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6/16/97 Foreign Aid Briefing

THE WHITE HOUSE

REMARKS BY THE FIRST LADY  
IN BRIEFING ON FOREIGN AID

Map Room

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3:12 P.M. EDT

MRS. CLINTON: We wanted to have this briefing -- it is one in a series of briefings that we've held, and some of you have actually attended some of the other briefings on issues that we believe are important but often don't have time to be discussed in any depth. And it's especially significant as we're about to finish the commemoration of the Marshall Plan and to go into another series of what will be, we think, important discussions in the country, whether it's NATO enlargement or MFN or fast track or United Nations reform, and a lot of the other issues that have an important bearing on what happens in our country and the world, but often are not on the front burner of public consciousness, that we would take a chance like this to discuss one aspect of that. And that is, in particular, the role of development assistance and humanitarian assistance in our overall foreign policy and how they are strategic means for advancing American interests at home and abroad.

When we were recently in the Netherlands for the celebration of the Marshall Plan I gave a speech at the University of Amsterdam about development assistance which seemed somewhat appropriate since the Dutch spend probably a higher percentage of their gross domestic product on development assistance than any but maybe one or two other Scandinavian countries, and they've long been committed to it.

But what I thought was significant was that in his 1954 Nobel speech, General Marshall gave a rather remarkable statement about the importance of development assistance and the sort of softer side of security, and how, in looking back on his career as a soldier and on looking at the success of the Marshall Plan, the things that he would like to see the North Atlantic Alliance focus on were education and sort of social investment, human capital development and the like.

So we have here some experts in foreign policy and in America's role in the world today and in the way in which a lot of the work that we're doing really ties together. This is an auspicious day to have this discussion because tomorrow, as you'll hear in a minute, we have -- what -- the 500th flight of Operation Provide Hope and we have an important announcement about African trade and aid policy, both of which are linked together, although at first glance they may not appear to be so.

I'd like first to call on Ambassador, now Secretary Pickering, who has just been confirmed, thankfully, and is over at the State Department after, I think it's fair to say, one of, if not the most distinguished careers in the foreign service and on behalf of the United States recently serving in Russia. And I wanted to ask him -- he's going to have to leave for another appointment -- but to provide a kind of overview of what's happening in Russia and what our engagement with Russia means and how these efforts at aid and building up relations through development efforts are really critical to the long-term democratization prospects of that country.

AMBASSADOR PICKERING: Thank you, Mrs. Clinton, very much. It's a pleasure to be over here and a pleasure to talk about a subject which has occupied a lot of my time and attention. I think General Marshall said, when questioned about the Marshall Plan, that it was the most difficult and, at the same time, the most rewarding issue he'd ever been involved in. And many things about our assistance program in Russia fill that bill for me.

Most recently, I had the shortest retirement on record as President of the Eurasia Foundation, which is a small, but I think, very significant aid recipient, working at grass-roots projects in Russia and the states of the former Soviet Union. I'll be glad to talk further about that with any of you.

But I would also tell you at the larger end of the spectrum, those of you who have watched Russia -- and there are a lot of Russia watchers in here -- will know and understand that macroeconomic stabilization has been achieved in Russia. In simple terms, that means inflation rate is down from 1000 percent a year in '92 to very low double digits and maybe moving toward single digits in the future -- a very, very important achievement and one that sets the basis, in my view, for Russia's being able to grow and seek more investment. And that's certainly what President Yeltsin and his key reformist advisors are struggling with now. But the role and record of aid, particularly in the kind of technical advice that was necessary and provided on a sustained basis, was very, very much responsible for that.

Similarly, privatization in a country where private business was totally illegal in 1990 and where now 60 to 70 percent of the work force is involved in some element of private activity, the very significant amounts of money spent on technical advice in that area through AID were extremely significant in bringing about that very large-scale change -- not without bumps along the road; none of us think it was cost-free or necessarily totally perfect, but it was a major change. And it's extremely important to recognize that it was change in a country which never intended to change, and change in a country along a route which was never plotted in advance.

Nobody knew how to go from communism to something like the free market and capitalism. And so it had to be sustained and pushed ahead and thought about and planned as it went, rather than something that could be immediately seen as a kind of projection of what we've been doing in Africa or what we've been doing in Latin America. So it was brand new and a great challenge.

