita purchases of U.S. exports are the highest in the region at \$30, compared to second-place Angola's \$13 and Zambia's \$8, and it ranks first in the region on nearly every social and economic measure. (8) Botswana's functioning judicial system has protected the rights of all races in business, in contrast to countries such as Kenya, where the failure of a politically-powerful military to protect minorities from harrassment has driven out many successful investors.

A final way in which U.S. security can be damaged by a lack of democracy in developing countries occurs when it exacerbates other root causes of conflict and leads to a civil war that involves U.S. forces and bases, or other U.S. interests:

\* The Philippines. The insurgency that today threatens the future of the government of President Aquino, which has recently signed an agreement permitting continued U.S. use of military bases, expanded greatly during the 1970's and early 1980's, in large part because Ferdinand Marcos refused to transfer political power through free elections, as well as because the corruption associated with his government weakened its response to social and economic problems that were being exploited by the rebels.

\* Civil wars in Central America. The wars that have devastated the region since the late 1970's, resulting in billions of dollars of U.S. funding and increased Soviet military influence in Nicaragua, originated largely because of the failure of governments to provide and protect democratic rights.

\* Castro's revolution in Cuba, the Vietnam War and the fall of the Shah in Iran. These were probably the three most damaging episodes for U.S. foreign policy in the past 30 years, as well as human tragedies that claimed over a million lives and resulted in millions of refugees. In each case, powerful U.S.-aided militaries supported leaders who refused to permit change by democratic means, which would have meant their ouster.

\* \* \*

### Evaluation of U.S. Policies and Programs

The U.S. goal of promoting political stability in developing countries is best achieved by encouraging fair elections and other political rights for citizens, civilian control of the military after elections, and the rule of law. Staff research conducted for this report on U.S. policies and programs affecting political rights, civilian control and civil conflicts (including field research in a number of countries and at U.S. training facilities for foreign soldiers) provides three general findings:

(1) While U.S. military aid to developing countries is increasingly conditioned on the military permitting fair elections, it can also inadvertently undercut the transition to democracy, for example, by strengthening a military that maintains its independence from civilian and judicial control after elections.

(2) The primary military training program (IMET) does not directly challenge, and often does not appear to have changed, foreign officers' attitudes about the need for civilian control of the military, or about the need to punish military personnel for abuses of human rights.

(3) There are a number of little-known but influential U.S. military programs in developing nations that are outside the foreign aid process, and that send mixed signals to the military about the need to accept civilian control.

#### (1) Military aid is almost all conditioned on elections, but it can also inadvertently undercut the transition to democracy.

In his 1982 speech to the British Parliament, President Reagan called on democratic countries to "foster the infrastructure of democracy" throughout the world. In 1989, in his inaugural address, President Bush sounded that call again, arguing that U.S. policy-makers should stress to other governments that "freedom works." In between those two speeches, U.S. officials in a number of countries and Members of Congress of both parties stressed the need for free, multiparty elections and the importance of other democratic institutions such as independent judiciaries and civilian control of the military. The National Endowment for Democracy (NED) was created with bipartisan support to promote such institutions.

Military aid, although primarily designed to advance legitimate U.S. security interests such as promoting access to bases and facilities for U.S. forces and strengthening allied military forces, has also been used as leverage in the campaign to achieve advances in elections and human rights.

\* Contrary to popular opinion, only two percent of all U.S. military aid goes to governments not chosen by fair, multiparty elections, such as dictatorships and one-party

states. Nearly half of military aid goes to fully-functioning democracies; the remainder goes to elected governments trying to consolidate democracy. (89)

\* In Latin America, U.S. policy successfully linked military aid to two key democratic developments, free elections and reductions in abuses of human rights. Throughout the 1980's, Congress denied nearly all military aid to governments in Latin America that were not freely-elected, and often tied the aid that was provided to improved performance on human rights. In Asia, U.S. policy-makers supported fair elections as the core of U.S. policy in the Philippines in 1986 and South Korea in 1987, resulting in transitions to more stable and representative governments.

In spite of these "success stories," in many countries the military remains extremely powerful -- often becoming the ultimate arbiter of controversial policy issues and sometimes operating above the law, unaccountable to the judicial branch. In some of these cases, U.S. military aid provided for other reasons inadvertently strengthened military forces or unelected governments opposed to the consolidation of democracy.

\* The enduring political power of the military in South American countries that are still consolidating democracy today (e.g. in Argentina, Brazil, and Peru) is in part the result of the military being strengthened in earlier decades both by substantial U.S. aid and by the message of U.S. acceptance for the military's political role that was implicit in the act of providing the aid.

In other parts of the world, U.S. military aid continues to undercut inadvertently the consolidation of democracy by strengthening politically-active military forces, even though in some of these cases it is linked to important elements of democracy, such as elections or reduced abuses of human rights:

\* In Honduras, the U.S. has provided half a billion dollars to the military since it turned over official power in 1980, in large part because of Honduras' cooperation with U.S. policy toward the contras and Nicaragua. (90) The aid is provided on the basis of what a top U.S. official calls a "clear consensus between us and the military" that aid will be cut off if there is a coup. According to independent Honduran observers, however, the military has become even more entrenched as a behind-the-scenes political power, operating independently of the civilian government. When the U.S. Ambassador to Honduras pointedly sought decisions relating to security issues from the civilian president in 1986, the military reportedly complained to his State Department superiors, and he was removed from his post. (91)

\* In El Salvador, the military reduced death squad killings significantly as a result of then-Vice President George

Bush's warning in 1983 that such activity jeopardized continued U.S. aid, and U.S. policy-makers have apparently convinced the military that a coup would lead to a complete cut-off of aid. However, the military has refused to let officers be prosecuted in a number of human rights and common criminal cases for which the U.S. Embassy and U.S.-trained investigators have developed strong evidence. An additional \$100 million in U.S. military aid has been requested for 1990. (92)

\* In Kenya, Somalia and Zaire, military forces receiving aid in return for cooperation with U.S. military and intelligence policy in Africa repress democratic dissent. In Kenya and Somalia, for which the Administration has requested \$16 million each in military aid for 1990, the repression is spurring unrest that, ironically, could lead to the end of military cooperation. (93) The Administration justifies its request for \$10 million in military aid to Zaire for 1990 by saying that it "has been a staunch supporter of U.S. and Western policies for over two decades," despite the fact that U.S. policies in favor of democracy and development have clearly not been aided by Zaire's military dictator, who has repressed political dissent and amassed a personal fortune in foreign banks while resource-rich Zaire has stagnated. (94)

\* The U.S. has provided \$20 million since 1985 to a group of 22 African countries for "civic action" programs that have the effect of strengthening the military's political power by helping it engage in development projects. (95) These tasks add to the military's domestic role at the expense of weak civilian institutions that should be carrying out these projects. While performing valuable short-term service in many cases, the program sends a message of acceptance rather than rejection of the military's role in supporting the undemocratic, one-party rule in most of these countries.

\* In Lesotho, U.S. officials have linked eligibility for military training to reductions in abuses of human rights, but not to steps to end military rule. The Administration argues that the aid is justified because Lesotho "is heading in foreign policy directions congenial to the U.S.," and that it will give U.S. personnel "potential influence on Lesotho's military leadership, thereby encouraging stability" -- but Lesotho's military leadership itself refuses to schedule elections for civilian rule, which would truly encourage stability and be congenial to U.S. foreign policy. (96)

\* Historical examples of countries where U.S. military aid sustained dictators largely because of their extensive military cooperation with U.S. forces, only to have that cooperation terminated when undemocratic rule brought on political unrest, include Ethiopia under Emperor Haile

Selassie, Iran under the Shah, and Nicaragua under the Somozas.

U.S. officials argue that U.S. military aid is too small in most developing countries to be used as leverage in encouraging the military or an unelected government to cede power. While this point has merit, since less than \$700 million in U.S. bilateral military aid goes to countries other than Camp David and NATO countries, it is also true that even a small amount of U.S. aid can be an extremely important symbol -- as it was, for example, in Argentina under the military government preceding the Alfonsín Presidency and in Chile under the Pinochet government. (97)

The effect of U.S. military programs in strengthening the political power of the military -- whether intended or not -- far outweighs that of the important but minimal initiatives the United States has undertaken in the 1980's to support political rights, such as the Administration of Justice program, the National Endowment for Democracy and AID's Democratic Initiatives, all of which totaled \$44 million in 1989. (98)

(2) The U.S. military training program (IMET) does not challenge directly, and often does not appear to have changed, attitudes of foreign officers about civilian control and human rights:

The conflict between traditional U.S. military objectives in the developing world and the newer security objective of consolidating democracy is illustrated well in the Pentagon's International Military Education and Training program (IMET).

Despite its relatively low cost compared to U.S. programs that transfer arms to developing countries -- roughly \$160 million annually, comprised of nearly \$50 million in foreign aid and, according to IMET estimates, over \$110 million worth of Defense Department contributions of instructors' salaries, training facilities, and overhead -- IMET is an important program in establishing U.S. policy toward the military's role in the transition to democracy: (99)

\* IMET has trained over half a million officers from developing countries and continues to train 5,000 annually in the U.S., for periods of a few months to two years.

\* nearly half of the 98 countries taking part in IMET in 1989 have unelected governments supported by military power.

IMET's primary purpose is to support the legitimate U.S. military goal of building strong working relations with officers who will be returning to service in developing countries. IMET trains officers in both leadership and technical military skills, but it also attempts -- indirectly, by "exposure" to U.S. personnel and society, rather than by direct instruction in these topics -- to inculcate respect for human rights and democratic institutions.

IMET appears to define its success primarily in terms of future access for U.S. personnel to foreign officers rather than in terms of the attitudes about respect for human rights and civilian authority those officers take away from the training:

\* The Pentagon has never assessed whether its training changes attitudes about respect for human rights and civilian control: the only DOD evaluation of IMET declared it a success because among its active-duty graduates in 1978 were "over 1000 holding prominent positions" in their government or military. (100) Significantly, that evaluation counted without distinction as "prominent" both those officers who held high military rank in a democracy and those who seized power in a military coup -- such as the late ruler of Pakistan, Gen. Mohammad Zia, a member of the IMET Hall of Fame.

There is some evidence that IMET's indirect, "exposure" method of teaching respect for human rights and civilian control, although well-intentioned, has not changed most trainees' attitudes:

\* While in some countries, such as Venezuela, IMET-trained officers accepted civilian control, in other countries many officers exhibited little respect for civilian control and human rights: 150,000 officers were trained in Vietnam, Laos and Cambodia, 4,000 in Nicaragua under Somoza and 4,000 in Ethiopia; in addition, 9,000 were trained in Brazil, 7,000 in Chile, 6,000 in Argentina, 3,000 in Guatemala and 2,000 in El Salvador before aid was cut off to those countries in the 1970's, in large part because of military abuses of human rights. (101)

\* A study led by former top officials from both North and South America concluded in 1988 that "the record of military coups during the past 35 years suggests that the training programs (in Latin America) have not succeeded in ingraining desirable norms about military intervention in politics." The study, chaired by former U.S. Ambassador to the Organization of America States Sol Linowitz and former Costa Rican President Daniel Obuder, criticized IMET's indirect teaching method for assuming that "U.S. views on civilian control would be transferred automatically through exposure to the U.S. model." (102)

\* An analysis by a leading U.S. expert on Latin America published in Foreign Policy in 1988 concluded that Latin American officers trained by IMET over the past four decades are generally anti-democratic and disdainful of civilian power, and that they see themselves as the "custodians" of the nation, whose role it is to step in when civilian rule violates their definition of national security. (103) The analysis found that there had been "no systematic effort to change these attitudes," and that, in fact, by strengthening

Latin militaries, military aid has made them more, rather than less, of a political force.

IMET trainers believe that efforts at "indoctrination" backfire, so they stress practical arguments to try to change attitudes. For example, rather than using a teaching session to explicitly condemn any mistreatment of civilians and prisoners as an unacceptable violation of military ethics, during discussions of field operations they point out the international repercussions for abuses of human rights, such as sanctions. Similarly, they tell trainees that torture is a counter-productive way to get information and that firing into a village alienates the population, rather than teach trainees that troops who engage in such behavior must be taken into custody immediately for prosecution. (104)

The U.S. message appears to be muffled by the lack of clarity on these points, as well as by the use as instructors of foreign officers who endorse rather than challenge existing attitudes:

\* 40 percent of the instructors at IMET's school for Latin American officers are themselves active-duty officers from the region. In 1988, they included officers from non-democratic countries such as Chile and Paraguay, from democracies with a politically-powerful military such as Argentina and Honduras, and from countries in which the military has a record of recent abuses of human rights, such as El Salvador and Peru. (105)

(3) U.S. military programs outside of foreign aid also send mixed signals on the need for civilian control.

The Defense Department has developed a series of programs to aid foreign military forces that often send weak or mixed signals on civilian control and human rights. These "military-to-military" programs are in addition to foreign aid programs that fund U.S. "Mil-Groups" and trainers, and so operate largely outside the purview of the Congressional foreign policy committees. (106) In some countries, these DOD programs provide more military training and advice than do the foreign aid programs themselves.

These military-to-military programs are conducted by the individual services and regional military commanders (such as SOUTHCOM, the U.S. Southern Command in Panama) without coordination by a single Pentagon office, making it difficult for the Defense Department itself to describe the extent of the activities undertaken. (107) A number of the programs are listed here, perhaps for the first time in one place:

\* The Personnel Exchange Program (PEP): U.S. military personnel assume positions with a foreign military for over a year at a time as field trainers or as instructors in military schools. In one country in which a low level of military aid rules out aid-funded trainers, the U.S. Mil-

Group maintains a total of 16 PEPs, covering all the service schools and all the main commands. According to DOD, some 75 U.S. PEPs serve in developing countries.

\* Subject Matter Experts (SMEs): U.S. military personnel or contractors hired by the Pentagon consult with foreign military forces, giving workshops on topics such as anti-terrorism, civic action, low-intensity conflict and specific military skills. SMEs are ostensibly short-term (as "TDY" personnel -- see below), but some instructors in guerrilla warfare stay on duty overseas for two years, and doctors and helicopter pilots also have had extended tours. In one country with long-term warfare instructors, no SME seminars have been offered on human rights and military discipline, because, according to DOD personnel in-country, "we like to offer what they ask for; they don't ask for this." (108)

\* The Foreign Area Officer (FAO) Program: U.S. military personnel who specialize in foreign affairs can earn the designation of FAO, and then serve overseas, attending foreign military schools or reporting as Defense Attaches on developments in the foreign military. In some cases, however, they also function as informal advisers and trainers: in countries with small "funded" military aid programs, U.S. Mil-Groups openly treat FAOs as trainers. In one such country, there are FAOs with each branch of the military. According to DOD, the Army alone has 50 FAOs in developing countries attending foreign military schools.

\* Temporary Duty (TDY) Assignments: U.S. military commanders can use "temporary" assignments to increase the number of military personnel in a country, over and above what Congress or even the host country may know. For example, TDYs have been used to raise the number of U.S. military personnel assisting El Salvador's military effort from the 55-man limit agreed to by Congress and the Administration in 1981 to a constant rate of between 150 and 200 today. (109) In some cases, TDY assistance is for extended periods, since personnel may repeat a TDY assignment after leaving a country for a brief period.

\* Exercises and Operations: In addition to the known practice of training during joint exercises, DOD trains foreign officers by inviting them on U.S. operations, sometimes on missions that apparently contradict other U.S. policies. For example, Chilean officers have been trained on U.S. aircraft carriers during the 1980's, despite the ban on training under foreign aid programs because of Chile's record on human rights.

\* Military Conferences: DOD helps establish joint military conferences and sends U.S. officers to attend them -- often with the militaries of undemocratic countries. The U.S. Army, for example, is a member of the Conference of American



Armies, which includes the armies of undemocratic countries such as, in the case of the 1987 Conference meeting, Chile and Paraguay. The Conference promotes among its members the view that the "main threat" to Latin America is the "International Communist Movement," aided by "subversion" by local, legal, communist parties. (110)

The U.S. Army has classified its copies of the proceedings of the 1987 Conference meeting, but if what appear to be excerpts in the Brazilian press are accurate, the U.S. delegation did not argue that undemocratic governments and weak civilian control of the military were also threats to Latin America. (111) Participation in the Conference appears to contradict the goal of conferences AID is sponsoring in Latin America on "the appropriate role of the military in strengthening democracy," which are intended to give impetus to a transition to an apolitical military. (112)

Total funding for these low-visibility programs to aid developing countries' military forces is difficult to estimate, but it could well exceed the \$44 million in U.S. programs, such as NED, designed specifically to promote political rights.

\* \* \*

## Chapter V

THE THREAT OF MILITARIZATIONSummary of FindingsThe Extent of the Problem in the Developing Countries:

- \* There were 23 wars in the developing world in 1987 and 1988, setting back economic development throughout entire regions and sending thousands of refugees across borders.
- \* Military spending by developing nations -- some \$200 billion each year and growing four times as fast as their non-military spending -- diverts resources that could cover all their annual payments of international debt.
- \* Weapons proliferation is accelerating: over half of the 13 developing countries reported to have chemical weapons have acquired them since 1979; the number producing ballistic missiles could expand from six to 15 in the 1990's.

Impact on the U.S.:

- \* Civil conflicts in developing countries reduce the demand for U.S. exports, often generate refugees, create the need for relief aid and can lead to U.S. military involvement.
- \* Military spending by developing countries cuts their growth and, as a result, their demand for U.S. exports. It could replace all U.S. and other donors' economic aid four times over if redirected instead to the civilian economy.
- \* The proliferation of chemical and biological weapons -- and of missiles and aircraft to carry them -- increases the threat to U.S. forces and damages U.S. interests in economic and political development.

Evaluation of U.S. Policies and Programs:

- \* U.S. policy has too often stressed military solutions to conflicts more than negotiations and other efforts to address the economic and political causes; the wars usually continue, halting development and exacerbating the causes.
- \* The U.S. participates in multilateral agreements limiting the export or use of some weapons, but has often not backed them with sufficient diplomatic or economic sanctions.
- \* U.S. initiatives to curb proliferation and military spending are undercut by other U.S. policies, such as \$9 billion in annual arms transfers, the building of new chemical and nuclear weapons, and military spending that exceeds that of the developing nations' combined.

The Extent of the Problem in the Developing Countries:  
Wars, Increased Military Spending and Weapons Proliferation

Militarization in the developing world has three primary components: wars, heavy expenditures for military forces at a time when countries are increasingly short of funds to address severe development problems, and the spread of sophisticated weapons such as chemical weapons and ballistic missiles.

Wars

In 1987 and 1988 there were 23 wars -- defined as conflicts in which more than 1,000 people died during either year (See Table V-1). Of these, 20 were primarily civil conflicts. (113)

-----  
Table V-1: Wars in the World, 1987-88

(23 conflicts in which annual deaths were estimated in either year at over 1,000)

<u>Africa</u>	<u>Latin America</u>	<u>Middle East</u>	<u>Asia</u>
Angola	Colombia	*Iran/Iraq	*Afghanistan
Burundi	El Salvador	Lebanon	Burma
Chad	Guatemala		*Cambodia
Ethiopia	Nicaragua		India
Mozambique	Peru		Indonesia
Somalia			Philippines
South Africa/ Namibia -			Sri Lanka
Sudan			
Uganda			

\* Wars caused primarily by invasion; all others are civil conflicts.

-----  
There is no question that wars set back development throughout an entire region, as conflict in neighboring countries reduces regional growth and incentives for investors and sends thousands of refugees across borders. Recent examples where wars played an important role in hampering regional growth include:

\* Ethnically-based civil wars in Africa in the 1980's in Angola, Ethiopia, Somalia, South Africa, and the Sudan set back economic and environmental efforts in those countries by decades. The wars also burdened neighbors with refugees and involvement in the conflict. In the case of South Africa, the government destabilized all seven neighboring states by funding rebel groups or conducting military raids and economic warfare. (114)

\* Civil wars in Central America since the late 1970's have killed some 200,000 people in El Salvador, Guatemala, and Nicaragua. The wars caused a sharp drop in economic growth throughout the region, including Costa Rica and Honduras, as domestic investors transferred billions of dollars in capital to more secure investments in the developed world, and foreign investors stayed out of the region. (3)

#### Military Spending

The developing world spends \$200 billion annually on its military forces -- more than enough to pay its annual international debt service of \$135 billion. (4)

While military spending in many cases is justified to deter attack and defend security interests, it also can divert scarce resources from development programs and social services that help provide the basis for future growth:

\* Military spending climbed 11 percent from 1980 to 1985 (the most recent year for which comparable data are available), four times as fast as non-military spending. (5)

\* Governments in developing countries spend three times as much on the military as on health, and 20 percent more on the military as on education. (6)

\* There are nine times as many soldiers as doctors in the developing world, twice the developed world's ratio. (7)

A number of developing countries are expanding their own arms industries, both for domestic use and for export. These arms industries generate some export earnings, but are also often a drain on developing nations' domestic economies, because they attract trained personnel and investment from the civilian economy, where both are often in short supply. Despite decades of analysis, there is no evidence that these industries, or military spending in general, provide "spin-offs" promoting modernization and economic growth. (8)

#### Weapons Proliferation

As the following table of countries reported to have or be acquiring various types of weapons indicates, weapons proliferation is a significant problem in the developing world. (See Table V-2.) Very few of these countries had such weapons 20 years ago.