I think it is also very, very important to mention -- and Dick Morningstar will get into this -- that there is a human face to American assistance in the states of the former Soviet Union, from the humanitarian program which Dick will mention, to a program that Mrs. Clinton herself was directly involved with, our hospital to hospital partnerships, something in which numerous large American hospitals have partnered themselves with very significant Russian and NIS hospitals for technical assistance, for in-service training, for exchanges

of person, and for support in things like medicines and equipment. These have been supported through AID and been very, very significant.

Another very touching program -- and I think, too, Mrs. Clinton, you were involved in this -- is the fact that in preparation for a Russian attack in Central Europe these many years, and as part of NATO's buildup, the United States built and stored something like nine or ten extremely large military hospitals in containers. And these were delivered in pieces all over the CIS states as part of our contribution to helping those hospitals upgrade.

And Russians and Americans were all touched by the fact that we had been preparing one moment for war with one another, and the next moment we had seen these remarkable changes and developments, and through the defense program of disposing of this surplus equipment, all of it first line, all of it meeting the highest American standards, 500 train carloads were delivered at various times throughout Russia, the Ukraine, and the other states of the former Soviet Union. And it made a huge difference to the life and health of many ordinary Russians.

We can go on and on -- business is another area, focus and concentration in our work. And our ability to help businessmen understand what business was about, to provide Peace Corps volunteers -- a very interesting and different adaptation to the Peace Corps idea -- as business consultants throughout the CIS, the ability to set up small business training institutions throughout Russia and the other countries had an enormous impact and is continuing to have an enormous impact on Russia.

And I'll mention one more because it is a centerpiece of American foreign policy and interest, and that's democracy. We have provided lots of assistance in many areas. The introduction of jury trials, which existed in a fashion under czarist Russia, was a strange, rather interesting, but very innovative experience. It was limited to nine of the 89 Russian equivalents of our states. It was limited to the choice of defendants in death penalty cases, but very quickly defendants in Russia found they got a better shake from the jury system than they did from the new adaptation of the old Soviet system which was designed to ensure 99.9 percent convictions -- a very interesting breath of fresh air in the Russian scene.

Similarly, in elections, where aid assistance and support was absolutely critical in the six or seven major Russian elections that have been held since the disappearance of the Soviet Union -- absolutely critical in assuring the freeness and fairness of those elections -- you can't imagine how difficult it was to organize an election process with 96,000 polling places across Russia, 11 time zones, huge changes in climate, and to do this time after time and to do this in a way that stood the scrutiny of international observers, that stood the test of mathematical comparison, that met the standard of exist polling, all of which made a big difference I think in the way in which the Russian electoral process was working and continues to work, and obviously made a major difference, I think, in the outcome of the Russian efforts toward democracy and reform.

Well, I could go on and on. There are lots of other gee-whiz kinds of things, but the critical and most important thing is that on all of the major issues that made a real difference, the United States was not a Marshall Plan for Russia, but it provided that amount of assistance and that amount of technical backup that made a significant difference. We provided very little, if any, to the Russian government in terms of dollars. We provided technical advice to Russians, many of them connected with the government, and there was lots of criticism in Russia and elsewhere that we were providing very high-priced

consultants. But after a very careful look, it was clear to me that the prices that we paid for consultants was entirely compatible with exactly what the United States government was paying all over the United States for consultant services it had also contracted for.

I know you have questions, and so let me move on, Mrs. Clinton, to the next contributor. But thank you for the opportunity to be here.

MRS. CLINTON: I think that Secretary Pickering's very brief, but comprehensive overview of all of the different forms of aid that have been offered raises an interesting question, because it may not be part of a Marshall Plan, but it certainly has resulted from the marshaling of a lot of resources. And I'm not sure that we've yet sat down and actually calculated the combination of direct and indirect resources that have gone on to governments and non-governmental entities in the former Soviet Union. But I think if we were and we counted foundation and business and in-kind and everything else, we would be far in excess in today's dollars on any kind of comparison than what the Marshall Plan provided.

But because it is not direct government-to-government aid, it is not always understood and viewed as being what it is, which is a very clear investment of American resources, public and private, in the future economic and democratic successes of these countries.

Dick Morningstar has been responsible and on the front line for a lot of the aid that's gone in, and I want him to give sort of a brief overview of what he's done.