-----  
 Table V-2: The Spread of Weaponry in Developing Countries  
 -----

<u>Chemical Weapons</u>	<u>Nuclear Weapons</u>	<u>Ballistic Missiles</u>
13	7	19
Burma	#Argentina	Afghanistan
China	#Brazil	#Argentina
Egypt	China	#Brazil
Ethiopia	India	+China
+Iran	Israel	+Egypt
+Iraq	Pakistan	#India
+Israel	South Africa	+Iran
Korea (North)		Iraq
Korea (South)		+Israel
+Libya		+Korea (North)
+Syria		+Korea (South)
Taiwan		Libya
Vietnam		#Pakistan
		Saudi Arabia
		#South Africa
		Syria
		#Taiwan
		Yemen (AR)
		Yemen (PDR)

No marking: possession or capability to produce reported.

+: reported current producer, 1989.

#: reported to be still developing.

Source: (121)

-----

Concerns about proliferation traditionally have focused on the developing countries thought to be capable of producing nuclear weapons or seeking to develop such a capability. This section does not focus on the better-known problem of nuclear proliferation, but rather addresses primarily the proliferation of other weapons of mass destruction, and of delivery systems that could be used for them as well as for nuclear weapons:

\* five developing countries reportedly produce and another eight reportedly possess chemical weapons. More than half of these 13 countries reported to possess chemical weapons have acquired them since 1979. (122)

\* ten nations are developing biological weapons -- viruses designed to kill humans, animals or plants. (123)

\* 19 developing nations have or are developing ballistic missiles; six of these already produce their own, a number that the CIA expects to rise to 15 by the year 2000. (124)

\* 15 of the 18 countries reported to have or be developing chemical or nuclear weapons also have or are developing

ballistic missiles, and two of the remaining three have supersonic fighter aircraft. (125)

\* A number of countries developing these weapons have a history of poor relations, and even combat, with each other, such as Israel and Syria, India and Pakistan, and Egypt and Libya -- making their use even more likely.

\* \* \*

#### Impact on the U.S.: New Threats to U.S. Security

For the past 40 years, the primary threat to U.S. security has been posed by the Soviet Union, the only hostile power capable of attacking the United States with nuclear weapons. According to the Pentagon, well over half of U.S. military spending is devoted to deterring war between the United States (with its NATO allies) and the Soviet Union (with its Warsaw Pact allies). (126)

Improved U.S.-Soviet relations are opening up the prospects for reductions in nuclear and conventional forces on both sides of this East-West confrontation, which would lower the threat to U.S. security. At the same time, though, another threat to U.S. security interests is increasing: militarization in developing countries, which jeopardizes their political stability and economic growth and poses military risks to U.S. forces.

#### Wars

Wars and civil conflicts in the developing world not only cause great suffering and destruction, but also cost the United States billions of dollars each year in reduced exports and increased humanitarian aid. In addition, in some cases they result in U.S. military aid to one of the parties to the conflict, and drive thousands of refugees to the United States. Examples of such conflicts threatening U.S. security interests include:

\* Central America. Over ten years of civil war, U.S. exports to the region fell 30 percent, from \$2.8 billion in 1977 to \$2 billion in 1987. (127) This drop was particularly remarkable when compared to the 100 percent growth in U.S. exports to Central America from 1970 to 1977. U.S. aid of over \$5 billion was provided to the region in the 1980's to help fight civil wars, maintain governments in power, and care for over a million refugees, many of whom ultimately migrated to the U.S.

\* Civil Wars in Africa. A decade of civil wars in Africa from 1979 to 1988 resulted in over \$1.5 billion dollars in U.S. emergency assistance, and held back Africa's potential as a U.S. trading partner. (128) The U.S. has been drawn into funding a number of the parties to the conflicts,

including the Somalian and Sudanese Governments and the UNITA rebels in Angola.

\* Peru. The civil war between the Maoist "Shining Path" and the Armed Forces in the Indian regions of Peru interferes with efforts undertaken by the United States and Peru's democratic government to attack the cocaine trade. It also hampers growth for Peru, a leading debtor nation whose purchases of U.S. exports fell by over 50 percent from \$2 billion in 1981 to \$900 million in 1987. (129)

#### Military Spending

Another component of militarization that hurts U.S. interests in developing countries is the tremendous burden on their economies of military spending -- as noted above, \$200 billion annually. By absorbing resources that could otherwise have been invested in infrastructure and living standards, this level of military spending retards growth in the developing world that could increase U.S. exports and reduce the need for U.S. economic assistance:

\* Developing countries' military spending is four times the level of their annual economic aid from the U.S. and other donors. (130)

\* It is more than twice the level of annual new lending from the developed to the developing world. (131)

#### Weapons Proliferation

A final component of militarization, the proliferation of advanced weapons -- most notably in the Middle East but also, increasingly, in Asia and Latin America -- makes it more likely that if wars break out they will be extremely damaging. Weapons proliferation also increases the threat to U.S. forces based overseas and, in the case of importation into the United States by terrorists, the threat to U.S. citizens. Examples of U.S. forces potentially endangered include:

\* U.S. forces on NATO bases in Turkey are within the range of ballistic missiles possessed by Iraq and Syria, both countries with poor relations with the U.S. (132)

\* U.S. forces in the Mediterranean Sea and at NATO bases in Italy are within range of Libyan and Syrian sea-launched STYX missiles. (133)

\* U.S. forces in the Philippines could come within the range of missiles India is developing; and U.S. forces in the Persian Gulf could be reached by Pakistan's supersonic aircraft. (134) India has and Pakistan probably has the ability to construct nuclear weapons. While at present they enjoy good relations with the U.S., the example of Iran

under the Shah shows how quickly even an apparently firm U.S. ally can become a bitter enemy.

Military challenges faced by U.S. forces in the Persian Gulf in 1987 show how the proliferation of advanced missiles and supersonic aircraft can threaten those forces directly. A sophisticated anti-ship missile launched by an Iraqi fighter killed 37 crewmen on the U.S.S. Stark, and Iranian anti-ship missiles damaged loading areas and a U.S.-reflagged tanker in Kuwait Harbor. (135)

\* \* \*

### Evaluation of U.S. Policies and Programs

This section presents three general findings about U.S. policy toward militarization in developing countries:

(1) U.S. policy toward conflicts in developing nations has too often stressed military solutions more than addressing their economic and political causes through negotiations and significant reforms; the wars usually continue, halting development and exacerbating those root causes.

(2) The U.S. has opposed the spread of chemical and biological weapons and ballistic missiles in developing countries, but has not imposed sufficient diplomatic or economic sanctions to make this policy successful.

(3) U.S. leadership and credibility in the effort to curb proliferation and military spending is weakened by some U.S. military policies, such as \$9 billion in annual arms transfers to developing nations, the building of new chemical and nuclear weapons, and military spending that exceeds that of the developing nations combined.

#### (1) U.S. policy toward conflicts often stresses military solutions more than efforts to address their causes.

Once a significant internal conflict breaks out in a developing nation, it is rarely "won" by either side in the sense that military victory brings with it a viable economic future. If one side does prevail, the result is usually a dominant military force presiding over a devastated economy, as in Vietnam in 1975, Nicaragua in 1979 and Uganda in 1988. More typically, both sides develop significant military power and the war drags on, postponing economic development, as in Angola, El Salvador, Ethiopia, Peru and Somalia today.

Conclusions of civil wars that leave a country with a viable political and economic future typically have come through negotiations and changes in the political and economic roots of conflict, rather than through outright military victory. For example:



\* Zimbabwe's civil war came to an end in 1979 with an agreement brokered by Britain, with U.S. support, that guaranteed political rights to all citizens, and convinced many whites to remain in the country, along with their skills and capital.

\* Venezuela, faced by leftist rebellion in the early 1960's, dramatically improved conditions for small farmers and provided safe, legal participation in politics for previously-outlawed parties; the rebels eventually dispersed.

This suggests that the primary focus of U.S. policy should be on negotiating solutions to civil conflicts rather than on intervention on behalf of one side or another. Admittedly, the capacity of any outside power to promote such solutions is limited. For the long-term, U.S. policy should try to head off future civil conflicts by helping governments sustain policies that promote equitable economic growth and political rights.

In contrast to this prescription, U.S. policy toward the developing world in the 1980's often focused on trying to help "friendly" forces militarily defeat rebel movements, rather than on attacking the underlying roots of the conflict or negotiating a settlement. This U.S. strategy, in which equipment, training and intelligence information is provided to sustain a foreign military in small-unit combat while the government tries to expand its bureaucracy and the economy into rebel-influenced areas, is named Low-Intensity Conflict (or "LIC").

As defined in the Pentagon's key study on LIC, which advocates LIC's expansion as a tool of foreign policy in the 1990's, LIC in many ways reflects thinking that is a hold-over from an earlier era of U.S. foreign policy, and contradicts the growing consensus on the importance of democracy and human rights: (136)

\* LIC promotes an East-West view of foreign policy, in which the primary cause of conflict is the Soviet Union's exploitation of local grievances, by defining "friendly" forces as virtually any military fighting leftist insurgents.

\* LIC sees violations of human rights as being "unrelated or only distantly related" to U.S. security interests.

\* LIC calls for aid to insurgencies against leftist governments to be a mainstay rather than an exceptional instrument of U.S. foreign policy.

The LIC strategy, like most attempts to "win" civil wars, does not have a good track record: it has not resolved a civil war since the British used it to isolate an ethnic minority in Malaya in the early 1950's. LIC's lack of success is not surprising,

because it strengthens rather than challenges the very military and political forces whose power usually lies at the root of a conflict, and eschews substantive negotiations in which each side must give up something significant to the other.

In the 1990's, a number of wars could escalate out of control if governments rely on LIC to pursue an unlikely military victory, rather than mount an aggressive attack on the political and economic roots of the conflict. These wars could then pose extremely difficult choices for U.S. policy:

\* In Peru, where the leaders of the brutal "Shining Path" rebellion have ruled out negotiations, U.S. officials, including U.S. military advisers who assist the Government, agree that the rebellion can only be weakened through dramatic improvements in economic opportunity and justice for Peru's Indian population. The current, almost exclusively military effort appears to be further alienating citizens in combat zones.

\* In Somalia and the Sudan, ethnically-based civil wars are well on their way to causing a total breakdown of society, of the type that occurred in Ethiopia in the 1980's. Today's significant refugee problems could multiply as the economy ceases to function. The Reagan Administration did not press hard on the U.S.-funded governments in these countries to pursue negotiated settlements; in its first few months in office, in contrast, the Bush Administration stressed the importance of negotiations and served as an intermediary in promoting dialogue.

\* In the Philippines, the government of Corazon Aquino achieved a two-month cease-fire in 1986 to engage in negotiations with the New People's Army, communist rebels who have an armed presence in nearly all 73 provinces. The rebels broke off the peace-talks and refused to extend the cease-fire in 1987, however, and the war has continued unabated. The Aquino Government, despite over \$1 billion in U.S. economic and military aid in three years, is still struggling to implement programs such as land reform to address the conflict's underlying social and economic roots.

\* In El Salvador, during the five-year term of President Jose Napoleon Duarte, U.S. policy-makers and Congress endorsed the Salvadoran Government's decision to insist that the rebels' only option was to take their chances in the existing political process, without guarantees of security. In its early months, the Bush Administration pressured the Salvadoran Government to reconsider its rejection of a rebel peace plan, but as of the publication of this report, how its policy will differ from its predecessor's remains unclear. The root causes of conflict in El Salvador -- unpunished political violence, poor living conditions, and a

lack of economic opportunity -- remain firmly entrenched, despite over \$3.6 billion in U.S. aid in the 1980's. (137)

(2) Non-proliferation policy has not been backed by significant diplomatic and economic sanctions.

Two positive multilateral initiatives were undertaken in the 1980's to slow the pace of proliferation:

\* 19 Western allies formed the "Australia Group" in 1985 to block the export of eight "precursor" chemicals to countries thought to be producing chemical weapons. This agreement has been credited with delaying, although not ultimately preventing, proliferation, since other exports of these chemicals can be diverted surreptitiously to the banned countries. (138)

\* The Missile Technology Control Regime (MTCR), started in 1987 by the U.S. and six of its allies, commits participants to prohibit certain exports and to ensure that purchasers of other items do not use them to develop nuclear-capable missiles. The MTCR has been credited with slowing the development of long-range missiles in a number of countries, including Argentina and India. (139)

In spite of these agreements, U.S. policies to block the proliferation and use of weapons frequently have not been supported with vigorous diplomatic efforts or economic pressure. There has been no concerted effort to encourage major non-western suppliers, particularly China, to become members of the suppliers' agreements. Neither of the agreements is enforced through multilateral sanctions, and companies in member countries have evaded the guidelines developed by each member:

\* West German firms have been accused of selling technology to Libya to build chemical weapons and to Argentina to build ballistic missiles. At least one U.S. firm has also been implicated in supplying Iraq with chemicals that could be used to build weapons.

Developing nations who produce, sell and even use the proscribed weapons have paid little diplomatic or economic price for their activities:

\* Chinese ballistic missiles were sold to Iran during its war with Iraq and to Saudi Arabia in 1987, but China received no international sanctions. (140)

\* Although the U.N. has confirmed Iraq's use of chemical weapons in its war with Iran and against its Kurdish population, no significant sanctions were applied by the U.S., the U.N., or Iraq's other trading partners.

(3) U.S. efforts to curb militarization in developing countries are undercut by U.S. arms sales, procurement of new weapons and military spending.

U.S. leadership is crucial to achieving multilateral agreements to slow the proliferation of sophisticated weapons and reduce the drain of military spending on the developing world, but our credibility in these areas is weakened inadvertently by U.S. arms transfers to developing countries, and by U.S. military production and spending.

#### Arms Transfers

With \$9 billion in annual arms transfers to developing nations, the United States is their second largest supplier of military equipment, behind the Soviet Union's \$16 billion. More than half of the U.S. total is financed by aid programs. (141)

Obviously, governments' decisions to acquire weapons are motivated by their perceptions of their security needs, and there is no blanket "right" or "wrong" that can be applied to each decision. In the aggregate, though, U.S. arms exports to the developing world tend to undercut nonproliferation policy by encouraging governments to focus on increased military capability as the solution to their security problems, rather than on establishing a strong and secure economy or -- in the case of civil conflict -- on negotiating with the other parties to address the causes of the conflict.

In the early 1980's, the U.S. abandoned guidelines implemented in the 1970's to restrain sales of sophisticated weapons such as fighter aircraft and anti-ship missiles -- for example, a ban on such sales to Latin America and Sub-Saharan Africa -- and replaced them with a "case-by-case" approach. The result was a significant increase in exports of sophisticated weapons to the developing world: (142)

\* In Latin America, Honduras and Venezuela received supersonic fighters that they had been denied in the 1970's;

\* In Asia, South Korea received a version of the top U.S. fighter, the F-16, which it had been denied in the 1970's. Pakistan also received the F-16 for the first time, following the Soviet invasion of Afghanistan.

Advocates of U.S. sales of sophisticated weapons to developing countries often justify them on the grounds that other exporters will fill the market if the United States does not. This argument directly contradicts efforts to achieve U.S. interests in restraining proliferation and military spending. If the United States believes that its security and its interests in regional security are threatened by the proliferation of sophisticated weapons, it should promote vigorously multilateral

collaboration for a policy of restraint, rather than simply accept proliferation and compete with other countries for sales.

In fact, U.S. policy-makers have rejected the "if we don't, somebody else will" argument in the cases of chemical weapons and ballistic missiles, and have pursued the multilateral restraints described above. Efforts to promote multilateral restraints on the export of advanced aircraft and short-range missiles, however, have been on hold since the break-down of the U.S.-Soviet Conventional Arms Transfer (CAT) Talks in the late 1970's.

#### U.S. Production and Spending

Leaders in the developing nations invariably argue that the U.S. and other developed nations have no moral standing to demand restraint on chemical weapons and missiles, since the developed nations already have sophisticated weapons and are continuing to build them:

- \* U.S. leadership on stopping the proliferation of chemical weapons is undercut by U.S. production, which resumed in 1987 after a moratorium of nearly 20 years.

- \* U.S. leadership on stopping the proliferation of missiles is undercut by U.S. production of new land, air and sea-launched missiles for nuclear weapons throughout the 1980's, and by plans to build more in the 1990's.

The United States does not have a clear policy of encouraging moderation in military spending by developing countries. The U.S. has failed even to acknowledge that developing nations' military spending reduces funds that are available for economic development, and in 1987 actually boycotted the U.N. Conference on Disarmament and Development, arguing that the two concepts were not related. (143)

- \* Even if U.S. policy were to change, and call for a reduction in developing countries' military spending, this call would be undercut by the example of the U.S. level of military spending, which is 50 percent more than that of all developing countries combined.

It is not our purpose here to judge particular components of U.S. forces; in each case, U.S. security planners can present a reasonable military justification for building particular weapons or maintaining a certain level of spending. Rather, these examples are cited to demonstrate the difficulties the United States and other developed nations will encounter in encouraging the developing world to reduce its military forces if the developed nations do not attempt, consistent with their other security interests, to reduce their own.

\* \* \*

## Chapter VI

THE MENACE OF DRUG-TRAFFICKINGSummary of FindingsThe Extent of the Problem in the Developing Countries:

- \* The drug trade brings civil conflict and political paralysis to major producing countries, crippling efforts to develop the economy and strengthen democracy; it brings little economic benefit, as traffickers export most profits.
- \* Profits equal to 250 times the cost of production allow drug lords to challenge governments: Colombia's largest drug cartel outearns the government's budget. High-level corruption can, and often does, result.
- \* Drug production hurts the economy by blocking legal, taxable development, and damages the environment with erosion and the run-off from chemicals used for processing. Drug abuse in producing countries exceeds U.S. levels.

Impact on the U.S.:

- \* 70 million people in the U.S. have used illegal drugs, causing more than 5,000 deaths annually, a 13-fold increase in hospital emergencies, and a quarter of the cases of AIDS.
- \* Americans spend \$150 billion annually for illegal drugs, some five times what is spent for oil imports; and drug-related crime and law enforcement cost another \$100 billion.
- \* In major U.S. cities, a majority of people arrested for serious crimes are drug abusers. In Washington, DC, 60 percent of 1988's record 372 murders were drug-related.

Evaluation of U.S. Policies and Programs:

- \* U.S. foreign anti-drug funding doubled in the past four years, but production increased 25 percent and U.S. street prices fell 50 percent, indicating increased availability.
- \* U.S.-aided efforts eradicated five percent of coca in 1988, but new planting resulted in an overall seven percent increase in production.
- \* Three-fourths of U.S. overseas funding attacks production and trafficking, and only one-fourth goes to education and development projects that offer a long-term solution.
- \* The drug problem requires multilateral cooperation, but U.S. funding and policy is almost exclusively bilateral.

\* \* \*

The Extent of the Problem in the Developing Countries:  
Paralyzed Governments and Growing Social Costs

The trade in illegal drugs has brought virtual civil wars, massive expenditures and political paralysis to many of the 24 countries the State Department identifies as major producers or traffickers, handicapping their efforts to renew economic growth, provide a stable political system and protect the environment. In other producing and trafficking countries, corrupt governments have condoned rather than combatted the drug trade.

Contrary to public perception, the drug trade has had only marginal economic benefit for the major growing countries, since drug producers export most of their profits, damage the environment, and retard economic development by keeping legal infrastructure and services out of growing areas.

\* In Colombia, the Medellin cocaine cartel has killed nearly every high-ranking government official who has led the fight against them, including two Supreme Court justices, the Minister of Justice, the attorney general and the commander of the special anti-narcotics police. (144) The Colombian judicial system has been paralyzed as judges are forced either to accept bribes or risk assassination; in 1987, the Colombian Supreme Court struck down a treaty under which 16 alleged drug lords had been extradited to the U.S. (145)

\* Burma, the world's top producer of opium, is unable to carry its drug control program into most of its opium-producing areas, because they are controlled by rebel groups. The rebels have used their share of drug profits to strengthen their forces. (146)

\* In Peru, the government's drive against drug traffickers has created informal alliances between them and Peru's rebel movements. Both attack not only military forces and eradication workers, but all government representatives in growing regions. As a result, the government's economic development organizations have been unable to establish a significant presence in growing areas, which then become even more dependent on drug production. (147)

\* Mexico reports that a fourth of its military is used solely to combat narcotics-trafficking, and that a remarkable 60 percent of its law enforcement budget goes for anti-drug campaigns. (148)

The reason for this crisis, of course, is the profit margin for illegal drugs, which for cocaine is 250 times the cost of production. (149) Latin American traffickers reportedly receive only one-seventh of total revenues from the cocaine trade, but this still provides them with a profit margin of roughly 35 times their cost of production -- and gives them the economic

incentive, and the economic power, to challenge governments:  
(150)

\* Colombia's Medellin drug cartel alone earns an estimated \$3 to \$6 billion a year, compared to the government's annual budget of \$4.6 billion. (151)

\* Peru's drug traders earn some \$700 million a year, an amount equal to 30 percent of Peru's legal foreign exchange earnings. (152)

\* Coca dollars entering Bolivia equal 60 percent of earnings from all legal exports combined. (153)

One of the hardest problems for governments to solve is the graft and corruption that is encouraged by drug profits. Panama's Gen. Noriega has been indicted on drug-trafficking charges; many of Haiti's military leaders are alleged to have ties to drug-trafficking and money-laundering; in Peru, military and police units in drug-growing regions must be rotated every month, to preclude their being bribed at levels far in excess of their annual salary; (154) and in Bolivia, traffickers have been reported to offer drug police up to \$25,000 for one-time landing rights to pick up coca paste. (155)

While the drug trade is very lucrative for its corporate class, very little of its economic benefit trickles down to the country as a whole. Traffickers keep half of their earnings outside the producing countries, and what they do bring back is used to continue production and buy protection from the law. Farmers receive only a small share of drug profits, although they still have a strong incentive to plant drug crops, since they receive two to three times as much for them as for legal crops. (156) Meanwhile, the environmental and economic costs are substantial:

\* Even in extreme cases of dependency on the drug economy, the drug trade damages long-term development by diverting labor and land from legal crops, and thus reducing food production and often requiring net imports of food. (157)

\* Drug crops, especially coca and marijuana, damage the environment. The cutting of trees and dumping of kerosene and sulphuric acids used in drug production is responsible for more than 10 percent of deforestation in parts of Peru, resulting in significant erosion. (158) Silt from drug-caused erosion is clogging Colombia's rivers and damaging its shellfish industry. (159) Coca crops deplete the soil of nutrients in as little as three or four years, and the land must be left fallow for up to ten years before other crops can be planted. (160)

\* Drug production has resulted in drug use in developing countries, which has become a major health problem. In Colombia, the Ministry of Health estimates that 500,000



people are now regular users of a low-quality derivative of coca, three times U.S. per-capita levels of cocaine use. (161) Pakistan has become a net importer of opium in order to supply its rapidly growing population of heroin addicts, which rose from "virtually zero" in 1980 to today's 600,000, more than twice U.S. per-capita levels. (162) In Thailand, the Director of the Municipal Drug Program reports that intravenous heroin use introduced AIDS to Bangkok. (163)

\* \* \*

Impact on the U.S.:  
Social, Health and Crime Costs

The illegal drug trade has taken a severe toll in human life in the United States and elsewhere, while strengthening criminal organizations, boosting crime rates and costing billions of dollars in public and private funds. The developing world is the source of 95 percent of illegal narcotics used today in the United States, including 100 percent of drugs based on cocaine and opium and 75 percent of marijuana. (164)

The following data indicate how serious a human and financial problem illegal drugs have become for the United States:

\* There were over 5,000 deaths from drug abuse in the U.S. in 1987. Nearly 2,000 were caused by cocaine derivatives, a three-fold increase from 1984, and the number of hospital emergencies linked to cocaine use increased 13-fold in the 1980's to 100,000. (165) Roughly a quarter of this country's 90,000 diagnosed AIDS victims acquired the disease taking illegal drugs with infected needles. (166)

\* Over 70 million Americans, or nearly 40 percent of the population older than 12, have used illegal drugs, and 23 million, or more than 10 percent, have done so in the past month. Over 80 percent of this group use drugs that are "harder" than marijuana. (167) Nearly one and a half million Americans are addicted to cocaine and over half a million to heroin. (168) Half of high school students have tried marijuana, and 15 percent have tried cocaine or one of its derivatives. (169)

\* Americans spend roughly \$150 billion annually for illegal drugs, five times what is spent for oil imports. (170)

\* Drug-related crimes, law enforcement, prison expenses and treatment cost Americans another \$100 billion each year. (171) Direct federal funding for anti-drug programs has tripled since 1981 to more than \$5 billion in 1989. (172)

\* Recent Justice Department studies show that a majority of those arrested for serious crimes in major cities are recent users of illegal drugs. For example, 52 percent of men

arrested for assault in Houston and 86 percent of men arrested for robbery in Portland, Oregon, tested positive for drugs. (173)

\* In some major cities, a majority of murders are attributable to turf wars among drug dealers. In Washington, DC, for example, police estimate that 60 percent of the record 372 murders committed in 1988 were drug-related. (174)

\* Drug profits strengthen organized crime and lead to corruption in financial institutions. In 1988, a major bank in Miami, the Bank of Credit and Commerce International, was indicted on charges of laundering money for Colombia's Medellin cocaine cartel. (175)

\* \* \*

#### Evaluation of U.S. Policies and Programs

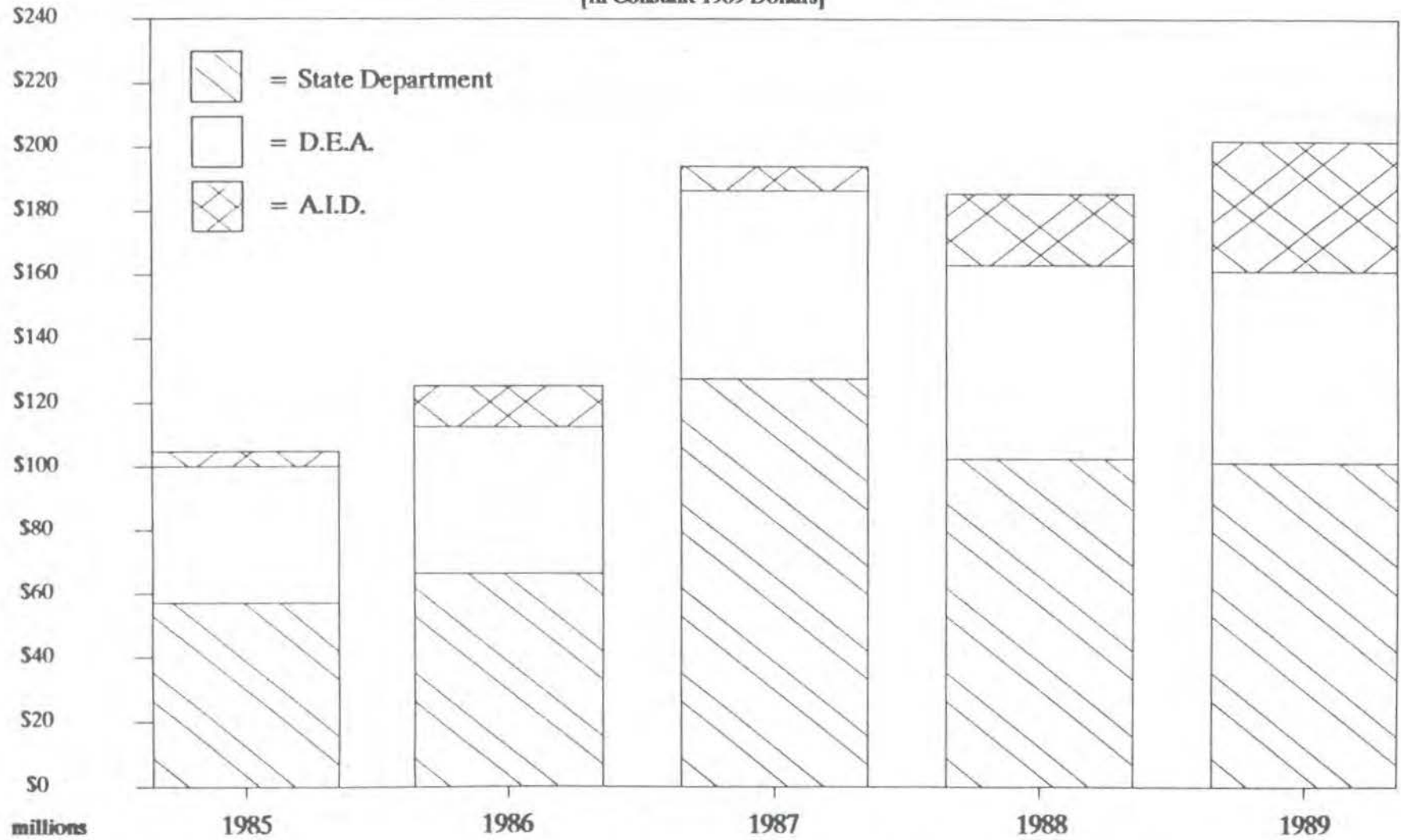
Experts on international narcotics, including many U.S. officials, are unanimous in acknowledging the limits of current U.S. policy. Despite the doubling of funding in real terms during the past four years to over \$200 million (See Figure VI-1, U.S. Overseas Anti-Drug Programs), the twin goals of reduced production of drugs in the developing countries and decreased availability in the United States are not being met:

\* Despite major eradication efforts in many countries, foreign production of illicit drugs increased by 24 percent in the past three years to 273,000 tons, including a 66 percent rise for opium, a 27 percent rise for coca and a 7 percent rise for marijuana. (176) Total land under illicit cultivation grew by a third, from 269,000 to 356,000 hectares. (177)

\* Despite stepped-up law enforcement and a dramatic increase in seizures of cocaine, its average wholesale price in the United States has been cut in half in real terms since 1984. Federal officials attribute this decline in price to increased quantities of drugs available for sale. (178) A U.S. inter-agency committee reports that availability has also increased for heroin and marijuana. (179)

U.S. policy and funding have focused heavily on directly disrupting production and trafficking through eradication, attacks on laboratories and interdiction. Of the \$202 million allocated in 1989 for the international drug control programs of the Department of State, the Drug Enforcement Agency and AID, three-fourths will be used to attack production and trafficking. Only one-fourth will go to international education or to area development projects to help entire communities profit from crops other than drugs, despite the nearly unanimous opinion of anti-

Figure VI - 1  
**U.S. Overseas Anti-Drug Programs**  
 [In Constant 1989 Dollars]



D.E.A. and A.I.D. data were supplied by those agencies. A.I.D. data for 1985/1986 are actual expenditures. A.I.D. data for 1987/1989 are obligations. 1989 figures are estimates for all agencies.

drug officials interviewed for this report that only these activities can reduce supply in the long-term. (180)

Direct attacks on supply have had some local and limited success, but new production and trafficking have more than kept pace:

\* Cultivation of marijuana in Mexico and opium in Turkey was reduced dramatically in the 1970's, but new sources of these drugs in other countries and new methods of trafficking filled the gap.

\* In 1986, U.S. military personnel helped Bolivian police destroy a number of processing laboratories for cocaine in "Operation Blast Furnace," but new laboratories sprang up, including some over the border in Paraguay. (181)

\* Similarly, the eradication of opium fields in Pakistan and coca fields in Peru have moved the growers around and in some cases over the border to Afghanistan and Brazil, respectively; and eradication in Burma and Thailand led to significant increases in opium cultivation in Laos, a country with no acknowledged drug control program. (182)

\* While five percent of the existing international coca crop was eradicated in 1988, mostly by U.S.-aided efforts, additional planting resulted in an overall seven percent increase in production. (183)

The use of herbicides can increase eradication, but many countries have resisted them, arguing that they simply push growers to new areas, and damage health and the environment as they eradicate. In response to a recent spraying campaign against marijuana in Colombia that has had dramatic short-term results, growers are starting to use smaller plots in new, non-traditional growing areas that are much harder for anti-drug personnel to identify. (184)

While drug production, trafficking and abuse cut across the borders of many nations, U.S. policy is characterized by a bilateral approach:

\* Only one percent of U.S. funding for foreign anti-drug programs in 1989 went to international organizations, such as the United Nations Fund for Drug Abuse Control (UNFDAC). (185)

\* U.S. law puts bilateral pressure on foreign governments by linking U.S. foreign aid to their efforts to crack down on production and trafficking. This policy, although certainly an appropriate response to tepid efforts in some countries, can reinforce anti-Americanism and reduce cooperation among officials, particularly in Latin America, who see weak U.S. efforts to reduce demand for drugs as the cause of the "drug problem." In these cases, multilateral programs to assist

cooperative governments are likely to be more successful than bilateral sanctions.

\* The use of U.S. personnel overseas for eradication and interdiction has had little impact on drug availability in the U.S., but puts them in great personal danger and risks U.S. military involvement in civil conflicts in drug-producing areas. A number of aircraft carrying U.S. anti-drug personnel were fired upon in 1989 in areas of Peru controlled by drug traffickers and insurgents. In May, 1989, six U.S. personnel were among the nine people killed when a U.S. anti-drug flight crashed there, apparently in an accident. (186)

\* \* \*

## Chapter VII

THE TRANSITION IN U.S. PUBLIC OPINIONA Comprehensive Review of Polls on Foreign Policies and ProgramsSummary of Findings

This chapter analyzes all of the major national polls taken from 1986 to 1988 with a focus on foreign aid or relations with the developing world. To the best of our knowledge, this is the first comprehensive compilation and analysis of a broad range of methodologically sound polls on foreign policy and foreign assistance.

While different polls reflect different opinions, the most dramatic findings of this survey -- which appear to represent a consensus -- include the following:

- \* There has been an overall decrease in concern over the threat to U.S. security posed by "East-West" issues such as communism and Soviet expansion, and an increase in concern over such global issues as trade, hunger, drugs, economic stagnation and terrorism.

- \* There is surprisingly strong support among Americans for U.S. efforts to attack humanitarian problems in the developing countries, even though the public believes some aid is wasted.

- \* Americans generally oppose military assistance to foreign governments as being counterproductive to development, and they also oppose aid to dictators and governments that do not protect human rights; but clear majorities support aid to meet the needs of hunger, health, children, and small farmers.

The polls analyzed were conducted by Gallup for the Chicago Council on Foreign Relations, by the Strategic Information Research Corporation for InterAction and the Overseas Development Council, by the Republican Party's Market Opinion Research and by Democratic and Republican party pollsters and others for Americans Talk Security. Additional data were taken from a variety of polls by Gallup, Harris, the New York Times and other polling organizations.

It is true that certain methodological problems arise when statistics from different polls are mixed under a single heading. Yet as differing perspectives among polling organizations inevitably tend to exert an effect on their public opinion findings, we believe a collection of polls representing a diverse range of political thought provides the broadest and most balanced picture of the complex attitudes of Americans toward foreign policy.

\* \* \*

Attitudes on Foreign Policy: An Increase in Concern for  
Global Issues

Not surprisingly, Americans are far more interested in domestic than in foreign policy concerns, although there has been an increase in interest in foreign policy in the past eight years. Government spending, drug abuse, crime and unemployment were cited most often when the public was asked to name the two or three biggest problems facing the country in 1986. (187) However, foreign policy problems more than doubled in their importance to Americans between 1978 and 1986: 26 percent cited problems in foreign policy as the biggest facing the country in 1986, compared to 15 percent in 1982 and only 11 percent in 1978. (188) Similarly, in 1986, 64 percent of Americans desired "a more active part for the U.S. in world affairs," up from 54 percent four years earlier. (189)

At the same time, Americans' attitudes toward specific foreign policy issues have been changing. There has been a decrease in the perception that "communism" and the Soviet Union pose immediate threats to U.S. interests, and an increase in concern about the impact of trade, drugs, world hunger and terrorism. Certainly attitudes have been shown to be volatile over time: in a three-month period in the spring of 1988, the number of Americans naming drugs as the most urgent problem facing the country jumped six times over to 17 percent. (190) Two years prior, a plurality of 34 percent had named "Libya/acts of terrorism/Qaddafi" as our most urgent problem. (191)

\* 67% of Americans today believe economic power to be more important than military power in determining a country's international influence. (192)

\* 59% of the electorate agree that economic competitors like Japan now pose more of a threat to our national security than traditional military adversaries like the Soviet Union. (193)

\* 72% consider America's trade imbalance to be a serious threat to our security. (194)

\* When offered three options, 31% of respondents cited "terrorism from Third World and extremist groups" as the greatest threat to the future of the United States. 48% replied "economic troubles within the U.S." and only 17% "the military strength of the Soviet Union." (195)

These statistics should not imply, however, that Americans disregard the perceived threat to U.S. interests of Marxist governments, although perceptions vary geographically:

\* 69% of the public believe that "pro-Soviet, communist governments" in Central America would pose a serious threat to the U.S., while 26% believe that such governments would

pose a minor or nonexistent threat to the United States. Pro-Soviet, communist governments in Southeast Asia pose a serious threat to 49%, and a minor or nonexistent threat to 37%. However, just 39% of the the public perceive serious threats of such governments in Africa, while 55% believe they would pose a minor threat or no threat at all. (196)

Yet in looking at problems facing the developing nations, Americans quite emphatically see challenges in terms of development rather than in terms of the threat of communism:

\* Asked in a poll to name the single biggest problem of the countries in Africa, only 1% named communism, while 69% cited development-related problems, including poverty, malnutrition, overpopulation, and lack of educational opportunity. For countries in Asia, only 6% named "communism/Russians;" while 52% cited problems related to the lack of development. (197)

\* Republican pollsters found that significant percentages of the public still considered the following to be very serious problems for Central American countries in April, 1988, despite a 51-39% approval rating found for Reagan's foreign policy:

- Illegal drug dealers--87%
- Poverty--81%
- Government corruption--73%
- Military-run governments--57%
- Communism--55%
- U.S. interference in their affairs--34% (198)

While it appears from these polls that the public has a firm grasp of general themes in foreign policy, a certain degree of misunderstanding exists, particularly for specific countries:

\* El Salvador, a recipient of substantial U.S. aid, is considered by 43% to be unfriendly or an enemy of the U.S., while just 32% believe it to be friendly or our ally. (199)

\* As late as April, 1988, 61% of the public believed that the Soviet Union was supporting a communist revolution against the government of Nicaragua. (200)

\* Over a year after its introduction, 60% said they were unaware of the existence of the Arias peace plan. (201)

\* Despite a significant movement toward free enterprise in Africa, Asia, and Latin America in the 1980's, 58% of the public still believe that developing countries are moving toward more socialism and central government control over their economies. (202)

\* \* \*



Attitudes on Foreign Aid: People-Oriented Aid Supported, Military Aid Opposed

While Americans have contradictory instincts on "foreign aid" as a whole -- with 50-41% for the giving of foreign aid (203), but 73% for a 10% cut (204) -- they are surprisingly decisive in the type of aid they like, and the type they dislike: "economic aid" is supported by a 54-39% majority (205) but only 38% support "military assistance," while 51% oppose it. (206) (See Figure VII-1: Public Attitudes About Foreign Aid).

Strong Support for People-Oriented Programs

Interestingly, the more that foreign aid is portrayed as going to specific developmental purposes, the more popular it is. When aid is earmarked for "development projects such as health care, education, and agriculture to countries in Asia, Africa, and Latin America," support rises to 79%. (207) Probably the most popular programs have the strongest humanitarian focus: 89% said they believe that "wherever people are hungry or poor, we ought to do what we can to help them." (208)

The public's preference for programs portrayed as directly benefitting people is reflected in the fact that the percentage who considered "improving the living standard" of less-developed nations a "very important foreign policy goal" (37%) was substantially less than the percentage who thought the same of "combatting world hunger" (63%). (209) Though the two goals may be construed to be the same, hunger relief is considered by the public to be a more effective use of aid than the nebulous goal of "improving the living standards of less-developed nations."