MR. MORNINGSTAR: Thank you, Mrs. Clinton. I'll briefly touch on two areas, one being -- it's not fair that you're leaving, Tom, because you got to say all this stuff and -- but Tom mentioned the surplus of defense equipment that has been supplied into the CIS or the former Soviet Union over the last several years. And tomorrow's 500th flight as part of Operation Provide Hope will include several million dollars of excess defense equipment that will be going to Uzbekistan. In fact, that equipment will be going -- to be totally accurate -- will be going by rail and pure medical supplies will be going on the airplane. But it's another example of how materials that were put in Europe as part of the Cold War is still now doing good in the former Soviet Union.

One little anecdote to emphasize the point, the person in my office who is responsible for the Operation Provide Hope program is Colonel Russ Hardesty. He was a B-52 navigator before coming to the State Department to run this program, on detail from the Defense Department. And it's sort of a real-life, vivid example of the transition that's taking place.

Operation Provide Hope is something that really isn't talked about very much, and it does have the very human impact that Mrs. Clinton was talking about before. We have provided some \$2 billion worth of commodities to the former Soviet Union through this, 80 percent of which has come through private contribution. Some 20 pharmaceutical companies and medical companies are participating in the 500th flight tomorrow. It's a perfect example of how a public-private partnership can work where small amounts of federal dollars -- literally, what we pay for is the transportation for these shipments, and the goods come either from the private sector or from the DOD excess equipment that's been talked about. And it's a remarkable program and it's done a remarkable amount of good.

When I go to places -- some of the smaller countries like Georgia, Armenia, Kyrgyzstan, others, they will say that they literally may not have survived as independent countries but for this assistance, along with some of the other humanitarian assistance that we provide under a more traditional rubric, through the U.S. Department of Agriculture and other programs.

I need to take this opportunity since there's a somewhat captive audience to talk briefly about the President's Partnership for Freedom initiative for the NIS. The President, as many of you know, has requested from Congress an increase from \$625 million to \$900 million for the Partnership for Freedom program. I would like to make five quick points with respect to that program that I think ought to be emphasized.

One, the work that we do in the former Soviet Union is in our national security interest, and I want to emphasize the security part. It is our national security interest because the ultimate transition of these societies to stable market economies, market democracies and market economies is key to our national security. And when you think about it, it doesn't take a whole lot of imagination to realize why that's the case.

There are four key points to the program. We're focusing on the economic growth of these countries, and in so doing, we're focusing on small businesses and we're focusing on the regions. It's one thing for these countries to have reached macroeconomic stability; it's another to take the transition to economic growth. And we need to take the steps that we can to help that take place because that will create the stability that's necessary.

And we also need to understand that this is a generational process and that we have to stay involved as part of this generational process. I think sometimes we're a little impatient as to how quickly change can take place and we have to recognize that this is going to be a five, 10, 15, 20-year process and we need to stay engaged; we need to create relationships by continuing and emphasizing the partnerships and exchanges that Tom Pickering was talking about, supporting non-governmental organizations and the like.

And, finally, the initiative will allow for more money for two very key areas that I think have been shortchanged; I think a lot of us think have been shortchanged. One is Russia. Because of the earmarks in the appropriations bills of the past few years, Russia literally has been reduced from a \$1.5 billion in 1994 to \$95 million in 1997, under the Freedom Support Act. We would propose to increase that to approximately \$240 million, which is still only 15 percent of the number in 1994, and in doing so, to emphasize at this point of Russia's transition, again, working in the regions, working with small business and activities that have local and community impacts.

And finally, the \$900 million would allow for more money for the Caucasus and Central Asia -- Armenia already does have significant funding, but we still have Georgia and Azerbaijan as well as the five Central Asian countries. It's obviously very important from a commercial standpoint, a geopolitical standpoint, and we can have an effect on promoting democracy in those two areas.

MRS. CLINTON: Thanks, Dick.

Well, I wanted to ask Brian Atwood to make some comments because he's been at this longer than any of the rest of us in trying to make the case for development assistance and its connection to our security and economic interests. And so, Brian, would you --

MR. ATWOOD: Thank you, and thank you for helping me make that case as well, both in terms of your travels and in terms of your willingness to go to the American people and speak about these issues and talk about the lessons that can be learned from our experiences overseas here at home, and the ways in which our interests are served by these programs.

I've had a wonderful day today. I think this is going to just top it off. But this morning I was invited to go to a Republican congressman's district in New Jersey; I visited a plant called Lifelines, where they make these little vial monitors -- they're heat markers they put on vaccines to determine whether or not the vaccine is still valid. And in the battle to eradicate polio around the world, this is an absolutely essential technological breakthrough that we made with AID funds that will enable vaccine to get into some of the remote parts of Africa, to get the final cases of polio.