Another indication of strong support for "people-oriented" programs is that Americans gave highest priority (a ranking of 8, 9, or 10 on a scale of 1 to 10) to projects that could be characterized as humanitarian or supporting the basic needs of the average person, such as disaster relief, health care, and seeds and tools for farmers. Lower priority was given to projects with less of a direct connection to the image of personal suffering and need, such as building roads, renting military bases and paying off governments' debts. (210) (See Figure VII-2: Types of Aid Program Favored by Americans)

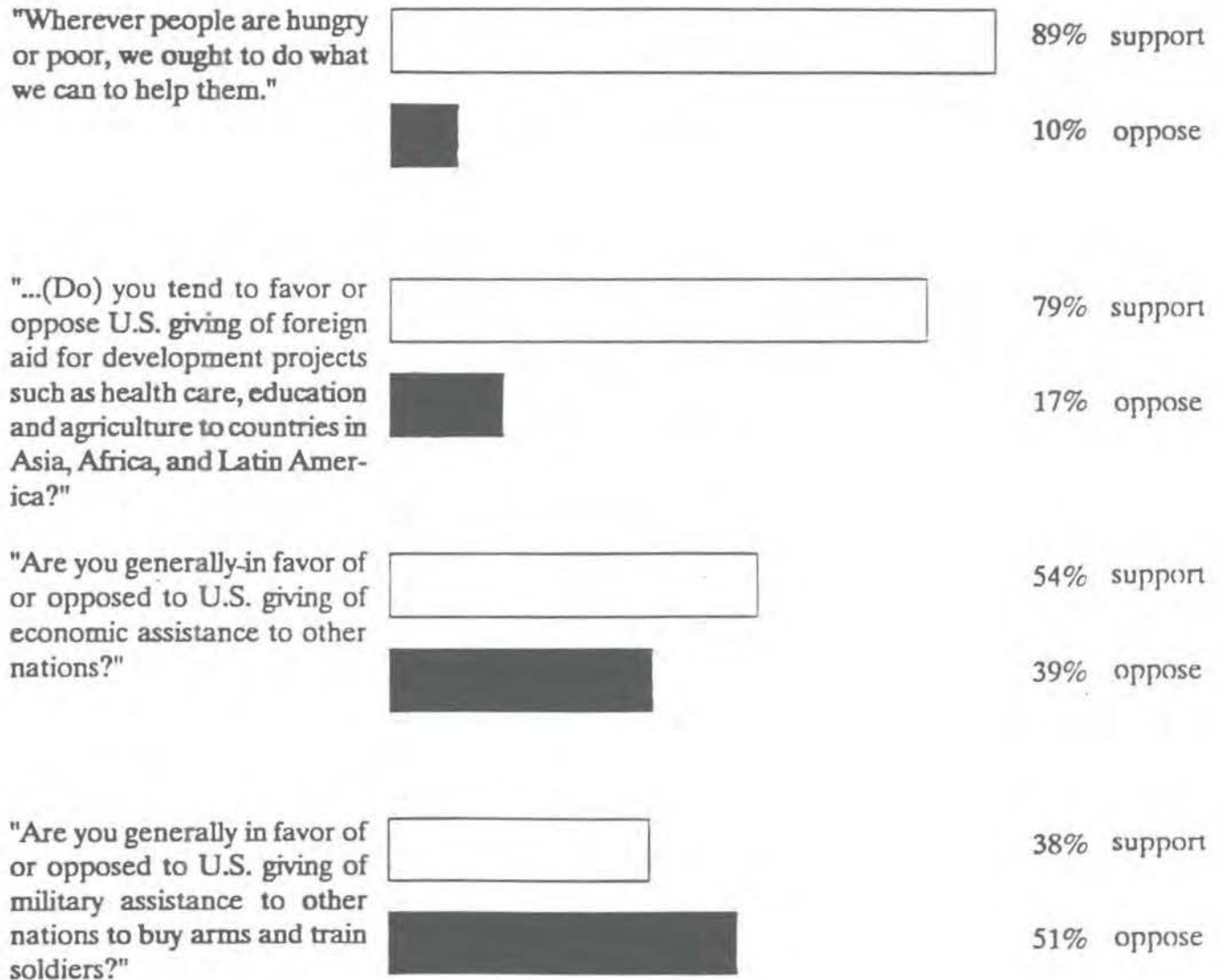
Of the respondents favoring economic aid, a majority (53%) did so out of feelings of "humanitarian responsibility," while a lower percentage (only 28%) cited U.S. political or strategic interests as their reason of support. (211)

\* 75% of the public agree that helping the Third World will also benefit the United States in the long run. (212)

\* 74% believe that U.S. aid helps us make or keep other countries as allies. (213)

Figure VII - 1  
**Public Attitudes About Foreign Aid**

[Percent supporting or opposing]



SOURCES: Interaction/Overseas Development Council, What Americans Think: Views on Development and U.S.-Third World Relations, 1986. Questions 1 and 2 from p. 50. Question 3 from p. 47. Question 4 from p. 48.

## Figure VII - 2 Types of Aid Programs Favored by Americans, 1986

"Now let's talk about what kinds of aid programs are important. On a scale where 1 means lowest priority and 10 means top priority, using any number between 1 and 10, where would you place these types of aid?"

(Percentages of respondents giving high priority [rate of 8-10] to types of aid.)



SOURCE: Christine E. Contee, *What Americans Think: Views on Development and U.S.-Third World Relations*, A Public Opinion Project of InterAction and the Overseas Development Council, New York and Washington, D.C., 1987. Poll taken in 1986.

\* 67% supported a proposition to send \$175 million in surplus food to starving African nations. (214)

\* 61% believe that developed nations must share responsibility to solve the problems of underdeveloped countries. (215)

The public is ambivalent, however, on whether aid should go first to countries important to U.S. security (44% in favor) or to countries with the poorest economies (33% in favor). (216)

In sum, it is clear that the public supports programs of humanitarian aid, but crucial to their support is the manner in which they are portrayed. As a result, public opinion polls show strongest support for projects presented as concrete, monitorable, and results-oriented.

#### Public Skepticism Over Effectiveness

As already noted, while Americans support foreign aid, they also support cutting it: 73% favored cutting aid an additional 10 percent below a 10 percent cut proposed by Reagan in 1986. (217) Public opposition to foreign aid appears to be based principally on the concern that domestic problems deserve first priority:

\* 60% of the public strongly believes that the U.S. needs to solve its own poverty problems before turning its attention to other countries, and another 24% agreed "somewhat" with this statement. (218)

Also weakening support for foreign aid is a deep skepticism about whether it ends up in the right hands:

\* 85% believe that a large part of aid is wasted by the U.S. bureaucracy. (219)

\* 88% believe that aid is frequently misused by foreign governments. (220)

\* 91% express significant doubts that aid sent abroad ends up helping those for whom it is intended. (221)

Yet it is crucial to note that the public would overwhelmingly support foreign aid if it could be sure that the aid ended up helping those for whom it was intended:

\* When respondents were asked, "If you could be sure that the economic aid we send to countries abroad ended up helping the people of those countries," a substantial 89-9 percent majority then said they would favor sending it. (222)

The public displays often contradictory attitudes over aid's effectiveness, and over its impact on the U.S.:

\* 58% believe that economic aid has not been effective in improving poor people's lives in developing countries. (223) However, in another survey, 69% agreed that "economic aid helps people in other countries to live better." (224)

\* 52% of those polled believe economic assistance to be cost-effective, while 40% think it to be "a waste of money." (225)

\* 59% think that giving such aid hurts our economy at home. (226) However, 87% supported helping farmers in other countries learn to grow their own food, even if this meant they would buy less food from the U.S. (227)

It is clear that negative perceptions about aid's impact or the effectiveness of aid organizations do not necessarily translate into lack of support for development efforts: by the public's reckoning, the fact that little aid reaches its mark does not mean that it should not be attempted.

In conclusion, it appears that while Americans support cuts in foreign aid, they also believe we should continue our attempts to use it to assist in development. Half of those who said that aid is a waste of money, is misused by foreign governments, or has not been effective in improving people's lives in the Third World nonetheless said they favor U.S. economic assistance. Clearly, the key to obtaining Americans' support for foreign aid is offering them convincing proof that foreign aid does directly benefit those in need.

#### Strong Doubts About Military Aid and Base Payments

Programs to provide military equipment and training to foreign militaries are opposed by a majority of Americans as counterproductive to development. (See Figure VII-3: Military Aid and U.S. Public Opinion)

\* Only 38% support military aid to buy arms and train soldiers; (228)

\* 62% would like to cut back on military aid, compared to only 48% for cutting back on economic aid; (229) and

\* Only 19% believe military aid helps prevent Marxist takeovers of U.S. friendly nations. (230)

The trend of favoring economic over military aid extends to fears about regions close to the United States. Part of the reason for the opposition to military assistance stems from fear of involvement of U.S. troops.

Figure VII - 3

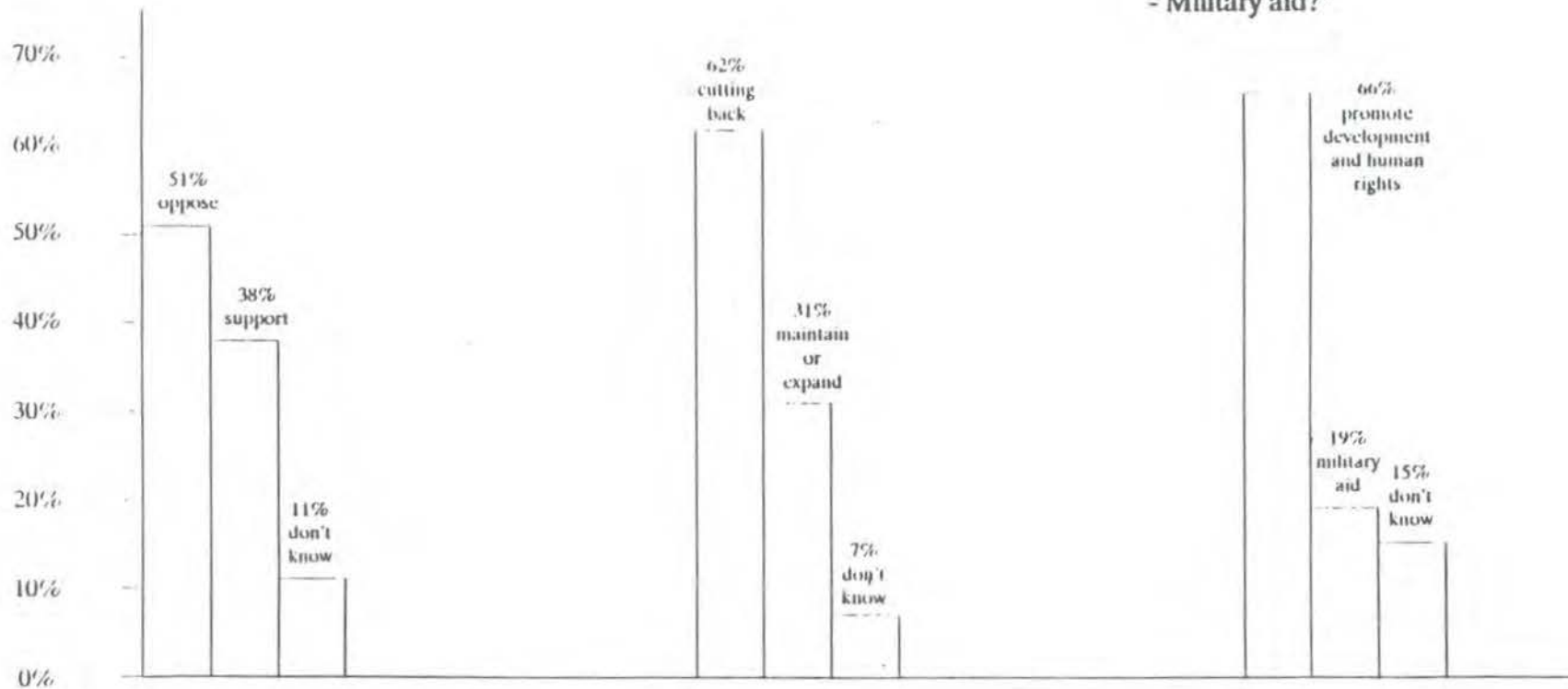
## Military Aid and U.S. Opinion

"Are you generally in favor of or opposed to U.S. giving of military assistance to other nations to buy arms and train soldiers?"

"Are you in favor of expanding, maintaining current levels, or cutting back on military aid?"

"Which would be more effective in preventing Marxist takeovers of U.S. friends:

- Promoting economic development and human rights?
- Military aid?"



**SOURCES:**

Column 1: Christine E. Contee, *What Americans Think*, p. 48.

Column 2: Chicago Council on Foreign Relations, *American Public Opinion and U.S. Foreign Policy*, 1987, p. 28.

Column 3: World Policy Institute, *Defining America's Strength*, 1987, p. 2.

\* 60% voiced fears that giving military aid to Central American or Middle Eastern countries would lead to American troop involvement in those areas (231), while 55% believe that economic aid would be a good substitute for the use of American troops abroad. (232)

\* While a strong 79% support economic aid to assist a "friendly Central American democracy facing severe poverty" (i.e. El Salvador), when the same country is faced with "communist revolutionaries backed by the Soviet Union and Cuba," only 46% favor military aid. (233)

\* 48% polled believe that military assistance to buy arms and train soldiers has hurt people in developing countries in the last few years, while 40% believe it has helped. (234)

#### "Burden-Sharing" and Foreign Military Aid

The aversion to using foreign aid resources for military programs also extends to assuming the defense burden in other countries, including base rights payments, particularly to wealthier allies.

\* 63% of the public perceive the expense of defending as many nations as we do to be a serious threat to our national security. (235)

\* 45% strongly agree that "we could not afford to defend so many nations," and 36% agree somewhat with this statement. (236)

\* 80% believe that our allies should pay more of the cost of their own defense, "even if that meant losing influence with them on economic and political issues." (237) A Harris poll found that a similar majority (87-11%) supports having our allies pay a "much larger share of the cost of their defense." (238)

Attitudes against spending too much on military allies are related to concern over stagnation of the U.S. economy:

\* 84% agree that "while we spend billions to defend Japan and Europe, they are winning the economic competition and taking away American jobs." (239)

\* 69% of the electorate believe Europe, Japan and Korea pay too little of their own defense costs (240), and 86% favor requiring NATO and wealthier U.S. allies to pay for their own defense. (241)

Interestingly, even after pollsters presented strong arguments for maintaining present levels of spending on allies' defenses, focusing on the Soviet threat and U.S. influence on

Western Europe and Japan, a 52% majority still favored a reduction. (242)

Aid to Dictators, Drug Traffickers and Abusers of Human Rights

The humanitarian values Americans express with their strong support for help for basic needs also find expression in their opposition to aid to governments clearly violating those values: strong majorities oppose aid to dictators and governments which abuse human rights and run drugs.

\* 76% support tying U.S. assistance to governments' improvements in the observance of human rights. (243)

\* A greater percentage of voters identify as an important foreign policy goal the promotion of human rights around the world (31%) than identify as such a goal the containment of Soviet expansion (22%). (244)

\* 66% agree that the U.S. should not give any kind of assistance to countries that do not have free elections or that are ruled by dictators. (245)

\* 67% strongly favor reducing our economic aid to countries whose governments are not enforcing their laws against illegal drug production. Only 15% expressed some degree of opposition to this proposal. (246)

While these data reflect strong hostility toward governments violating humanitarian values, Americans are willing to make exceptions in emergencies: as already noted, 89% of polled Americans believe that wherever people are hungry or poor, we ought to do what we can to help them; and Americans strongly supported emergency famine aid to the people of Ethiopia, regardless of their internationally-ostracized government. Similarly, while there is opposition to aid to governments not cracking down on drug production, 60% of the public supports giving other countries aid to enable farmers to grow crops other than illegal drugs. (247)

\* \* \*



## Chapter VIII

RECOMMENDATIONS FOR THE 1990'S AND BEYOND

U.S. foreign policy is in the midst of a double transition. First, traditional attitudes of animosity toward the Soviet Union are evolving, providing the opportunity to replace a preoccupation with "East-West" issues with a focus on the equally great long-term challenge to U.S. security interests posed by crises in the developing world.

Second, a transition appears to be beginning in how we define and address the challenges we face in the developing world. An increasing number of U.S. policy-makers are starting to recognize the importance of the type of threats identified in this report, and are starting to explore multilateral initiatives to address them that eschew the "us versus them" approach of past eras.

New positive U.S. initiatives toward the developing world include the Brady Proposal on international debt, support for lending policies that protect the environment, the trend toward conditioning military aid on elections, a new willingness to explore negotiated settlements to wars in Central America and Africa, and agreements to restrict exports of missiles and chemical weapons.

This chapter makes recommendations on how to sustain today's momentum by shedding those concepts and programs that are outdated, while retaining and strengthening those that can lead to a future that is more secure for both the developed and the developing nations.

(1) Adopt a Multilateral Approach.

- Design regional and multilateral solutions as a first resort to the regional and multilateral challenges in the developing world, since U.S. bilateral policies and programs lack the funding and scope needed to solve problems that cross national boundaries. Strengthen the international institutions and agreements that can best address these problems, and pursue U.S. policy positions and security interests in them, in collaboration with other members.

- Redirect funding for most U.S. bilateral programs on debt, country-wide development, the environment, food aid, drugs, and balance of payments (except for a Middle East Peace Fund) to more effective multilateral programs and regional organizations. Certainly, the transition should be a careful one in each case, to ensure that important U.S. initiatives -- such as family planning, basic health care, and women in development -- are absorbed by multilateral agencies, rather than abandoned.

- Establish a clear division of labor in economic development, with the International Monetary Fund handling

macroeconomic reforms, multilateral banks and international agencies focusing on country-wide development plans and research, and non-governmental organizations supporting local development projects. Bilateral donors such as the U.S. should fund and support these other actors, and should conduct their own projects only in those limited areas -- for example, in disaster relief -- where they have unique expertise.

The U.S. should pursue its goals of economic reform, protection of the poor during adjustment, progress toward democracy, respect for human rights, and environmental protection by building coalitions in the multilateral agencies to encourage them to link funding of governments and ministries to their performance on these issues.

## (2) Confront the Threat to Democracy.

- Heighten the importance in U.S. relations with developing countries of the transition to democracy and the rule of law, and confront the problem of the military's political power. As was done for human rights policy, the U.S. should make the transition to democracy a centerpiece of U.S. foreign policy.

- Use military programs as leverage not just to encourage elections, but to support the consolidation of democracy. As a general "point of departure," military aid, military sales and military-to-military programs should be provided only to freely-elected governments; in the case of elected governments still consolidating democracy, eligibility for these programs should be conditioned on improved civilian control of the military, and on movement toward a rule of law and an apolitical military. Military aid packages should be negotiated with recipients' civilian officials and be approved by their national legislatures.

- Revamp military training programs to promote civilian control and an apolitical military. IMET and military-to-military programs that also provide training must adhere to the same standards as military aid and sales: training should be denied to countries without elected governments, and eligibility for countries with elected government must be conditioned on progress toward civilian control of the military. A substantial share of IMET funding should be used to teach civilian officials of foreign governments how to manage their military, and how to improve military judicial systems.

The U.S. Development Representative and the Institute for Development and Democracy (see below, under recommendation 8, for a description of these new offices) must take an active role in overseeing the training programs, and must ensure that they teach clearly as a key tenet that military officers have a professional responsibility to accept civilian control and the rule of law, to report and punish abuses of human rights, and to stay out of

politics. Officers' attitudes on these issues should be measured before and after training, to guide changes in the curriculum.

### (3) Dramatically Reduce the Debt Burden.

- Implement the Brady Proposal to reduce developing nations' debt repayments through multilateral agreements. Without a substantial reduction in debt, problems of growth, population, the environment, and political instability are unsolvable. Tax and regulatory incentives should be devised in concert with other developed countries to encourage U.S. and other commercial banks to take part in Brady Proposal. A one-time approval of guarantee authority may be necessary to implement the plan, but funding for multilateral institutions to carry it out should be possible within the current levels of foreign aid, because of the transfer of bilateral balance of payments aid for most countries to the multilateral lenders (see recommendation 1, above), and the reduction of military aid (see recommendation 7, below).

- Encourage bilateral and multilateral donors to ease the burden of debts owed them, in concert with negotiations under the Brady Proposal. The U.S. should follow the lead of Canada and France and reduce repayments from poorer countries that are taking steps to improve their prospects for development. In addition to participating in the Brady Proposal, multilaterals should ease the pressure of their own loans on poorer countries by expanding concessional facilities such as the World Bank's International Development Association, and the IMF's Extended Structural Adjustment Facility and Interest Subsidy Account.

- Stress sustainable growth in negotiations on debt reduction. The reforms required of developing countries participating in the Brady Proposal and other debt reduction plans should be designed to promote long-term growth, not short-term bursts in repayments. Development projects, environmental conservation and protecting citizens from the harsh effects of adjustment should be priorities for reform plans.

### (4) Intensify Environmental Efforts.

- Promote a multilateral approach that relies on agreements by all governments to share the political and economic costs. Developed and developing countries must move together to safeguard the environment through a convention on global warming, a strengthened Montreal Protocol on ozone-depletion, and other agreements; the short-term political and economic costs are easier to accept if they are shared by all countries. International environmental protection must be a top priority for U.S. foreign policy, but U.S. leadership will be weakened if we fail to improve our own practices.

- Push for changes in lending rules in the multilateral banks that favor protection of the environment. Multilateral projects must show a positive "rate of return," and it is often

difficult to take into account in this calculation the long-term economic value of preserving the environment. Accordingly, interest rates for environmentally-sound projects should be lowered to account for the short-term costs countries pay for carrying them out. The reduced rates should be funded through a special assessment by the multilaterals of all countries. U.S. representatives at the multilaterals should continue working for a consensus that opposes environmentally risky projects.

- Negotiate a political agreement among all factions of the U.S. domestic debate over abortion and abortion rights, to increase funding for international family planning. The reduction in funding for key family planning groups documented in this report should be seen as unacceptable by Members of Congress on all sides of the domestic debate, because of the importance of family planning to long-term international security. A top priority for the Bush Administration and Congress must be to negotiate a creative compromise on U.S. funding rules that will increase the availability of family planning overseas. The bipartisan agreements on Nicaragua and the Budget in the first few months of 1989 offer hopeful precedents for such an agreement.

(5) Replace Low-Intensity Conflict (LIC) with a policy of attacking the Roots of Intense Conflict (RIC).