That will save the United States, by the way, \$234 million a year that we use to vaccinate our children because polio still exists in the world. So it was nice. I spoke to a group of his constituents, and I think, frankly, the mood on Capitol Hill has changed so dramatically in the last couple of years. I think people are now beginning to understand that foreign aid really is a misnomer, that it is also very, very much in our interest as well to pursue things like infectious diseases and to deal with environmental threats to our own country and the like.

It's also -- finally, after four years, I can actually say it's been a good year to be AID Administrator, in the sense that everyone is focusing on the Marshall Plan and what a wonderful achievement for America that that was.

There is, however, one small complaint I have. Most people seem to say, okay, that was then and this is now and there's a major difference. And what I would suggest is that after the Marshall Plan succeeded, we were successful in getting those countries that had been reconstructed to join us. And today the burden-sharing is very significant. In those days, of course, we provided 100 percent of all of the foreign aid in the world. Today it's 12 percent. The worry I have -- I don't worry about the 12 percent -- the worry I have is that the overall amount has been going down the last three years and it can go down to a dangerous point. And I think we obviously need to demonstrate our leadership.

But I wanted to just review very quickly some of the things that have been accomplished, especially for those who say aid hasn't worked since the Marshall Plan. Well, in the last 35 years -- I'll give you some examples -- life expectancy in the developing world rose by more than 20 years, from 41 to 62 years. Infant mortality was cut in half. The percentage of the population with access to clean water doubled, from 35 percent to 70 percent. Adult literacy has risen from less than half the world population to two-thirds of the world population. Food production and consumption have increased at a rate of 20 percent faster than population growth, although that's starting to become a problem, which is why we are going to be emphasizing food security issues.

And then we've seen a sharp fall in fertility rates. In AID countries where we've provided more family planning services than anyone else, we've seen those rates go down from six to three. And use of modern contraception has risen from 10 percent to 50 percent.

Those are very significant and U.S. leadership was significant in leading the rest of the donor community to do that. And the overall amount of

I think that there has been some necessary learning about what the extent of free markets could be in terms of dealing with a lot of the hard core problems that were apparent in the former Soviet Union, whether it's environmental cleanup or unemployment or the like.

So, yes, I think there is beginning to be a conversation around the world. It's not just in the context of aid, but we're seeing it in Europe as a lot of the tensions are coming to the surface on what it means to have a unified Europe, let alone a currency. We're seeing the debate in Canada with their recent election, we're seeing the debate here in the United States, we're seeing the debate really come to the forefront. And I think that's a very healthy position to be in.

Because if you either put all of your eggs in the government basket, we know the results of that. If you put all of your eggs into the free market basket, we know that the inequalities can become severe and threaten democratic institutions, so creating this new balance as we move toward a new century of the appropriate amount of a safety net, of the appropriate restraints on government, the appropriate regulations for a market, all of that is what is being kind of played out now most visibly in Europe. You read about the marches in Amsterdam over the weekend.

I think that there is going to be a lot of discussion and focus, you're going to see Tony Blair looking to create new labor in governing, not just new labor in political campaigning, and much of what the President has tried to do over the past four and a half years has really been to kind of lay the groundwork for how we answer that question here at home and to work with leaders from around the world about how we're going to answer it globally. And that's going to be one of the very big issues that we will have to address around the world, because there are a lot of issues that Brian mentioned, whether it's environmental degradation or disease, drug-trafficking, that cannot be handled by governments alone, cannot be handled by the free market, cannot be handled by multinational corporations -- all of that is going to be a big set of issues for us to deal with.

That's something that's a little theoretical now, but I think that a lot of what you're seeing acted out in the foreign aid debate and even in Congress is a kind of recognition that a lot of these issues are going to have to be thought about differently, addressed differently to create the right balance of power, and that's what I keep coming back to is that if you're going to have a healthy, functioning society, you need a good balance of power among the three principal sectors of society -- the market economy, the governmental authority and then for want of a better term, the civil society. How do those three work in balance.

And where there is an imbalance, how do we build it up over the short term. And in many countries we have to get functioning markets. They don't have them. In other countries, we have to help governments understand how to exercise authority in a fair and equitable, transparent way and in other countries we're trying to help build a civil society with a nongovernmental organizational base that will help hold both the government and the market in check. And it's that kind of balance that I think we're going to have to look to.

MR. MORNINGSTAR: Can I just add one thing -- and I agree obviously with everything you said. By the year 2000 four out of the five people that are living on the face of this earth will be living in the developing world. In the

money that was invested, approximately \$60 billion a year, with the United States contributing somewhere in the range of \$10 billion to \$12 billion a year, was on a range comparable to that of the Marshall Plan if you consider that over five years we spent about \$88 billion on the Marshall Plan.

We have some very ambitious goals ahead, however. We, through a whole series of U.N. conferences, have made commitments. In the Development Assistance Committee of the OECD, which was created with American leadership and continues to see that American leadership despite the cuts in our budgets, has set very ambitious goals for the next five to 15 to 20 years.

Let me just review them briefly. One goal is to reduce the proportion of people living in extreme poverty -- that's \$370 a year, about a dollar a day -- by one-half by the year 2015. Now there are 1.3 billion people living in extreme poverty in the world today.

Second, there should be substantial progress in primary education, gender equality, basic health care and family planning as follows: Universal primary education by the year 2005. That means that the number of girls in the world in particular that do not now have equal access to education will -- that problem should be fixed. And that's a commitment made in Copenhagen where Mrs. Clinton spoke to that goal -- eliminate gender disparity as I indicated, and then reduce by two-thirds the 1990 infant mortality rate by 2015.

Now, there are a lot of breakthroughs that were, in many cases, created by AID funding. The oral rehydration therapy that dealt with the number one killer of children previously, the diarrheal diseases; respiratory diseases are now the number one killer of children. Vitamin A research that is very directly related to infant mortality, childhood immunization programs, food security, clean water and family planning. And the final point is that family planning is to be made available for all who want it by the year 2015.

And the third aspect of this involves the environment. It calls upon all countries to have in place a sustainable development environmental strategy by the year 2005. Obviously, you will be hearing a great deal this year and next about climate change. In my opinion, that's one of the greatest national security threats that we face. You're going to be seeing -- you already can see the weather-related disasters increased to the point where many insurance companies don't even want to get into the business. You're seeing rising water levels, and all of this is a result not only of emissions from the industrial world, but from problems that are being created in the developing world, including the loss of rainforest. A football field every second is lost; about 42 million acres of rainforest a year. That is a very, very serious problem, and it's a problem that we have to address.

I'm going to end there, but I do want to underscore a point, too, before Susan speaks about Africa. I believe that is where the greatest challenge exists. I believe that's where we should be putting most of our resources for the following reasons: Twenty-two of the world's 30 poorest countries are in Africa. A quarter of all African children die before their fifth birthday from disease or malnutrition. Only half of all adults are literate in Africa, and fewer than 20 percent of young people can attend high school. HIV AIDS infection rates are the highest in the world in Africa.

I also believe -- and I know that Susan is going to say these things, so I'm not going to continue talking -- but there is more opportunity in Africa for growth than ever before. This year, the World Bank estimates that

African economies will grow cumulatively at the rate of 4.7 percent, and that's with several African economies that are not growing at all. Those that have been at war -- Nigeria, that is being badly managed; Sudan, Somalia, Liberia, Zaire, or ex-Zaire, et cetera. So there is tremendous potential in Africa, and I will end there.

MRS. CLINTON: Well, thank you, Brian. I know that some of you who have traveled with me on my trips know that we've tried to emphasize a lot of these points, because it's something that we think has long-term implications for our country, and Secretary Albright has spoken out forcefully on development assistance and on the role of women around the world in American foreign policy, because we are convinced that if women are given opportunities, countries become stabler, more prosperous and peaceful and better partners for the United States.

As Brian said, that's nowhere more important than in Africa and, as I said in the beginning, we have a conference tomorrow that, as Susan will tell you, will kick off a new strategy that we hope that is both bipartisan and a result of a partnership between the Congress and the President and the public and the private sectors.

Susan, do you want to jump in?

SUSAN: Thank you, Mrs. Clinton. Thank you, also, Brian for --

MR. ATWOOD: I should have said you can't speak for attribution, isn't that correct?

MRS. CLINTON: That's right, because she's been nominated the Secretary for African Affairs.

SUSAN: Our overarching policy goal in Africa is to try to assist Africa to become fully integrated into the global economy. And as we and the Africans themselves strive to do that, it's important to underscore the central role that our development assistance and other bilateral assistance has played in that effort.