- Encourage governments engaged in civil wars to negotiate settlements and to attack the economic and political causes of war with dramatic and sustained changes in policy. The LIC strategy usually results only in continued combat, because it does not demand significant reforms that could defuse the conflict, such as a shift in resources to benefit politically-weak groups, fundamental land reform, or the establishment of a rule of law for politically-powerful groups and the military. RIC would pursue dramatic reforms, particularly in countries such as Peru where negotiations have been ruled out by the rebels.

- As a general rule, oppose bilateral and multilateral balance of payments aid for countries not trying to negotiate settlements to civil wars. The past 20 years have shown repeatedly that countries at war can not sustain economic development. U.S. policy in international organizations should be to spur vigorous attempts to promote negotiations in civil wars, not to provide sustained funding for wars that disrupt society so badly that nobody can really "win."

This recommendation is intended as an important "point of departure" for policy-makers, rather than as an iron-clad rule to preclude Congress and the Administration from making exceptions required by special circumstances. In the rare cases where a negotiated settlement is not a viable option, governments should not be penalized, so long as they are making vigorous efforts to address underlying social and economic causes of the conflict.

(6) Attack the Drug Problem Multilaterally.

- Break the "us versus them" attitude that limits current policy by making anti-drug efforts completely multilateral. Current policy of providing funds and imposing sanctions bilaterally forces the U.S. to bear all the diplomatic costs for what is truly an international problem, and fosters opposition in countries that are sensitive about being directed by the U.S.

- Recognize that U.S. forces operating in eradication and interdiction efforts overseas are of minimal effectiveness in reducing the availability of drugs in the U.S., but are in maximum personal danger and, furthermore, could lead to U.S. military involvement in civil conflicts. Withdraw U.S. military, intelligence, DEA, and contract personnel from overseas operations, except for gathering and sharing intelligence.

- Support multilateral initiatives to improve rural economic opportunity throughout entire drug-producing regions -- as opposed to "crop substitution" that helps only a small number of farmers grow alternative crops -- and to carry out educational campaigns in both developed and developing countries. Developed and developing countries that are being hurt by drug abuse should downplay eradication and interdiction, and use the resulting savings to fund the initiatives, since regional development and education are the only way to reduce supply in the long-term. Demand control is obviously needed in the U.S. and other top consuming countries, but even significant success will not help the producing countries escape their siege by traffickers, who will promote new markets if demand falls in their current ones.

(7) Cut Military Spending and Arms Exports.

- Challenge all countries, developed and developing, to join in a mutual 50 percent reduction in troops and spending by the year 2000, to free up resources to meet the challenges described above, while maintaining mutual security. The time appears to be ripe for issuing such a challenge, as new thinking about security interests and military doctrine has led to similar proposals being given serious consideration: Soviet and U.S. negotiators have agreed in principle to a U.S. proposal for a mutual 50 percent reduction in strategic nuclear weapons, and the U.S. has responded to the Soviet Union's proposed mutual 40 percent reduction in Warsaw Pact and NATO conventional forces in Europe with its own proposal for substantial cuts.

Pursuing the proposal for 50 percent mutual reductions must be a top U.S. priority, because of the size of the resources that could be redirected to economic growth to the benefit of both the developed and developing countries. Congress should affirm the goal as national policy, and the Administration should explore using the UN Conference on Disarmament and Development as the locale of negotiations on the mutual reductions.

- Expand and enforce international agreements that limit the proliferation of weapons. Current agreements to ban the spread of ballistic missiles and of chemical, biological and nuclear weapons must be expanded into treaties that cover as many advanced weapons and as many potential suppliers and recipients as possible. The U.S. should take the lead in tightening enforcement provisions by pushing for on-site international inspection, and by establishing severe U.S. sanctions for companies and countries found in violation. To encourage developing countries to join in treaties limiting proliferation, the U.S. and other developed countries must announce their willingness to negotiate reductions in their own arsenals.

- Reduce military aid and sales. U.S. foreign aid and developing countries' budgets are limited, and there are much higher priorities for both than modernizing military forces. To ensure that other suppliers do not simply step in to fill the void left by U.S. policy changes, the U.S. should open negotiations with the Soviet Union and other arms exporters to reduce the volume and sophistication of their transfers as well.

Developing countries other than the Camp David countries should pay the full cost of military equipment and training without the benefit of aid grants or loans, to encourage them to purchase only those military goods and services that are essential. The equipment itself would be largely spare parts for existing stocks, rather than materiel that would expand capabilities and forces. Military aid provided to NATO countries in return for base agreements should be phased out as part of agreements on burden-sharing, since these bases are designed to protect all NATO members, not just the U.S.

#### (8) Establish a Framework to Address the Challenge.

- Establish a single governmental unit, the U.S. Development Representative, modeled after the Cabinet-level U.S. Trade Representative, to coordinate U.S. policy toward the developing world. As is the case with the USTR, the USDR would be a member of the Cabinet and would have roughly 100 professional staff. USDR would be charged with promoting economic growth, environmental protection, democratic institutions, human rights, military respect for civilian rule, reduced military spending and proliferation, and less production and use of drugs overseas.

The five threats identified in this report are inextricably linked, and the USDR needs to be the primary adviser to the President on all of them if they are to be attacked successfully. As is also the case for the USTR, however, departments such as State, Treasury or Defense disagreeing with certain USDR decisions could appeal to the President, but the burden of proof would be on them to demonstrate why USDR's decision was damaging to U.S. security.

USDR would be structured so as not to duplicate the functions of the State Department, the Foreign Service, or development experts at the new Institute for Development and Democracy (see below). It would, however, be granted specific powers: for instance, USDR rather than Treasury or State would represent the U.S. in international agencies such as the IMF, the World Bank, and the U.N. development agencies; and USDR would be the unit given review authority over the budget for bilateral aid and sales, to ensure that specific aid proposals are consistent with the principles of the new policy.

- Initiate a coordinated program of development education in the U.S. and "people-to-people" aid overseas to create a long-term political base for bold policies. The program would be directed by a streamlined AID, renamed the Institute for Development and Democracy to stress the link between these concepts, and would establish long-term links for U.S. municipalities, universities and citizens' groups with specific partners in developing countries. The President would highlight this effort, which would put public and private funds to work at a local level that is difficult for the World Bank and other large development agencies to reach.

The new Institute would also provide operating grants to regional development organizations such as the Inter-American Foundation, private voluntary organizations and non-governmental agencies that manage local-level programs that are too small to receive effective support from the development banks. Nearly all U.S. food aid should be provided through these non-governmental channels. The new Institute should also advance democracy as a component of development by funding human rights monitors and lawyers groups, and by supporting governments' efforts to strengthen judicial and other democratic institutions.

In addition to its primary roles of funding other actors and managing "people-to-people" programs, the Institute would continue direct U.S. programming in areas where the U.S. has a comparative advantage over other actors. Wherever possible, however, even these programs should be transferred to multilateral actors as they develop similar expertise.

- Convene a Summit to elevate the importance of the five challenges to U.S. and world security, with leaders of developing countries, developed countries, international organizations and key private development, environmental, and human rights groups. The Summit, which would include representatives of international organizations like the EEC, the OAU, the World Bank and the UN, as well as the Soviet Union (which did not attend the 1981 meeting in Cancun, Mexico, of developed and developing countries), would be held in an established democracy in the developing world.

The Summit would be charged with preparing a 10-year agreement to promote global security by the year 2000 by

attacking economic stagnation, environmental damage, the political power of the military and unelected governments, civil wars, weapons proliferation, military spending, and drug-trafficking.

(9) Strengthen Congress' Expertise.

- Appoint a House-Senate Task Force on Democracy and Development to attend key international meetings with the Administration and report back to Congress, based on the successful precedents of the Arms Control Observer Group and the Congressional Delegation to the UN.

- Educate Members and staff about the developing world by establishing, with private funds rather than taxpayer monies, a foundation to sponsor in-depth field visits. Pooling donations from foundations, corporations, and foreign groups would reduce the conflicts-of-interest inherent in the existing system of direct sponsorship of travel by these organizations. Overseas study missions should be focused on specific policy choices facing countries and donors. Delegations should meet with and be accompanied into the field by NGOs, human rights groups and government critics as well as government and U.S. personnel.

- Augment the current system of hearings on Administration proposals with informal planning meetings during the proposals' preparation. For the foreign aid budget in particular, "after-the-fact" hearings on the Administration's request and the reams of documents used to support it provide little real opportunity for Congress and the Administration to develop a consensus. Members of Congress should meet informally with top Administration officials, foreign experts and representatives of foreign citizens and governments in the formative stages of the foreign aid budget and other foreign policy decisions.

\* \* \*



### Methodological Notes

This report defines the "developing countries" as all countries in the Middle East (from Turkey to the south and east), Asia (except Australia, Japan, New Zealand and the Soviet Union), Africa and Latin America; "developed countries" are therefore those in Europe and North America, and Australia, Japan, New Zealand and the Soviet Union. However, aggregate economic data provided by such organizations as the World Bank, the U.S. Department of Commerce and the Overseas Development Council are often based on slightly different definitions.

The World Bank uses per-capita income as a criterion, and so includes some lower-income countries of Southern and Eastern Europe in data for developing countries, and excludes some oil-rich countries in the Middle East. Commerce defines South Africa as developed, and excludes communist countries in Europe and Asia from both developed and developing countries. ODC uses a combination of income and quality of life to define its 144 developing countries, and so defines Israel as developed and Greece, Portugal and Yugoslavia as developing. Other variations from this report's definitions are noted in footnotes, wherever possible.

Also unless otherwise noted, all dollar figures in this report have been adjusted to "real" 1989 dollars (calendar or fiscal year, as appropriate) to permit comparison across time.

### Footnotes

1 Per-capita real growth rates for a sample of 90 developing countries, as defined by the World Bank, averaged 3.9 percent from 1965 to 1973 and 3.2 percent from 1973 to 1980, for an overall average of 3.6 percent, and 1.8 from 1980 to 1987. Per-capita growth in this latter period for the 17 countries the World Bank considers "debt-burdened" fell from 3.6 percent to negative 1.3 percent: it fell from 2.2 percent to negative 2.9 percent in Sub-Saharan Africa. See World Bank, World Development Report, 1988, p. 2.

2 For a sample of 111 developing countries, as defined by the World Bank. World Bank, World Debt Tables, vol. 1, 1988-89 Edition, p. 2; net transfers figure from "Total Long-Term Debt Flows"; total debt from "Public and Publicly Guaranteed Long-Term Debt, By Source (Including Undisbursed)."

3 See Inter-American Development Bank, "The Casualty of the 1980's," IDB monthly publication, vol. 14, no. 10, October, 1988, p. 5.

4 World Bank, World Development Report 1988, p. 27.

5 ODC definition of developing countries. This is a conservative figure, even excluding the drop in oil prices. Overseas Development Council, U.S. Policy and the Developing Countries, Agenda 1988, p. 38.

6 Robin Broad and John Cavanagh, "No More NICs," in Foreign Policy, No. 72, Fall, 1988, p. 90.

7 World Bank definition of developing countries. World Bank, World Development Report 1988, p. 31. The ratio of total debt service to exports of goods and services climbed from 12 percent in 1980 to 20 percent in 1986. World Bank, World Debt Tables, vol. 1, 1988-89 Edition, p. 5.

8 Between 1980 and 1986, 16 Latin American countries rescheduled debt on 16 occasions with public creditors and on 38 occasions with commercial banks. See Congressional Research Service, Glennon J. Harrison, Debt Rescheduling Agreements in Latin America, 1980-88, Report #87-360 E, p. 3; the Wall Street Journal, March 10, 1986, p. C-6; and Walter S. Mossberg and Peter Travell, Congressional Quarterly, March 11, 1989, pp. 512-513.

9 World Bank, World Development Report 1988, p. 278.

10 See U.N. Development Program, Executive Summary, Basis for a Strategy and Regional Program of Action, Latin America and the Caribbean, July 1988, Bogota, Colombia, annex.

11 Ruth Leger Sivard, World Military and Social Expenditures, 1987-1988, World Priorities, Washington, DC, 1988, p. 47. Sivard's definitions vary from this report's by defining Israel as developed, and some Southern and Eastern European countries as developing.

12 See World Resources Institute, World Resources 1988-89, p. 26.

13 Overall growth of real per capita GDP fell from 3.2 percent in the period from 1973 to 1980 to 1.8 percent in the period from 1980 to 1987, or 44 percent. For debt-burdened countries and Sub-Saharan Africa, negative growth was recorded. See the World Bank, World Development Report, 1988, p. 2.

14 ODC definition of developing countries. Trade figure through 1987, provided by Overseas Development Council's Stuart Tucker, from U.S. Department of Commerce data. Net jobs figure through 1987 from Table 2 of attachments to Stuart Tucker, Overseas Development Council, The Debt-Trade Linkage in U.S.-Latin American Trade, statement before the Subcommittee on International Economic Policy and Trade, House Committee on Foreign Affairs, U.S. Congress, Sept. 29, 1988.

15 See Joint Economic Committee, Democratic Staff Report, Trade Deficits, Foreign Debt and Slagging Growth, 1986, pp. 35-36.

16 Commerce definition of developing countries. 1970 figure from U.S. Department of Commerce, Statistical Abstracts of the United States, 1984, p. 834; 1981 and 1987 figures from U.S. Department of Commerce, 1987 U.S. Foreign Trade Highlights, p. A-002.

17 Commerce definition of developing countries. U.S. Department of Commerce, 1987 U.S. Foreign Trade Highlights, p. A-002. According to the Commerce Department, U.S. exports accounted for 5.6 million jobs in 1987, with each \$1 billion in exports creating 22,800 jobs. Developing nations accounted for a third of those jobs. Telephone interview, Office of Economic Affairs, May, 1989.

18 ODC definition of developing countries. 1987 trade losses calculated by ODC's Stuart Tucker, from U.S. Department of Commerce data. Total U.S. trade figures from U.S. Department of Commerce, 1987 U.S. Foreign Trade Highlights, pp. A-001, A-002.

19 U.S. Department of Commerce, 1987 U.S. Foreign Trade Highlights, pp. A-042 and A-122, and telephone interviews, USDA, December, 1988.

20 U.S. Department of Commerce, 1987 U.S. Foreign Trade Highlights, p. A-003.

21 U.S. International Trade Commission, The Effect of Developing Country Debt-Servicing Problems on U.S. Trade, Publication # 1950, March, 1987, p. viii.

22 Federal Financial Institutions Exam Council, Statistical Release, Oct 12, 1988, Table I, pp. 1-3. Lower-income countries in Southern and Eastern Europe are included as developing, but all off-shore banking centers are excluded, regardless of their location, because the direction of their follow-on lending is untraceable.

23 "Latin America: Debt Conversion Proliferates," by International Trade Administration analysts Brian Hannon and Marie Haugen in Business America, June 22, 1987, p. 8 and the World Bank, World Debt Tables, Vol. 1, 1988-89 Edition, pp. xxiv-xxiv.

24 See "John Reed's Bold Stroke," in Fortune, June 22, 1987, pp. 26-27. Figures in current dollars.

25 Developed world: \$11,723; developing world: \$874. See United States Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers, 1987, p. 43. South Africa is defined as developed; Greece is defined as developing.

26 U.S. International Development Cooperation Agency, Congressional Presentation, FY 1989, p. 9. Israel and South Africa defined as developed; some lower-income Southern and Eastern European countries classified as developing.

27 1986 figures taken from the Overseas Development Council, U.S. Policy and the Developing Countries, Agenda 1988, p. 211.

28 On Japan, see Financial Times, March 11/12, 1989, pp. 1, 22; on the World Bank and the IMF, see The New York Times, April 6, 1989, p. D6; and on the banking industry, see Horst Schulman, Institute of International Finance, testimony before the House Banking Subcommittee on International Development, April 5, 1989.

29 See Congressional Quarterly, April 18, 1989, p. 741, and The Washington Post, March 29, 1989, p. D-3.

30 The fifteen Baker Plan countries, none of which had access to voluntary loans at that time, are: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Ivory Coast, Mexico, Morocco, Nigeria, Peru, Philippines, Uruguay, Venezuela, and Yugoslavia. The Baker Plan called for projected lending to be increased \$29 billion in current dollars: \$7 billion of the additional funds were to come from U.S. commercial banks, \$13 billion from non-U.S. commercial banks and \$9 billion from the World Bank and other development banks. See Patricia Wertman, The Baker Plan: A Remedy for the International Crisis?, Congressional Research Service, CRS #188106, August, 1988, pp. 3-4.

31 William R. Cline, The Baker Plan: Progress, Shortcomings, and Future Evolution, Institute for International Economics, Washington, D.C., January, 1989, p. 17. Private banks provided \$14 billion of the \$20 billion target for new lending; the multilateral banks provided \$900 million of \$9 billion. These figures are in current dollars.

32 William R. Cline, The Baker Plan: Progress, Shortcomings, and Future Evolution, Institute for International Economics, Washington, DC, January, 1989, p. 30. These figures are in current dollars. See also slightly different aggregates for the 15 Baker Plan countries and two others defined as "highly-indebted" in World Bank, World Debt Tables, 1988-89, Vol. 1, p. 30.

33 World Bank, World Debt Tables, 1985-86, Vol. 1, p. xxv and 1988-89, Vol. 1, p. xviii. These figures are for the 15 Baker Plan countries only and are expressed in real, 1989 dollars.

34 World Bank, World Debt Tables, 1988-89, Vol. 1, p. 30. These figures include the 15 Baker Plan countries and two others defined as "highly-indebted" by the World Bank.

35 There is no precise definition of foreign aid. In this report, it refers to programs funded by the annual foreign operations appropriation (except for commercial programs such as the Export-Import Bank) and the Food for Peace program. Two data

- bases were used in this analysis: a record of all appropriations, maintained by the office of Rep. McHugh, and a record of all obligations, maintained by the Congressional Research Service. Analyses based on both exclude special supplemental assistance to support the peace process in the Middle East in 1979 and 1985 and funding for the Guarantee Reserve Fund that assists in repaying military aid loans already registered on the data bases.
- 36 Africa is to receive 32 percent of world-wide functional development assistance in FY 1989. Figures are obligations, taken from AID's Congressional Presentation for FY 1990. Even within Sub-Saharan Africa, ESF assistance tends to be focused on a limited number of countries considered strategically important because they provide facilities to the United States (Kenya, Liberia, the Seychelles and Somalia) or are encouraged to contain Libyan expansionism (Chad and Sudan). These six countries have only 12 percent of Africa's population, but are to receive 72 percent of Africa's ESF in 1989.
- 37 Figures are obligations, taken from AID's Congressional Presentation for FY 1990.
- 38 Figures provided by the Congressional Research Service.
- 39 The Philadelphia Inquirer, Jan., 16, 1989, p. 3-A.
- 40 Figures provided by the Congressional Research Service.
- 41 The miscellaneous programs include peace-keeping operations, anti-drug programs and anti-terrorism training.
- 42 As noted, these figures exclude special, one-time supplementals for the Middle East peace process in 1979 and 1985 and reserve funds for military loans.
- 43 Figures provided by the Congressional Research Service.
- 44 Ruth Leger Sivard, World Military and Social Expenditures, 1987-1988, World Priorities, Washington, DC, 1988, p. 43-47, sets these countries' population at 56 percent of all developing countries. Aid figures are obligations for FY 1987, from AID, U.S. Overseas Loans and Grants, annual.
- 45 Aid figures are obligations for FY 1987, from U.S. Overseas Loans and Grants.
- 46 AID, U.S. Overseas Loans and Grants, for both bilateral and multilateral totals for 1980 and 1987; AID, U.S. Overseas Loans and Grants, and AID, Congressional Presentation, fiscal years 1988-90, for total aid flows.
- 47 1988, the highest year, taken from AID, Congressional Presentation for FY 1990; 1980 taken from U.S. Overseas Loans and Grants, annual.
- 48 Using 1987, the most recent year available in AID, U.S. Overseas Loans and Grants, for both bilateral and multilateral totals.
- 49 The Inter-American Development Bank also cut its lending back, from a \$112 million annual average from 1976 to 1980 to a \$44 million annual average from 1981 to 1985. Average annual U.S. economic aid, in contrast, increased from \$46 million to \$131 million. Aid figures are obligations, as compiled by the Congressional Research Service from AID, U.S. Overseas Loans and Grants, annual.
- 50 For example, ESF was continued in 1988 despite AID's report that "net credit expansion exceeded targets by more than double" in 1987. AID, Action Plan FY 1990 Honduras, p. 3.
- 51 Aid figures are obligations, from AID, U.S. Overseas Loans and Grants, annual.
- 52 Until the late 1980's, the United States was the largest bilateral donor of economic aid (although it ranked last in the North in terms of aid as a share of GNP). Japan now provides some \$12 billion in economic aid annually. The "grant element" of its aid is 42 percent compared to the U.S. grant element of 97, because Japan provides most of its bilateral aid as low-interest loans, while U.S. bilateral aid is mostly grants. In one measure of the value of economic aid, found by multiplying gross aid times grant element, U.S. aid is roughly \$9 billion and Japan's is \$7.3 billion. However, Japan is likely to forgive many of its loans, thereby raising its grant element. Telephone interview with World Bank official, Feb. 8, 1988.
- 53 For an excellent review of individual progress that went awry, see Robin Broad and John Cavanagh, "No More NICs," in Foreign Policy, No. 72, Fall, 1988, pp. 81-103.
- 54 The U.S. agreed to give \$2.5 and \$2.9 billion for two IDA replenishments during the Reagan Administration, a one-third reduction in total commitments compared to pledges of \$3.9 billion and \$4.2 billion for two IDA replenishments during the Carter Administration. Percentage cuts in total IDA size taken from World Bank, International Development Association, IDA Eligibility, IDA9 Discussion Paper No. 3, March 1989, p. 5. Some additional funds were provided by donors outside the regular IDA contributions, but not enough to offset these cuts.
- 55 See statement on the Senate floor, Senator Harry Reid, January 25, 1989, Congressional Record, p. S130, citing data collected by the Smithsonian.
- 56 World Resources Institute, World Resources 1988-1989, Basic Books, New York, 1988, p. 71.
- 57 World Resources Institute, World Resources 1988, Basic Books, New York, 1988, p. 3.
- 58 The Washington Post, September 10, 1988, p. A-12.
- 59 Norman Myers, Not Far Afield: U.S. Interests and the Global Environment, World Resources Institute, 1987, pp. 17, 18.
- 60 World Resources Institute, World Resources 1988, Basic Books, New York, 1988, p. 6, and World Watch Institute, State of the World 1988, W.W. Norton, New York, 1988, p. 10.
- 61 Janet Welsh Brown, World Resources Institute, speech given to the International Development Conference, entitled "Beyond Ideology: Security and the Environment," March 1987, p. 9.
- 62 Andrew Naquire and Janet Welsh Brown, Bordering on Trouble: Resources and Politics in Latin America, World Resources Institute, 1986, p. 42. For a discussion of the state of the fishing industry in general, see World Resources Institute, World Resources 1988-1989, Basic Books, New York, 1988, pp. 145-148 and 326-329.
- 63 World Resources Institute, World Resources 1988-1989, Basic Books, New York, 1988, p. 16.
- 64 World Resources Institute, World Resources 1988-1989, Basic Books, New York, 1988, p. 51. See also World Watch Institute, State of the World 1988, W.W. Norton, New York, 1988, p. 9.
- 65 Norman Myers, Not Far Afield: U.S. Interests and the Global Environment, World Resources Institute, 1987, pp. 21-22; and World Watch Institute, World Watch, March/April 1989, p. 10.
- 66 Norman Myers, Not Far Afield: U.S. Interests and the Global Environment, World Resources Institute, 1987, pp. 23, 24, 44-45, 50.
- 67 Inter-American Dialogue, The Americas in 1989: Consensus for Action, p. 42; World Resources Institute, World Resources 1988-1989, pp. 28-31, 271; Wall Street Journal, "Poison Produce," March 26, 1987, p. 1.
- 68 Norman Myers, Not Far Afield: U.S. Interests and the Global Environment, World Resources Institute, 1987, p. 23.
- 69 World Resources Institute, World Resources 1988, Basic Books, New York, 1988, p. 54.
- 70 Panama Canal Commission, A Report on the Panama Canal Fair Forest, January, 1985, pp. iii-iv.
- 71 Sandra Postal, A Green Fix to the Global Warm-Up, World Watch Institute, September/October, 1988, pp. 32.
- 72 Telephone interview, Global Change Department, Environmental Protection Agency, May, 1989.
- 73 Agency for International Development, Population Assistance - All Accounts, provided by AID, April, 1989.
- 74 See, on repairing past damage for example, Sarah Gates Fitzgerald, "World Bank Pledges to Protect Wildlands," Bioscience, December, 1986, p. 712; and "Ecologists Make Friends with Economists," The Economist, October 15, 1988, p. 28.
- 75 Janet Welsh Brown, Poverty and Environmental Degradation: Basic Concerns for U.S. Cooperation With Developing Countries, World Resources Institute, May, 1988, p. 9.
- 76 Bruce Rich, "The Politics of Tropical Deforestation in Latin America: The Role of the Public International Financial Institutions," paper from a forthcoming book, provided by the author, an attorney at the Environmental Defense Fund, February, 1989, p. 7.
- 77 Samantha Sparks and Ellen Bosser, "A Tragic Legacy: The World Bank's Environmental Record," Multinational Monitor, June, 1987, p. 10; and Pat Aufderheide and Bruce Rich, "Environmental Reform and the Multilateral Banks," World Policy Journal, Spring, 1988, p. 302.
- 78 Figure for 1989 from Agency for International Development, Congressional Presentation, FY 1990, main volume, p. 166.
- 79 World Resources Institute, World Resources 1988-89, Basic Books, New York, 1988, pp. 178; and World Commission on Environment and Development, Our Common Future, Oxford University Press, New York, 1987, pp. 268-269.
- 80 World Commission on Environment and Development, Our Common Future, Oxford University Press, New York, 1987, pp. 272-274; and World Resources Institute, World Resources 1988-1989, Basic Books, New York, 1988, pp. 96-97, 177-178 and 348-349.
- 81 Antonio Rubens Britto de Castro, "Brazil's Nuclear Shakeup: Military Still in Control," Bulletin of the Atomic Scientists, May, 1989, pp. 22-25.
- 82 Interviews with U.S. personnel and Honduran analysts, August, 1988.
- 83 Martin Edwin Andersen, "The Military Obstacle to Latin Democracy," Foreign Policy, No. 73, Winter, 1988-89, p. 96.
- 84 Number: countries and territories out of 133; percent: population out of 3.8 billion. Of the 47 Sub-Saharan African countries, 41 have governments that are unelected; of the 2:

countries in Latin America, 14 are still consolidating democracy; of the 15 Middle Eastern countries (from Egypt east to Iran), 12 have governments that are unelected.

85 Department of State, Country Reports on Human Rights Practices for 1988, U.S. Senate, Joint Committee Print, Senate Print 101-3, February, 1989, pp. 1321-1322.

86 Washington Post, Dec. 24, 1988, p. A-10; Congressional Record, S129, Jan. 25, 1989.

87 Costa Rica had established its lead in these measures even before its neighbors suffered from the civil wars of the late 1970's. Included in the region with Costa Rica are El Salvador, Guatemala, Honduras, Nicaragua and Panama. Export figures converted from U.S. Department of Commerce, International Trade Administration, 1987 U.S. Foreign Trade Highlights, p. A-002; other figures from Ruth Leger Sivard, World Military and Social Expenditures, 1987-1988, World Priorities, Washington, DC, 1988, Tables II and III.

88 In the region along with Botswana are Angola, Lesotho, Malawi, Mozambique, Zambia and Zimbabwe, three of whom, like Botswana, have not suffered a civil war. Export figures converted from U.S. Department of Commerce, International Trade Administration, 1987 U.S. Foreign Trade Highlights, pp. A-003-004; other figures from Ruth Leger Sivard, World Military and Social Expenditures, 1987-1988, World Priorities, Washington, DC, 1988, Tables II and III.

89 Countries placed in categories as described above. Figures are for estimated obligations of FY 1989 aid to specific governments, from AID, Congressional Presentation for FY 1990, pp. 286-288.

90 At the time of the publication of this report, Honduras' cooperation with the contra policy appeared to be waning, although this could be a sign of Honduras hoping to receive additional U.S. economic and military aid, as part of the pattern revealed by documents released in 1989 at the trial of Oliver North. An unprecedented level of public protest erupted in Honduras in 1988 when drafts of agreements on access rights for U.S. forces were leaked to the press. In addition, U.S.-aided police were aware that a mob was burning the U.S. Embassy Annex in 1988 after an accused Honduran drug-trafficker was abducted to the United States for trial, but failed to respond because of domestic political considerations.

91 Interviews with Honduran analysts and former U.S. diplomatic personnel, August and September, 1988.

92 When Congress withheld \$20 million in the cases of U.S. churchwomen and Marines killed in El Salvador, however, the judicial system brought the killers to justice. The Reagan Administration suspended technical assistance to the Salvadoran Supreme Court as an expression of U.S. disapproval of rulings that block specific prosecutions, but did not condition economic and military aid on progress on those prosecutions.

93 Somalia, a military dictatorship under the Revolutionary Socialist Party with a record of flagrant abuses of the human rights of an ethnic minority, would appear to be a likely candidate for the "Reagan Doctrine" of aid to rebel forces, but it provides military facilities to the U.S. rapid deployment force.

94 State Department, Congressional Presentation for Security Assistance, FY90, p. 296.

95 Total tabulated from annuals of State Department, Congressional Presentation for Security Assistance. Quote from the FY1989 edition, p. 50.

96 State Department, Congressional Presentation for Security Assistance, FY90, p. 189.

97 \$690 million, or about 15 percent of U.S. military aid to identifiable countries and regions in 1989.

98 The State Department's Administration of Justice (AOJ) program, funded at \$20 million annually, has trained judicial personnel in Central America since 1985, but U.S. officials see the lack of progress toward functioning judicial systems in the region as a major disappointment for U.S. policy. The National Endowment for Democracy, funded at \$16 million annually, provides technical assistance to elections, political parties and trade unions in other countries. AID's Democratic Initiatives, funded at \$8 million annually, supports legal aid and training, media groups and advocates of democracy.

99 At the request of Senator Hatfield, IMET estimated its "full-pricing" requirement for its program for the most recently completed fiscal year, FY1988. The estimate provided by IMET is \$163.6 million for all training, travel and living expenses for its trainees, or \$116.2 million more than the \$47.4 million appropriated as foreign aid for IMET. The \$116.2 million consists of military trainers' salaries and support costs, sunk costs and maintenance for training facilities, and other overhead expenses. The \$116.2 million is absorbed by the Defense Department in its budget. Briefing paper prepared for Senator Hatfield by the IMET program, May, 1989.

100 General Research Corporation, U.S. Training of Foreign Military Personnel, Defense Security Assistance Agency, 1979, vol. II, pp. 15-16.

101 General Research Corporation, U.S. Training of Foreign Military Personnel, Defense Security Assistance Agency, 1979, vol. II, Appendix F.

102 Inter-American Dialogue, The Americas in 1988: Time for Choices, University Press of America, Lanham, Maryland, 1988, p. 86. See also Sam Fitch, Memoandum to Inter-American Dialogue Working Group on Armed Forces and Democracy, Inter-American Dialogue, Sept. 10, 1987.

103 Martin Edwin Andersen, "The Military Obstacle to Latin Democracy," Foreign Policy, Winter, 1988-89, p. 97.

104 Interviews with U.S. and foreign military personnel, August, 1988.

105 The presence of the Chilean instructors appears to violate the spirit of a law banning foreign aid to Chile. Technically, foreign instructors are paid from U.S. military funds, outside the foreign aid law.

106 DOD argues in a letter to Sen. Hatfield from the Office of the Assistant Secretary of Defense for Force Management and Personnel, July 5, 1989, that these programs do not constitute "assistance" to foreign militaries, which they acknowledge by law should be provided only under the foreign aid program.

107 In response to a letter from Sen. Hatfield of March 13, 1989, requesting a summary of all military-to-military programs in developing nations outside the foreign aid budget, the Defense Department was able to provide, in July, 1989, the number of U.S. personnel participating in each services' PEP program and the Army's FAO program, but not, from its regular records, figures for the other services' FAOs, or SMEs and other TDY personnel.

108 Interview by Caucus staff, August, 1988.

109 See the so-called "Colonels' report": Lt. Col. A.J. Bacevich, Lt. Col. James D. Hallums, Lt. Col. Richard H. White and Lt. Col. Thomas F. Young, American Military Policy in Small Wars: The Case of El Salvador, John F. Kennedy School of Government, Harvard University, Cambridge, Mass., March 23, 1988, p. 7.

110 Foreign Broadcast Information Service, Latin America, Sept. 27, 1988, LAT-p. 1, and Sept. 29, 1988, LAT-p. 1.

111 Unclassified documents relating to the Conference include Department of the Army, Information Paper, provided to Rep. John Spratt, Nov. 8, 1988.

112 AID, Summary of Human Rights and Democratic Initiatives, FY1988, p. 1.

113 Ruth Leger Sivard, World Military and Social Expenditures, 1987-88, World Priorities, Washington, DC, 1988, p. 28, lists 27 wars (conflicts with an annual death toll of over 1,000) taking place in 1987. Vietnam was dropped from the Sivard list in preparing this table, because the casualties were taken in Cambodia, which is already listed. Additional conflicts that have met the criterion of 1,000 annual casualties since the publication of the Sivard list took place in Burundi and Somalia. Afghanistan, Cambodia and Iran/Iraq were the three wars caused primarily by invasion. While South Africa's combat with Cuban troops in Angola in 1988 could be considered an invasion, the primary cause of death in conflict in Angola was combat between the Angolan Government and UNITA rebels. Foreign troops are deeply involved in the war in Lebanon, but it was still primarily caused by internal strife.

114 Arms Control and Foreign Policy Caucus, South Africa's Wars, Sept. 11, 1986, p. 2.

115 The toll of dead from war and political violence in Central America includes: over 50,000 in El Salvador since 1979 (according to Americas Watch); between 50,000 and 100,000 in Guatemala since 1978 (according to the Washington Office on Latin America); 35,000 to 50,000 in Nicaragua from 1975 to 1979 (according to the Worldmark Encyclopedia of the Nations, Volume on the Americas, Binghamton, N.Y., 1984); and 30,000 in Nicaragua from 1981 to 1987 (according to Ruth Leger Sivard, World Military and Social Expenditures, 1987-88, World Priorities, Washington, DC, 1988, p. 29).

116 Spending: \$197 billion, as of 1985, converted from U.S. Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers, 1987, p. 43. ACDA defines Greece and Bulgaria as developing, and South Africa as developed. Debt payments: World Bank, World Debt Tables, 1988-89, Vol. 1, p. 2. World Bank definition of developing.

117 From 1980 to 1985, from U.S. Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers, 1987, p. 43. See ACDA definition of developing, *ibid*.

118 World Bank definition of developing. World Bank, World Development Report, 1988, p. 267. For slightly less comprehensive data, see UNICEF, The State of the World's Children, 1989, p. 104-5, also based on World Bank data.

119 Ruth Leger Sivard, World Military and Social Expenditures, 1987-88, World Priorities, Washington, DC, 1987, p. 43. Sivard's definitions vary from this report's by defining Israel as developed, and some Southern and Eastern European countries as developing.

120 For a review of the available analyses, see Steve Chan, "The Impact of Defense Spending on Economic Performance: A Survey of

evidence and Problems." *Orbis*, vol. 29, no. 2, Summer, 1985, and "Defense Burden and Economic Growth: Unraveling the Taiwanese Enigma," *American Political Science Review*, vol. 82, no. 3, September, 1988.

121 Data compiled from: Adm. Thomas A. Brooks, Director of Naval Intelligence, Statement before the Seapower Subcommittee of the House Armed Services Committee, Feb. 22, 1989, pp. 38-39; Congressional Research Service, Robert D. Shuey et. al., Missile Proliferation: Survey of Emerging Missile Forces, October 3, 1988, p. 35-42 (and interviews with the author); Elissa D. Harris, "Chemical Weapons Proliferation in the Developing World," in Defense Yearbook 1988, London, pp. 74-75 (and interviews with the author); and Leonard S. Spector, "Nonproliferation--After the Bomb has Spread," Arms Control Today, Dec., 1988, pp. 8-12.

122 Data compiled from: Adm. Thomas A. Brooks, Director of Naval Intelligence, Statement before the Seapower Subcommittee of the House Armed Services Committee, Feb. 22, 1989, pp. 38-39; Congressional Research Service, Robert D. Shuey et. al., Missile Proliferation: Survey of Emerging Missile Forces, October 3, 1988, p. 35; and Elissa D. Harris, "Chemical Weapons Proliferation in the Developing World," in Defense Yearbook 1988, London, pp. 74-75. For trends, telephone interview, Congressional Research Service, Foreign Affairs and National Defense Division, April, 1989.

123 Including Iraq and other, unidentified developing countries. See Adm. Thomas A. Brooks, Director of Naval Intelligence, Statement before the Seapower Subcommittee of the House Armed Services Committee, Feb. 22, 1989, p. 39; and The New York Times, May 4, 1988, p. A-9, and February 10, 1989, p. A-3.

124 Of the 13 countries that are reported to have such missiles in 1989, five (Afghanistan, Iran, North Korea, Saudi Arabia and Yemen-AR) did not appear to have them in 1979. Telephone interview, Congressional Research Service, Foreign Affairs and National Defense Division, April, 1989. Data compiled from: William M. Webster, Director of Central Intelligence, Proposed Remarks before the Town Hall of California, March 30, 1989, p. 3; and Congressional Research Service, Robert D. Shuey et. al., Missile Proliferation: Survey of Emerging Missile Forces, October 3, 1988, pp. 38-42 (and interviews with the author). See also The New York Times, February 10, 1989, p. A-3.

125 Burma, Ethiopia and Vietnam are not developing missiles, but if these, only Burma lacks supersonic aircraft. Telephone interview with Defense Intelligence Agency, March, 1989.

126 The Pentagon estimated in 1985 that 58 percent of DOD spending went to conventional forces in or devoted to Europe. See Congressional Research Service, Alice C. Baroni and John J. Lynch, The U.S. Commitment to Europe's Defense, November 7, 1985, p. 11. In addition, the U.S. strategic nuclear deterrent,

primarily focused on the Soviet Union, accounted for another 15 percent of the military budget in 1985; Committee for National Security, Mission Impossible?, January, 1989, p. 24.

127 1977 export figures from U.S. Department of Commerce, Statistical Abstracts, 1984, p. 834; 1987 figures from U.S. Department of Commerce, International Trade Administration, 1987 U.S. Foreign Trade Highlights, p. A-002. Roughly a quarter of 1987's exports were actually paid for by U.S. aid.

128 Data for emergency assistance to Africa, 1979 to 1988, provided by AID to the Caucus, and converted to \$1.64 billion.

129 Export figures from U.S. Department of Commerce, International Trade Administration, 1987 U.S. Foreign Trade Highlights, A-002.

130 Total economic aid flow from developed nations for 1986 of \$1 billion, based on OECD reports, taken from Ruth Leger Sivard, World Military and Social Expenditures, 1987-88, World Priorities, Washington, DC, 1987, p. 43. Sivard's definitions vary from this report's by defining Israel as developed, and some northern and Eastern European countries as developing.

131 Total new disbursements to developing nations (including some Southern and East European nations) of \$93 billion in 1987 taken from World Bank, World Debt Tables, 1988-89, Vol. 1, p. 2. World Bank definition of developing.

132 Telephone interview, Department of Defense, March, 1989.

133 Telephone interview, Congressional Research Service, Foreign Affairs and National Defense Division, March, 1989.

134 Congressional Research Service, Robert D. Shuey et. al., Missile Proliferation: Survey of Emerging Missile Forces, October 1988, pp. 41, 73-74, puts the range of the Agni missile being developed by India at 1,300 miles, slightly less than the roughly 650 miles between India and the Philippines, and notes that the ocean-oriented missile it is developing could be converted to a military missile with a significantly longer range. The Agni had its first successful test firing in May, 1989.

135 Telephone interview, Congressional Research Service, Foreign Affairs and National Defense Division, March, 1989.

136 See Department of Defense, Commission of Integrated Long-Range Strategy, Discriminate Deterrence, 1988, pp. 20-21. See also the accompanying working paper, Commitment to Freedom: Security Assistance as a U.S. Policy Instrument in the Third World, pp. 8, 9-11, 24.

137 For details, see Sen. Matfield, Rep. Leach and Rep. Miller, Unrolling Failure: U.S. Policy in El Salvador and the Urgent

Need for Reform. A Report to the Congressional Arms Control and Foreign Policy Caucus, November, 1987.

138 Telephone interview with Elissa Harris, Brookings Institution, March, 1989. See also the remarks of a "U.S. official" in Newsweek, January 16, 1989, p. 17.

139 Congressional Research Service, Robert D. Shuey et. al., Missile Proliferation: Survey of Emerging Missile Forces, October 3, 1988, pp. 75, 86.

140 Telephone interview, Congressional Research Service, Foreign Affairs and National Defense Division, April, 1989. The sale to Iran may have been an indirect one, through North Korea.

141 The average total for Foreign Military Sales Agreements, U.S. military training grants and commercial arms deliveries to developing countries for the five years from FY 1985 through FY 1989 was \$8.97 billion in real terms, and the average total military aid for the same period was \$4.88 billion. Figures taken from U.S. Department of State, Congressional Presentation for Security Assistance Programs, FY 1987 through FY 1990. These numbers are not directly comparable, but rather provide a good, rough indication of the share of military exports that are the result of U.S. aid rather than commercial transactions. The Soviet figure is the annual average for agreements in the most recent five years available (1982 to 1987) in Congressional Research Service, Richard F. Grimmett, Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1980-1987, SS-352 F, May 9, 1988, p. 46. Proponents of military aid argue that aid-funded exports can have a "multiplier effect" on U.S. jobs and income. However, they fail to acknowledge that the effect would be greater if these government funds were spent in the U.S. productive economy, or were used to reduce the deficit. See U.S. Department of State, Congressional Presentation for Security Assistance Programs, FY 1987, v. 1, p. 79.