We now provide some roughly \$700 million in bilateral development assistance annually to Africa as the President's request level for this coming year is slightly more than what we ended up with last year from Congress, but in that rough ball park. And much of that assistance is directed to what might be called "altogether human capital development," whether it be health, education, microenterprise initiatives, child survival efforts, private sector development, including such things as creating stock markets in various African countries.

These are all about building an enabling environment and creating the human capital necessary for economies to grow. We also do a great deal of democracy and governance work as part of that overall package. Now, bilateral development assistance is central and will continue to be so, and we obviously also assist Africa in other ways -- through humanitarian assistance, which amounts to several hundred million dollars a year, as well as through our contributions to the multilateral institutions, particularly the IDA (pho.) and other concessional lending windows in multilaterals.

And I think that Brian gave us a very impressive litany of statistics of the evidence that supports the contention that our development assistance has had positive success and has made a significant contribution. In the African context, the press is dominated by stories of Sierra Leone and Congo

Brazzaville, and other problems of the-- (inaudible) -- what you don't hear about is the positive side, the growth that's occurring.

You don't know that Ethiopia grew at 12 percent last year. This is, remember, Ethiopia that only a decade ago was going through one of the worst famines in the world, and that Uganda was just coming out of the Obote era grew at 10 percent last year. And that countries like Mozambique, which just three or four years ago was emerging from civil war is now growing at some seven to eight percent a year. And so is little Malawi. So all over, in the midst of some somewhat depressing news, there's some fairly remarkable and unheralded success stories, all of which lead this administration and the President and Mrs. Clinton to the view that Africa represents a real area of opportunity and one that we could bypass at our own peril.

But obviously, development assistance and aid alone can't be the engine for sustained economic development and growth in these areas. Growth must be driven in the first instance by positive, sustained economic and political reforms in these countries, and part of the large reason for the success that we've seen to date is that a number of African countries that are now starting to undertake and stick to these very austere economic reform programs while they embark on solidifying and sustaining their own democracies.

So aid alone can't do it, but aid has to be an important component of an overall strategy and a bridge to a future where policy reforms, supported by increased trade and investment, drive and sustain the sort of long-term growth that we all hope to see. And it's this long-term growth in Africa, which is frankly manifestly in our own national security interests, in our own national economic interest as well.

A few points to illustrate that. At present, the United States enjoys only about seven percent of the African market and yet, we account for about seven percent of imports into Africa which already combine to account for about 100,000 U.S. jobs. As the African market grows and as the United States share of that market grows, so, too, will the number of U.S. jobs that flow directly from that trade.

Africa, as probably many of you don't know, is one of the most lucrative places in the world to invest. It has the highest return of investment rate of any place in the entire world, something close to about 30 percent. That's on the economic side. But obviously, we have security and other interests in seeing a stable and prosperous and democratic Africa. There is obviously a feedback loop to the extent that there is security and prosperity, there is a reduced need for humanitarian assistance, for humanitarian intervention and other forms of intervention that may be costly or risky.

At the same time, countries that are performing well economically and are stable partners are the best source of partners we can have when it comes to things like fighting terrorism, fighting narcotics, fighting proliferation of weapons -- all of which are very real security threats in Africa. And so we embark on the effort that the President will announce tomorrow with the very firm conviction that what we are doing is not only good for Africa, but is good for the United States.

Tomorrow, the President will come together with a handful of leaders from Congress, a bipartisan group, to underscore our mutual commitment to pass legislation sponsored by Congressman Crane and Rangel and McDermott in the House and by Senator Lugar in the Senate, that will provide particular support to

those African governments that are embarked on the most difficult and challenging economic reform policies, and to promote increased trade and investments for the United States and Africa. And that initiative will have several components, including increased market access for African products to the United States, include bilateral or multilateral technical assistance, debt relief, efforts to increase U.S. investment in Africa through OPIC and other means, and then efforts also to improve and raise the level of the policy dialogue between the United States and Africa, bringing together on a regular basis senior officials at the ministerial level to work through these difficult economic and political issues.

The thrust of this initiative is, as I said, on those countries that are undertaking the most difficult economic reforms. It's not to say that we're leaving the rest of Africa behind; there is something in there for all that are marching down the same road. But there will be particular benefits reserved for those countries that continue and sustain the economic and political reforms that are already underway, and we're hopeful that tomorrow in the run-up to the Denver Summit where there will be also an effort to focus on Africa and an effort to multilateralize many of the initiatives that the EU decide to undertake on a national level, will lead to heightened awareness around the world of the opportunity and potential in Africa and a greater amount of cooperation and concerted effort among the G-8 partners, with the common role of advancing our own national and collective interests as well as the welfare of the African people and the African continent.