142 Congressional Research Service, Calab S. Rossiter, U.S. Arms Transfers to the Third World: The Implications of Sophistication, July, 1982, pp. 2-3, 6.

143 See the Administration's letter explaining its rationale and Sen. Mark O. Matfield's response in the Congressional Record, Sept. 15, 1987, p. S12052.

144 New York Times, Feb. 1, 1988, p. A1.

145 U.S. Department of State, Bureau of International Narcotics Matters, International Narcotics Control Strategy Report, March, 1988, p. 88.

146 U.S. Department of State, Bureau of International Narcotics Matters, International Narcotics Control Strategy Report, March, 1989, pp. 181-185.

147 Telephone interview, Department of State, Bureau of International Narcotics Matters, Nov. 11, 1988.

148 According to Attorney General Dr. Sergio Garcia-Rasirez. See press release titled War on Drugs: A World Alliance is Needed, U.S. Embassy of Mexico, April 26, 1988.

149 Inter-American Dialogue, The Americas in 1982, January, 1989, Washington, DC, p. 36.

150 The Economist, "The Cocaine Economies: Latin America's Killing Fields," Oct. 8, 1988, p. 21.

151 GAO, Drug Smuggling, June, 1987, p. 39; and National Narcotics Intelligence Consumers Committee, The NNICC Report, 1987, April, 1988, p. 26. Similar estimates appear in Overseas Development Council, The Drug Trade and Developing Countries, 1987, Washington, DC, p. 3. Colombian budget from Central Intelligence Agency, The World Factbook 1988, May, 1988, p. 57.

152 U.S. Department of State, Bureau of International Narcotics Matters, International Narcotics Control Strategy Report, March, 1988, p. 104.

153 According to Bolivian Ambassador to the U.S. Fernando Illanes, in the Christian Science Monitor, "Bolivian Envoy: Removing Drugs Will Hurt Economy," July 23, 1986, p. A2.

154 Caucus interview with U.S. personnel, Lima, August, 1988.

155 New York Times, "Bolivia's Coca Growers: Bitterness over Lost Crop," Sept. 24, 1986, p. A2.

156 Interview, Department of State, Bureau of International Narcotics Matters, October, 1988; The Economist, "The Cocaine Economies: Latin America's Killing Fields," Oct. 8, 1988, pp. 21-22.

157 Bolivia and Peru have become net importers of food. Agency for International Development, A Review of AID's Narcotics Control Development Assistance Program, March, 1986, p. 26.

158 Interview, Department of State, Bureau of International Narcotics Matters, February, 1989.

159 Interview, Department of State, Bureau of International Narcotics Matters, October, 1988.

160 Interview, Department of State, Bureau of International Narcotics Matters, October, 1988.

161 Inter-American Dialogue, The Americas in 1988, May, 1988, p. 47.

- 162 National Narcotics Intelligence Consumers Committee, The NNICC Report, 1987, April, 1988, p. 72.
- 163 Interview, Department of State, Bureau of International Narcotics Matters, October, 1988.
- 164 Department of State, Fact Sheet on International Narcotics Control, May, 1987; National Narcotics Intelligence Consumers Committee, The NNICC Report, 1987, April, 1988, pp. 18-19, 33, 53.
- 165 U.S. House of Representatives, Select Committee on Narcotics, Annual Report for the Year 1988, pp. 19, 22. Drug Abuse Warning Network, Factsheet: DAWN Emergency Room Mentions, July, 1988, p. 2.
- 166 Telephone interview with Dr. James Curran, Center for Disease Control, AIDS Program, Atlanta, Oct. 24, 1988. See also U.S. House of Representatives, Select Committee on Narcotics, Drug Facts Summary, January, 1989.
- 167 See National Institute on Drug Abuse, National Household Survey on Drug Abuse: Population Estimates, 1985, 1987, p. 54.
- 168 U.S. House of Representatives, Select Committee on Narcotics, Fact Sheet on Drug Abuse and Drug Trafficking in the U.S., August, 1988.
- 169 GAO, Controlling Drug Abuse: A Status Report, 1988, p. 5.
- 170 1987 figure of \$150 billion for illegal drugs converted from U.S. House of Representatives, Select Committee on Narcotics, Fact Sheet on Drug Abuse and Drug Trafficking in the U.S., August, 1988. Oil imports of \$31 billion in 1987 converted from data provided by the Bureau of the Census' Foreign Trade Division.
- 171 U.S. House of Representatives, Select Committee on Narcotics, Fact Sheet on Drug Abuse and Drug Trafficking in the U.S., August, 1988.
- 172 The 1981 figure was \$1.6 billion in real terms, converted from GAO, Controlling Drug Abuse: A Status Report, 1987, p. 27; 1989 figure provided by House Select Committee on Narcotics.
- 173 National Institute of Justice, Drug Use Forecasting, May, 1988, p. 36.
- 174 Telephone interview, District of Columbia Police, Office of Public Information, February 2, 1988.
- 175 Washington Post, Oct. 12, 1988, p. A1.
- 176 Calculated using average estimates from U.S. Department of State, Bureau of International Narcotics Matters, International Narcotics Control Strategy Report, March, 1988, p. 15.
- 177 Calculated from figures in Department of State, International Narcotics Control Strategy Report, March 1988.
- 178 The 47 percent cut was registered from 1984 to 1987, the most recent year measured. Department of State, International Narcotics Control Strategy Report, p. 8, 1988. National Narcotics Intelligence Consumers Committee, The NNICC Report 1987, April 1988, p. 26.
- 179 National Narcotics Intelligence Consumers Committee, The NNICC Report, 1987, April, 1988, p. 26 for cocaine, p. 52 for heroin, p. 1 for marijuana.
- 180 Interviews with U.S. anti-drug officials in Washington, Peru and Honduras. State Department and Drug Enforcement Administration programs provide minimal amounts to education and development. See General Accounting Office, Drug Control: International Narcotics Control Activities of the United States, January 1987, p. 20; Department of State, International Narcotics Control: Foreign Assistance Appropriation Act, 1988, p. 9.
- 181 Inter-American Dialogue, The Americas in 1988, Wash., DC, 1988, p. 49.
- 182 Department of State, International Narcotics Control Strategy Report, March 1988, p. 250.
- 183 Department of State, International Narcotics Control Strategy Report, March 1988, pp. 15, 78, 98, 109.
- 184 General Accounting Office, Drug Control: U.S.-Supported Efforts in Colombia and Bolivia, November 1988, p. 32.
- 185 No more than \$2.6 million out of \$202.1 million, or 1 percent. State Department: 1.1 million out of \$101 million; Drug Enforcement Administration: none of \$59.9 million; AID: no more than \$1.5 million out of \$41.2 million, according to AID personnel, interview, February, 1989.
- 186 Telephone interview, State Department, Bureau of Inter-American Affairs, May, 1989. See also The Washington Post, May 22, 1989, p. A-20.
- 187 Chicago Council on Foreign Relations, American Public Opinion and U.S. Foreign Policy 1987, Chicago, 1987 (survey conducted October/November, 1986), p. 9.
- 188 Ibid., p. 9.
- 189 Ibid., p. 11.
- 190 Market Opinion Research, Americans Talk Security: Attitudes Concerning National Security Issues: National Survey No. 5 (Draft Report), Detroit, 1988 (survey conducted April 25-May 1, 1988), p. 76.
- 191 InterAction and the Overseas Development Council, What Americans Think: Views on Development and U.S.-Third World Relations, New York, 1986 (survey conducted April 7-May 6, 1986), p. 47.
- 192 Ibid., p. 4.
- 193 Marttila and Kiley, Americans Talk Security: National Survey No. 4, Boston, 1988 (survey conducted March 22-27, 1988), p. 55.
- 194 The Daniel Yankelovich Group, Americans Talk Security: National Survey No. 3, New York, 1988 (survey conducted February 17-24, 1988), p. 40.
- 195 World Policy Institute, Defining America's Strength, press summary, November 10, 1987, p. 4.
- 196 Market Opinion Research, 1988, op. cit., p. 48.
- 197 InterAction/Overseas Development Council, 1986, op. cit., p. 48.
- 198 Market Opinion Research, 1988, op. cit., pp. 36, 42-43.
- 199 Ibid., p. 44.
- 200 Ibid., p. 53.
- 201 Ibid., p. 58.
- 202 Marttila and Kiley, Americans Talk Security: National Survey No. 6, Boston, 1988 (survey conducted May 24-27, 1988), p. 63.
- 203 Ibid., p. 47.
- 204 Harris Survey, "10 Percent Cut in Foreign Aid," in Public Opposes Budget Cuts for Medicare, Transit, and Local Aid. (survey conducted September 4-7, 1986) in CRS Poll File #1, prepared for Arms Control and Foreign Policy Caucus, May 1988, p. 22. Data compiled under call words: Foreign Aid/Military Assistance.
- 205 Ibid., p. 47.
- 206 Ibid., p. 48.
- 207 InterAction/Overseas Development Council, 1986, op. cit., p. 50.
- 208 Ibid., p. 50.
- 209 Chicago Council, 1987, op. cit., p. 26.
- 210 InterAction/Overseas Development Council, 1986, op. cit., p. 49.
- 211 Ibid., p. 7.
- 212 Ibid., p. 50.
- 213 Ibid., p. 50.
- 214 Harris Survey, "Favor Various Aspects of Emergency Relief Bill for Farmers -- Foreign Aid," in Overwhelming Support for Assistance to Farmers in CRS prepared Poll File #1, 1988, (survey conducted March 2-5, 1985), p. 42.
- 215 Gallup Poll, "Cause of Problems of Developing Countries," in Public Opinion in Developed Countries Divided on Aid to Third World in CRS Poll File #2, prepared for Arms Control and Foreign Policy Caucus, May 1988, (survey conducted May 8-11, 1981), p. 1. Data compiled under call words: Foreign Relations/Foreign Affairs/Foreign Aid/Developing Countries.
- 216 InterAction/Overseas Development Council, 1986, op. cit., p. 49.
- 217 Harris Survey, "10 Percent Cut," 1986, op. cit., p. 22.
- 218 InterAction/Overseas Development Council, 1986, op. cit., p. 50.
- 219 Ibid.
- 220 Ibid.
- 221 Harris Survey, "Foreign Economic Aid Help People It's Intended For?," Foreign Economic Aid Has Merit in CRS prepared Poll File #1, 1988, (survey conducted September 4-7, 1986), p. 21.
- 222 Harris Survey, "Favor Foreign Economic Aid if Sure Helps People of Those Countries," Foreign Economic Aid Has Merit in CRS prepared Poll File #1, 1988, (survey conducted September 4-7, 1986), p. 22.
- 223 Ibid., p. 50.

- 224 Harris Survey, "Statements on Foreign Economic Aid -- Foreign Aid," in Foreign Economic Aid Has Merit, in CRS Poll File #1, 1988, (survey conducted September 4-7, 1986), p. 18.
- 225 InterAction/Overseas Development Council, 1986, op. cit., p. 48.
- 226 Harris Survey, "Statements on Foreign Economic Aid -- Foreign Aid," 1986, op. cit., p. 19.
- 227 InterAction/Overseas Development Council, 1986, op. cit., p. 50.
- 228 Ibid., p. 48.
- 229 Chicago Council, 1987, op. cit., pp. 26, 28.
- 230 World Policy Institute, 1987, op. cit., p. 2.
- 231 New York Times Survey, "Will Military Aid Lead to Troop Involvement?" in Vietnam Remembered in CRS prepared Poll File #1, 1988, (survey conducted February 23-27, 1985), p. 44.
- 232 Harris Survey, "Statements on Foreign Economic Aid -- Military," in Foreign Economic Aid Has Merit, in CRS Poll File #1, 1988 (survey conducted September 4-7, 1986), p. 20.
- 233 Market Opinion Research, 1988, op. cit., p. 54.
- 234 InterAction/Overseas Development Council, 1986, op. cit., p. 49.
- 235 Daniel Yankelovich Group, 1988, op. cit., p. 42.
- 236 Ibid., p. 60.
- 237 Marttila and Kiley, National Survey No. 4, 1988, op. cit., p. 56.
- 238 Harris Survey, Amivalent Public Favors Agreement on Cutting Federal Deficit, But Balks at Many Spending Cuts and a Tax Hike, Orlando, Florida, 1987 (survey conducted October 29-November 4, 1987), p. 1.
- 239 Daniel Yankelovich Group, 1988, op. cit., p. 52.
- 240 Newsweek Poll, Looking East, (in February 22, 1988 Newsweek), 1988 (survey conducted February 3-4, 1988), p. 48.
- 241 World Policy Institute, 1987, op. cit., p. 5.
- 242 Marttila and Kiley, National Survey No. 6, 1988, op. cit., p. 70.
- 243 InterAction/Overseas Development Council, 1986, op. cit., p. 49.
- 244 World Policy Institute, 1987, op. cit., pp. 5-6.
- 245 InterAction/Overseas Development Council, op. cit., 1986, p. 50.
- 246 Market Opinion Research, 1988, op. cit., p. 66.
- 247 Chicago Council, 1987, op. cit., p. 26.



(copy for Mr. Conable's Office)

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

October 10, 1989

Dear Bob:

Thank you very much for your recent letter on the Bank's policies and operational focus on the problems of global warming.

I hope there is no misunderstanding about the importance we attach to this sensitive and most serious issue. I have publicly stressed that the international community cannot sit back and hope that these problems will somehow pass us by. The World Bank will take a leadership role in efforts to help developing countries formulate appropriate responses to global warming issues. Environmental problems know no borders; all nations must become involved, and we believe that the World Bank must play an important role in this effort.

You called to my attention a draft report on the Bank's "Policy and Operational Options With Regard to Greenhouse Gases and Global Warming." That report is, as you noted, a draft. As such, it represented the first stage in a continuing institutional review of a complex and difficult set of issues.

I can assure you, however, that future Bank policy on global warming will reflect the high priority which I have given to this issue. More specifically, the Bank will continue to closely monitor research on climatic change so that we may take into account its implications for projects and policies in developing countries. To help safeguard the environment in developing countries, the Bank will provide support for energy conservation, for the promotion of renewable energy sources, and for increased use of cleaner fuels such as natural gas. We will be tripling our lending for forestry in the next few years, and will become more closely involved in the Tropical Forestry Action Program. All these programs are indicative of a broader Bank commitment to the integration of environmental concerns into the mainstream of our work.

I welcome your interest in our programs and look forward to continued discussion of these crucial issues.

All best wishes.

Sincerely,  
(Signed) Barber B. Conable

The Honorable Robert W. Kasten, Jr.  
United States Senate  
Committee on Appropriations  
Washington, D.C. 20510-6025

VRajagopalan/rcr  
cleared w&cc: Mr. Aguirre-Sacasa (EXTDR)  
cc: Mr. Piddington (ENVDR)  
Ms. Maguire (EXTPA)



WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

JWS  
AK  
SF  
PH

10/10/89  
DUE DATE : 89/09/25

CORRESPONDENCE DATE : 89/09/07

LOG NUMBER : 890912002

FROM : Senator Kasten

SUBJECT : Urging the Bank to extensively revise the draft "Policy and Operational Options w/Regard to Greenhouse Gases & Global Warming

OFFICE ASSIGNED TO FOR ACTION : Mr. Hopper (D-1202)

ACTION:

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- ✓ \_\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_
- \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :DH's office: pls. clear final resp. with Mr. Aguirre-Sacasa prior to submission for Mr. Conable's sign.  
cc: Mr. Aguirre-Sacasa



- ① cf. - followed up (9/29)
- ② Athena checking (9/29)
- ③ <sup>with</sup> Piddington - delayed due to AMS. Will be ready for sign. on 10/10 - BBC's return. Per Athena.

CP  
9/29

ROBERT C. BYRD, WEST VIRGINIA, CHAIRMAN

ALYCE HAWAII  
COLLINGS, SOUTH CAROLINA  
JOHNSTON, LOUISIANA  
N. BURDICK, NORTH DAKOTA  
N. LEAHY, VERMONT  
SASSER, TENNESSEE  
D'AMATO, ARIZONA  
DENNIS D'AMATO, ARIZONA  
DALE BUMPERS, ARKANSAS  
FRANK R. LAUTENBERG, NEW JERSEY  
TOM HARKIN, IOWA  
BARBARA A. MIKULSKI, MARYLAND  
HARRY REID, NEVADA  
BROCK ADAMS, WASHINGTON  
WYCHE FOWLER, JR., GEORGIA  
J. ROBERT KERREY, NEBRASKA

MARK O. HATFIELD, OREGON  
TED STEVENS, ALASKA  
JAMES A. MCCLURE, IDAHO  
JAKE GARN, UTAH  
THAD COCHRAN, MISSISSIPPI  
ROBERT W. KASTEN, JR., WISCONSIN  
ALFONSE M. D'AMATO, NEW YORK  
WARREN RUDMAN, NEW HAMPSHIRE  
ARLEN SPECTER, PENNSYLVANIA  
PETE V. DOMENICI, NEW MEXICO  
CHARLES E. GRASSLEY, IOWA  
DON NICKLES, OKLAHOMA  
PHIL GRAMM, TEXAS

# United States Senate

COMMITTEE ON APPROPRIATIONS  
WASHINGTON, DC 20510-6025

JAMES H. ENGLISH, STAFF DIRECTOR  
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

September 7, 1989

The Honorable Barber Conable  
President  
The World Bank  
1818 H St. N.W.  
Washington, D.C. 20433

Dear Barber:

Today I received a draft copy of the World Bank's review of its operational options on global warming. The position taken in this document is absolutely unacceptable. I believe the World Bank ought to be in the forefront of efforts to reduce the emission of greenhouse gases and help developing nations cope with global warming.

While the bulk of the responsibility for global warming lies with the industrialized world, it is developing nations that will bear most of the human costs of climate change. An increase in temperature of just a few degrees is likely to substantially reduce agricultural productivity around the world. Where global warming would lead to economic and environmental disruption in temperate nations, it will probably lead to widespread famine in developing nations. Put simply, this could likely be a life and death issue in many developing nations.

Instead of questioning the scientific certainty of global warming, the Bank should become a world leader in fighting this problem. Although developing nations account for approximately 20% of greenhouse emissions today, they will likely be the major sources of these gases in the next century. As a strong supporter of the economic development of other nations, I believe the Bank must revise its lending program to aggressively pursue limits to greenhouse emissions and assist nations to adapt to global warming.

Making our development assistance policy pay closer attention to environmental protection has been the centerpiece of the Appropriations Committee's multilateral development bank reform package. Global climate change is perhaps the most important environmental threats facing us today. The failure of the Bank to be on the front lines of efforts to fight global warming threatens the Bank's long term support.

I urge you, in the strongest possible terms, to direct your staff to extensively revise the draft "Policy and Operational Options With Regard to Greenhouse Gases and Global Warming" before it is finalized.

If this seriously flawed document were to influence global environmental policies, it would cause a disaster for the Bank and the world.

Let's work together to see that this doesn't happen.

Best regards,



Robert W. Kasten, Jr.

RWK:gae

**International Finance Corporation**

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: CORINTFIN

BARBER B. CONABLE  
President

August 24, 1989

The Honorable Albert Gore, Jr.  
United States Senate  
Washington, DC 20510

*al -*  
Dear ~~Senator Gore~~:

Thank you for your letter of July 27, 1989 in which you and your colleagues expressed support for the International Finance Corporation's (IFC) proposal to convert its property in Mbaracayu, Paraguay, into a wilderness preserve through a debt-for-nature swap.

To bring you up to date, an IFC mission visited Paraguay in mid-June and, with The Nature Conservancy (TNC), presented a proposal to the Ministers of Finance and Agriculture. Both Ministers confirmed their Government's commitment to preserving the Mbaracayu tract as a nature preserve, expressed interest in the debt swap proposal, and are presently studying it. Over the next few months, IFC will continue discussions with the Paraguayan government and TNC to refine the proposal. Concurrently, TNC, in consultation with the World Bank Group, will develop a strategy for raising international donations for the nature preserve.

I appreciate your support for this initiative and your kind offer of assistance.

Sincerely,

*Barber Conable*

**International Finance Corporation**

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: CORINTFIN

BARBER B. CONABLE  
President

August 24, 1989

The Honorable John Heinz  
United States Senate  
Washington, DC 20510

Dear  Senator Heinz:

Thank you for your letter of July 27, 1989 in which you and your colleagues expressed support for the International Finance Corporation's (IFC) proposal to convert its property in Mbaracayu, Paraguay, into a wilderness preserve through a debt-for-nature swap.

To bring you up to date, an IFC mission visited Paraguay in mid-June and, with The Nature Conservancy (TNC), presented a proposal to the Ministers of Finance and Agriculture. Both Ministers confirmed their Government's commitment to preserving the Mbaracayu tract as a nature preserve, expressed interest in the debt swap proposal, and are presently studying it. Over the next few months, IFC will continue discussions with the Paraguayan government and TNC to refine the proposal. Concurrently, TNC, in consultation with the World Bank Group, will develop a strategy for raising international donations for the nature preserve.