So I'll just stop there and we'll go on --

MRS. CLINTON: Thanks. Let's move on to any questions that you have for any of us.

Q Susan, how many countries are you talking about which are in this category of reform and thereby deserving of U.S. support?

SUSAN: Well, to a large extent, this will be a self-selecting group that will identify itself by reforms that they have already undertaken and those that they will continue to take. We are not at this point going to say that the number is five or the number is 20 or the number is 12. But I think if you have a look around the continent, we have between us mentioned a number of the sorts of countries that are already embarked on types of reforms that we are encouraging to take.

That means -- those reforms include opening their own markets to foreign exports, lowering tariff barriers, introducing currency to current account convertibility -- those sorts of things, as well as sustaining their own domestic investment and capital that will be important benchmarks and are consistent with the legislation that's already been introduced that we will consider carefully as we make these benefits available.

Q I was just going to say, I mean, there aren't many democracies in Africa. Are you -- no? You disagree with that, or -- I mean, there --

SUSAN: -- number is in the 25 range.

MRS. CLINTON: Yes. See, but Larry, I think that makes the point in a way for us, because I was thinking the other day that suppose in the 1980s when there were guerrilla wars going on in Guatemala and El Salvador and there was intense television coverage in Europe and in Africa and in Asia, and they looked

and they said, oh, my God, North America is a mess. That's kind of where we are with Africa, because there are about 25 democracies, some of which have made heroic efforts in the last 10 years and particularly in the last five years, but they're overshadowed by what goes on in Zaire or Sudan or Sierra Leone, and I actually had somebody ask me before I was leaving for Africa what the capital of Africa was. (Laughter.) So that there is so little sense of North Africa and Equatorial Africa and Sub-Saharan Africa and South Africa, and I think the question was a good question, because what we found just in our own trip to the six countries we went to is that there is a transition going on in leadership not only in the public sector, but in the private sector in Africa and if we can provide some incentives, we can actually accelerate some of the process of change in these democracies. At least that's the bet we're making.

Now, will we still have Sierra Leones? Will we still have Nigeria? Will we still have a very unsettled future for the new Congo and the old Congo? Absolutely. But you can take any continent and say the same thing. You don't say Cambodia and Singapore are the same when you look at East Asia. So I think part of what Susan and the administration and the President are trying to do with this initiative and press conference tomorrow is to try to help Americans start thinking about countries and places instead of just this whole continent which they kind of view as nothing but trouble.

Q Mrs. Clinton, if I may, you said you were -- I think I quoted you exactly -- "trying to make the case for development assistance." What I'd like to know, really, is to whom? I mean, given what Brian said about how the mood in Congress has already changed, who is the target audience?

MRS. CLINTON: I think we've been doing this for four years so that there has been a concerted effort on the part of the administration -- I was just one of many of these people who were making this case about development assistance. And we have seen a change in attitude and a greater awareness on the part of the Congress. But I still think there is a case to be made to the general public. Because even though we have seen attitudes among members of Congress who may have come to Congress with no interest or previous experience in foreign travel let alone foreign affairs begin to change as they have tackled problems and traveled and listened to people like Brian or Susan or Dick. There still is not a very broad or deep understanding out in the public at large. And I think part of that is because we don't have a factual basis for Americans to work off of.

Any public survey that's taken show that still Americans say, well, we spend too much money on foreign aid and when asked how much do we spend, they estimate anywhere from 15 to 25 percent of our budget. And often, when there is a follow-up question, which is how much do you think we should spend, often people say, oh, I don't know, no more than 10, and yet we spend less than one.

So there is a real disconnect -- I think a lot of Americans are proud when they hear that we've wiped out polio in both the North and the South Americas and that we're on the brink of wiping it out because of what we've done and many other examples that Brian could give. But they still don't have a good, factual understanding of what we spend our money on, how much we spend and the results we get.

So I think part of what we're continuing to do is to try to make that case to the American public and certainly Secretary Albright who has been fabulous in her travels around America talking about the importance of foreign policy is giving us a much better audience than we had before.

Q Could I ask a question that perhaps flies in the face of political conventional wisdom? Do you really think you're doing enough for Russia and the former Soviet Union? I don't just mean in terms of direct aid, but given the stakes, given the risks if it doesn't go right, are you sure that this administration is doing enough to make sure it doesn't go the wrong way?