I appreciate your support for this initiative and your kind offer of assistance.

Sincerely,



**International Finance Corporation**

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: CORINTFIN

BARBER B. CONABLE  
President

August 24, 1989

The Honorable Timothy E. Wirth  
United States Senate  
Washington, DC 20510

*Tim*  
Dear Senator Wirth:

Thank you for your letter of July 27, 1989 in which you and your colleagues expressed support for the International Finance Corporation's (IFC) proposal to convert its property in Mbaracayu, Paraguay, into a wilderness preserve through a debt-for-nature swap.

To bring you up to date, an IFC mission visited Paraguay in mid-June and, with The Nature Conservancy (TNC), presented a proposal to the Ministers of Finance and Agriculture. Both Ministers confirmed their Government's commitment to preserving the Mbaracayu tract as a nature preserve, expressed interest in the debt swap proposal, and are presently studying it. Over the next few months, IFC will continue discussions with the Paraguayan government and TNC to refine the proposal. Concurrently, TNC, in consultation with the World Bank Group, will develop a strategy for raising international donations for the nature preserve.

I appreciate your support for this initiative and your kind offer of assistance.

Sincerely,



WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

ST

CORRESPONDENCE DATE : 89/07/27 DUE DATE : 89/08/24  
LOG NUMBER : 890803017 FROM : Sen. Heinz Wirth Gorl  
SUBJECT : Re IFC's negotiations w/the Paraguayan Gov't. to convert the IFC  
property in Mbaracayu to a wilderness reserve.  
OFFICE ASSIGNED TO FOR ACTION : Mr. Ryrie (I 12-015)

ACTION:

- APPROVED
- PLEASE HANDLE
- FOR YOUR INFORMATION
- FOR YOUR REVIEW AND RECOMMENDATION
- FOR THE FILES
- PLEASE DISCUSS WITH \_\_\_\_\_
- PLEASE PREPARE RESPONSE FOR BBCs SIGNATURE
- AS WE DISCUSSED
- RETURN TO \_\_\_\_\_

COMMENTS :Mr. Ryrie's office: Pls. clear final resp. w/Mr. Aguirre-Sacasa  
prior to submission for Mr. Conable's sig.  
cc: Mr. Aguirre-Sacasa

# United States Senate

WASHINGTON, DC 20510

July 27, 1989

Mr. Barber Conable  
President  
International Finance Corporation  
1818 H Street, N.W.  
Washington, DC 20433

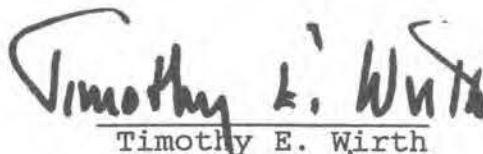
Dear Mr. Conable:

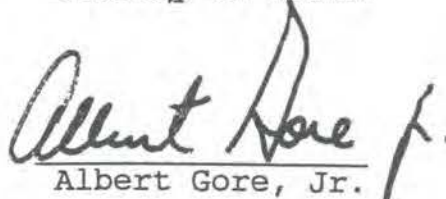
We were pleased to learn that the International Finance Corporation (IFC) has begun negotiations with the Paraguayan Government to convert the IFC's property in Mbaracayu to a wilderness reserve. As you recall, we had the unique opportunity to visit the area in January of this year. Based on our experience, we support efforts to protect the watershed contained in this reserve.

We understand that the Bank proposal includes a debt-for-nature swap, which would be the first to be implemented in Paraguay. The creation and testing of these kinds of innovative approaches to complex problems should be encouraged by all means. I am confident that you and your staff will be able to come up with a creative strategy to make this transaction possible. If we can be of any assistance, please do not hesitate to contact us.

Sincerely,

  
John Heinz

  
Timothy E. Wirth

  
Albert Gore, Jr.



US - Senate

# OFFICE MEMORANDUM

DATE: August 1, 1989

TO: Mr. Barber B. Conable, President

FROM: Judith Maguire, EXTPA *JM*

EXTENSION: 75324

SUBJECT: Breakfast with Senator Leahy

1. You are scheduled to have breakfast with Senator Leahy on Wednesday, August, 2. This meeting represents an opportunity to introduce the Senator to the World Bank and to multilateral development issues. Until recently, I think it is fair to say that Leahy has had little exposure to or interest in Bank issues. Unfortunately, the demands of the Agriculture Committee and his other responsibilities have greatly limited the time he could spend this year on foreign aid issues.

2. We know that Senator Leahy and the Subcommittee are extremely interested in the debt issue. You may want to give him a brief overview of the Bank's role in the Brady debt initiative. He would undoubtedly be interested in our recently announced debt and debt-service reduction guidelines and in the recent loans to Mexico and Venezuela which include support for debt reduction. Tell him we'll be happy to provide background materials on these issues if this would be useful.

### Foreign Aid Bill

3. IBRD Funding. There are two issues which you should try to raise with Leahy in connection with the Senate Foreign Operations Subcommittee markup of the foreign aid bill (this will probably take place in mid-September). The first is funding for the IBRD. As you know, the House refused to include any money for the IBRD in its bill; they want to be assured that the burden of debt reduction will not fall disproportionately on the taxpayers as a result of increased IBRD exposure in the highly indebted countries. The Treasury Department is hoping that Leahy will include some funds for the IBRD in his bill, although I'm not sure whether anyone in authority has actually talked to him about this as yet. If you believe it important that Congress provide visible evidence of continued support for the Bank, you should indicate to Leahy that we put a high priority on the IBRD funding, and ask for his support.

4. The Administration requested \$90.25 million for the IBRD. You might ask Leahy to include \$40-50 million for the IBRD in the Subcommittee bill. It is important to have a sizeable number at this stage, as it will undoubtedly have to be scaled back in Conference. There is of course a trade-off for these funds. Any money for the IBRD will have to be taken from the Title I funds available for the MDBs (around \$1.4 billion). It is simply not possible for them to cut bilateral funding to help us out. Given the severe restrictions on outlays, and the outlay patterns of the various MDB accounts, realistically speaking the only place that money can be found for the IBRD is the IFC account. (Since the IFC account outlays at a faster rate than does the IBRD account, funds taken from from IFC will

allow them to include proportionately more money for the IBRD). Clearly, Bill Ryrie will not be happy to sacrifice this money, but I think everyone else would agree that we need to preserve our options at this point. When we get to the Conference, you would then still have the option to signal your relative priorities. Unless a way is found to include some IBRD money in the Senate bill, we will lose the chance to obtain a crucial "signal of confidence" from the Congress for our debt initiatives.

5. China. You are of course aware of the restrictive language in the House bill which withholds \$115 million in IDA funds until January 1, 1990, and which allows the release of this money only if the President certifies that IDA has not made any loans to China since June 27, 1989 or that any such loans will support the process of increasing individual freedoms and improving human rights in China. It is not likely that this bill could make it through the Senate without having some language on China attached. It is therefore important that we work with Senator Leahy to find language that expresses Senate concern about China, without at the same time reducing the money available to IDA or infringing on Bank sovereignty. Treasury will undoubtedly ask him to include language similar to what they tried without success to get Obey and Lewis to accept. Such language would express Senate concern for recent events in China, and instruct the U.S. Executive Director to vote against any MDB loans to China which do not support "basic human needs" (this is a criteria now used to decide how the U.S. will vote on loans for countries such as Chile). This language was rejected by Lewis because he and other conservatives now fully realize that this doesn't really accomplish anything - as all the loans go through routinely in spite of the U.S. objection. However, it may be possible to get language like this through the Subcommittee and full Committee - it will all depend upon whether Senator Nickles is alerted by the conservative network to push for something stronger.

6. You may want to discuss with Leahy one particular option - that we would move forward (preferably after October) with one or two projects which would especially benefit China's people - particularly those in poorer, rural areas. This is a variation of the "human needs" argument. I'm not sure that Senator Leahy will know how much flexibility he will have on this, but you might stress that you would very much like to keep in close touch with him on this and to work with him on the final language.

#### World Bank Pay.

7. As you remember, Senator Kasten registered his "outrage" with the recent pay raise given Bank staff. He raised this again when Secretary Brady appeared before them. Attached is the letter we sent to Senator Leahy at that time, as well as the fact sheet which we sent to Senator Kasten. As the fact sheet has a bit more detail than does the Leahy letter, you might want to make this available to Leahy. The U.S. Executive Director's office is now preparing answers to questions submitted by Kasten to Secretary Brady. The problem is not a lack of information. The problem is that Kasten has decided to make a big issue of this for political reasons. Hopefully, the President will be able to push through a sizeable pay raise for the U.S. civil service; that should take some of the heat off us.

cc: Mr. J. W. Stanton, EXC

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

May 26, 1989

The Honorable Patrick Leahy  
Chairman, Subcommittee on Foreign Operations  
Committee on Appropriations  
United States Senate  
Washington, D. C. 20510

Dear Pat:

A new compensation system was recently adopted by the World Bank and the IMF. The system is market-based, with pay increases determined by job performance. It was developed over four years by a Joint Compensation Committee of members of the Executive Boards of the Bank and the IMF; the U.S. was represented on this Committee.

There is no question that a new salary structure was necessary, as World Bank salaries were no longer competitive in the international job market. As a result, the Bank was experiencing difficulty in attracting qualified staff from many of its European member countries, Japan, the United States and even some developing countries.

This problem had been long in the making. For four years beginning in 1984, pay increases granted to staff had lagged significantly behind the market. The end result was a salary structure about 17 percent below market comparators. (This is analogous to the situation in which the U.S. Government now finds itself; after years of pay compression, U.S. civil service salaries are about 26 percent below actual market comparators).

The deterioration in Bank salaries also meant that the Bank was unable to recruit outstanding candidates with a wide range of skills. This not only included debt management and finance specialists, where Bank salaries were significantly below the market in virtually every country where such people can be recruited (including the U.S.), but also economists, lawyers, industrial experts, specialized agriculturists, energy and environmental experts.

....2

The Honorable Patrick Leahy

May 26, 1989

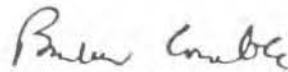
Once the new structure was agreed, our Board of Directors approved an overall pay increase of 11.1 percent in staff salaries. (The Board also approved additional funding to bring a limited number of Bank staff whose salaries are below the minimum of the new range for their grade, to that minimum.) The 11.1 percent increase in the salary pool will be distributed to individual staff on the basis of established performance criteria. Pay increases will be tied to merit, and will range from 3.9 to 17.5 percent. Seventy percent of the staff will receive increases of less than 11.1 percent.

The specific increases which will be awarded to individual staff have not as yet been determined. Bank managers are now completing the annual performance reviews for their staff, and salary increases will be fixed on the basis of these reviews. This process will be completed by the end of June.

I believe that the current adjustments are reasonable, and that they are essential to preserve the high quality of our staff and international character of this institution.

I thought it important to tell you about this myself, and to explain why these changes were made. I will be happy to answer any questions you may have on this issue.

Sincerely,



Barber B. Conable

## World Bank Compensation

### Status of the Increase

In late April and early May, the Bank's Executive Directors approved a new pay system and salary increases for Bank staff, effective May 1, 1989. All but one of the Executive Directors supported the salary increase proposal which the Board considered on May 10.

The new salary system was developed over four years by a Joint Compensation Committee of members of the Executive Boards of the Bank and the IMF. The U.S. was represented on this Committee.

### Why Was a New Structure Necessary

World Bank salaries were no longer competitive in the international job market. As a result, the Bank was experiencing difficulty in attracting qualified staff from Japan, many of its European member countries, and even some developing countries, in addition to the U.S.

This problem had been long in the making. For four years beginning in 1984, pay increases granted to staff had lagged significantly behind the market. The end result was a salary structure about 17 percent below market comparators. (This is analogous to the situation in which the U.S. Government now finds itself; after years of pay compression, U.S. civil service salaries are about 26 percent below actual market comparators).

The deterioration in Bank salaries also meant that the Bank was unable to recruit outstanding candidates for a wide range of skills. This does not only include debt management and finance skills, where Bank salaries were significantly below the market in virtually every country where such people can be recruited (including the U.S.), but also such standard skills as economists, lawyers, industrial experts, specialized agriculturists, energy and environmental experts.

The old salary system had resulted in serious pay compression. Those at the top of the scale were in the end being paid little more than those several levels below them. (This again is a problem which has characterized U.S. public sector salaries).

### How Big is the Pay Increase

The supplemental budget provides for an increase of 11.1 percent in staff salaries. 1/ It also includes some money to bring a limited

---

1/ If the Executive Directors had not voted to modify the Bank's pay system, the increase which would have been due under the previous system would have been 13.6 percent for professional staff.

number of Bank staff whose salaries are below the minimum of the new range for their grade, to that minimum. The 11.1 percent increase in the salary pool will be distributed to individual staff on the basis of established performance criteria. Pay increases will be tied to merit.

The actual increases which will be awarded to specific staff have not as yet been determined. Bank managers are now completing the annual performance reviews for their staff, and salary increases will be fixed on the basis of these reviews. This process will be completed by the end of June. At that time, more exact data will be available.

However, since guidelines for awarding the pay increase have already been established, some general observations can be made.

- (a) Increases will generally range from 3.9 to 17.5 percent.
- (b) About 5 percent of the staff are expected to be given increases of no more than 3.8 to 4.8 percent.
- (c) 65 percent of all staff are expected to receive increases of less than 11.1 percent.
- (d) About 20 percent of the staff are expected to receive raises of between 10 and 15 percent.
- (e) 10 percent of the staff could be given increases of from 12 to 17.5 percent. However, the maximum increase would be given to only a small number of staff whose performance over the past year has been outstanding.
- (f) In addition to the increases explained above, a limited number of staff (less than 300) whose salaries are far below the minimum for their grade, will receive increases which are in excess of 17.5 percent. Virtually all of these staff are at grades 18-22, where there were the greatest anomalies in the salary structure. The average midpoint salary for these grades was \$37,443 before the increase and \$46,120 after.

Explanatory Note:

The matrix on page 14 of the attached booklet on the World Bank Compensation System, while based on a hypothetical 10 percent overall pay increase, provides a useful graphic depiction of the salary breakdown cited immediately above. Adjusting it to reflect the 11.1 percent salary increases actually voted by the Bank's Executive Directors, gives the 3.9 percent to 17.5 percent range cited in (a) above.

INTERNATIONAL ADVISORY PANEL  
CHINESE UNIVERSITY DEVELOPMENT PROJECT II

2101 Constitution Ave. NW, Washington, DC 20418

May 8, 1989

OFFICE LOCATION  
Milton Harns Building—Rm 468  
2001 Wisconsin Avenue, N.W.  
(202) 334-3057

CABLE ADDRESS: NARECO  
TELEX: 490007668  
NRC LT

MEMORANDUM

TO: Barbara Searle, World Bank  
FROM: Halsey <sup>John</sup> L. Beemer, Jr., International Advisory Panel, CUDP II  
SUBJECT: Proceedings of CUDP II Curriculum Development Seminar

Enclosed are copies of the Proceedings of the Curriculum Development Seminar on Chinese Economics and Finance Education (CDS) held at Fudan University, August 1987. I have sent you the English language version as it has also been produced in Chinese for free distribution within China.

As you know, the Seminar brought together a broad cross-section of Chinese academics in the fields of economics, finance and management with a smaller group of foreign specialists in the same fields from Germany, Japan, Australia, The United Kingdom, Canada, and the United States. (see page 157-9 for the list of participants.)

Before participating in the Seminar, the foreign economists lectured on their disciplinary specialties for a month to six weeks in Chinese universities. In addition to discussing with their Chinese colleagues the most current state of their respective fields, the foreign economists were afforded the chance to accurately gauge the level of students' academic background in economics as well as assess the textual material currently in use. Thus, the foreign economists were able to make their Seminar deliberations well founded in the concrete reality of current Chinese economics and finance education.

Following the lectures, the foreign economists took part in the Curriculum Development Seminar. The basic issue dealt with at the Seminar was the most appropriate methods of incorporating the corpus of quantitative, analytical Western economic theory into a Chinese curriculum dominated by Marxian Political Economy while at the same time taking into account the evolving Chinese economic reality.

The most important result of this Seminar was a joint recommendation to the Chinese State Education Commission (SEdC) that it consider a new "minimum core curriculum" for Chinese economics and finance institutions of higher education. (See Section 7, "Summary Report on the Curriculum Development Seminar" which outlines the Seminar's major recommendation, the "Proposed Minimum Core Program for The Bachelor's Degree in Chinese Universities for all Economics, Finance and Management Specialities.")

B.B.C. - The next logical step is the training of teachers and the printing of <sup>text</sup> books to carry out the ~~own~~ recommendations of the Curriculum Development Seminar. I can't believe that Congress wants us to stop this program !!  
JWS.

This "minimum core curriculum" contains courses found in most western economics programs and focuses on strengthening the quantitative and analytical capabilities of Chinese economics and finance college and university students. This "Minimum Core Curriculum" has subsequently been incorporated into SEdC guidelines on reforming economics and finance curricula and distributed to Chinese institutions of higher education with economics and finance programs.

Recent Panel visits to Chinese universities indicate that the recommendations have been largely heeded and the courses incorporated into the teaching programs of the key comprehensive universities controlled by the SEdC. This success is somewhat less evident in institutions controlled by line ministries and provinces.

This Seminar resulted from the joint efforts of Professor Shigeru Ishikawa, Aoyama Gakuin University, Tokyo, and International Advisory Panel Vice Chairman for Economics and Finance working with his Chinese counterpart, Professor Wu Xuangang, Professor of Economics and Vice President of Xiamen University. Special mention must be made of Mr. Edwin Lim, Chief, WB Resident Mission, Beijing who was instrumental in convincing the State Education Commission of the utility of the Seminar as well as insisting on the broadest scope of foreign involvement in its deliberations. It was also Mr. Lim who strongly recommended that the Seminar include intellectual inputs from the Eastern European and Third World experiences in reforming the teaching of economics in their regions.

In addition to the English and Chinese versions of the CDS Proceedings, these following other CDS publications will be forthcoming:

- CDS Occasional Papers which are based on the disciplinary lectures given by the foreign economists prior to the Seminar. To the lectures have been added teaching instructions, leading lists and problem sets. These Occasional Papers are being published in Chinese by Fudan University Press and distributed as they become available.
  
- The Evolution of Economics and Business Curricula in Some Foreign Countries which describes the history of the development of economics and finance curricula in Germany, Japan, the United States, India and Hungary. Eminent economists such as Professor Sukhamoy Chakravarty of India and Erno Zalai of Hungary contributed to this reference work. It will be published in Chinese and distributed by Xiamen University Press.

I will send you copies of the remaining CDS publications as they become available.

cc: Walter Rosenblith, IAP





# Record Removal Notice

<b>File Title</b> Barber Conable - Liaison Files - United States and International Agencies - Government - United States Senate - Correspondence - Volume 2		<b>Barcode No.</b>  1780994		
<b>Document Date</b> 31 July, 1989	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: J. William Stanton From: Hugh Scott				
<b>Subject / Title</b> IDA8 Appropriation - Limit on China Credits				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Vlada Alekankina</td><td><b>Date</b> October 26, 2011</td></tr></table>	<b>Withdrawn by</b> Vlada Alekankina	<b>Date</b> October 26, 2011
<b>Withdrawn by</b> Vlada Alekankina	<b>Date</b> October 26, 2011			

8-1-89

B.B.C.

- 1) Judith's note fails to mention that our #1 goal is to keep the House figure on IDA. 965 m completes IDA8.
- 2) Less stringent China language is needed to allow us to approve credits when such loans will be used to "improve the basic human needs and living standard of the Chinese people and thus give the poorest of the poor an opportunity to increase their individual freedoms and enhance the dignity of human life."
- 3) The IDA credits that we don't think can wait until January are education projects (see attachment); an agricultural project in Jiangxi Province (one of China's poorest with per capita income of about U.S.\$ 116.00 per year). It supports rural families who support private commercial operations raising pigs, poultry or fish who function very largely outside the official state distribution system. Women play a major role in these enterprises and at least a quarter of the trainees waiting for this project to start are female. Along with the World Wildlife Fund, the project will support an environmental management study for Lake Poyang, the largest freshwater lake in the country; another project provides for investments, technical assistance and training to improve the education, public health services and improve sanitation in three rapidly growing cities. Its goal is to increase self-reliance on the part of municipal governments. Project components include new approaches to provision and stimulation of home ownership, pollution control by industry, and the improvement of the social infrastructure. These are just three examples.
- 4) IBRD - we really should have 40-50 million. We think the House agrees.
- 5) Hugh Scott points out that present provisions violate the spirit of the IDA Articles and the Eighth Replenishment Resolution. Treasury will be working on a change in the China language that is far superior.
- 6) Tell the Senate that before a mark-up that you will visit Cong. Lewis and Obey to try to get them to support the senate language.
- 7) We would like to work with Staff. We had a great working relationship with his predecessor's staff (Collins).
- 8) Consider giving them a copy of the Development Seminar memorandum. I have an extra. I think it's terrific.

J.W.S.