MRS. CLINTON: I'll give you a personal opinion and then I'll let somebody speak for the administration, so I speak strictly for myself, for nobody else. I think the answer to that is probably not, and I think that we've missed some real opportunities not just in Russia, but in Central and Eastern Europe to make more investments in democratization efforts and development assistance that would have long-lasting benefits.

Dick Morningstar said that we've cut our direct aid to Russia rather dramatically, and I think that is something we should rethink, as we're attempting to do with some of the proposals for foreign assistance this year, but I should let Brian and Dick feel bad on behalf of the administration.

MR. ATWOOD: I will only say that the problem we've had is that the overall amount that has gone to the Soviet Union with the exception of one year where we actually spent \$1.3 billion. I might say that the President made a major push for that money after having a series of summit meetings with Mr. Yeltsin, and obviously that creates a bit of a pipeline. But it's now down to something like \$95 million, and a large reason for that is the earmarking on Capitol Hill. They took a lot of that money and put it into the Ukraine, for example. I think the Ukraine last year was \$225 million.

But, Dick, why don't you finish?

MR. MORNINGSTAR: I think the numbers that are -- dollars -- assistance or cooperative activities in the NIS are dictated by political realities and not by what ought to be done. I would agree with Mrs. Clinton that more could be done and more ought to be done. What we intend to do by focusing on localities and regions is going to be very important. And I think the more that we can do to help small business, the more that we can do to create more partnerships, to do more exchanges on an incremental basis is going to help. Every single one helps.

I come from business, so when I came into this present job, I wouldn't say I was cynical, but I certainly had questions that -- you know, are exchanges really valuable, that kind of thing -- and I think they're tremendously valuable, not just from the standpoint of the training and the education that an individual recipient gets, but that person has family, that person has friends, and their experience creates so much excitement that they go back and they're ambassadors. And I think that it's very helpful.

So, yes, sure -- in an ideal world, it would be great to have more, it would be great to be doing more things, but it is incremental and we have to do as much as we can.

Q Using like the U.N. arrearages or the so-called "reorganization of the State Department" as models, how far along would you say you are toward having a bipartisan consensus with Congress that could sustain adequate levels of development assistance for four or five years?

MR. MORNINGSTAR: Well, I think we're getting there. I think the bill that was recorded out of the Foreign Relations Committee with respect to U.N.

reform is a lot closer to our position than we might have imagined, and so we're pleased about that and hoping that we can sustain that and indeed, that we can negotiate the terms with other nations that participate in the U.N. system.

The reorganization I think is a recognition that something had to be done, that we're dealing with different problems. My only point would be that we need to look more broadly at resource expenditures in the post-Cold War world that there isn't a lot that is spent by those agencies that fall within the 150 economy.

There is more money out there that is spent on international affairs and other accounts that will go nameless. But nonetheless, I think we're again, to the extent that the administration has listened to Capitol Hill on reorganization that we, the President has come up with his own plan, the details of which we're working out and we certainly would like to make sure the Congress gives us the time to work out those details and doesn't try to legislate the specifics of this, but I think we've gone a long way to reach unified partisan consensus on these issues.

So therefore, there ought to be more willingness and there has been in the budget resolutions a willingness to give the President what he asked for, for the 150 account. I think that's very significant.

Q I have two questions for Mrs. Clinton. First off, is this going to be -- the battle for more funding for foreign aid -- Is this going to be a major project of yours in the future? Is this kind of a one-shot deal based on your trip?

MR. MORNINGSTAR: It's been a four-year effort here.

Q I know, but I mean, this whole announcement. And secondly, when you talk about Africa and you talk about the fact that we really don't know much about Africa and, frankly, we don't write as much as we should about Africa -- we had a great trip to Africa before -- but do you think that part of the reason why we don't focus on Africa very much is the issue of racism? Your husband is making a big initiative on racism right now. Is racism the reason why we haven't focused on Africa?

MRS. CLINTON: I think that's a really interesting question and I don't have an answer for it. But I think it would be worth exploring. It might be worth talking with some experts in the field and people who have studied this issue, because I certainly would be interested in knowing what they might say about it. And I would commend that as an idea to all of you.

I don't have a -- I've not thought about it that way. You know, it's in many ways -- if you go back and look in the 1960s at what economists were saying, they were saying that Africa was poised to take off, because with the end of colonial rule, they had infrastructures that were all set, and that South and East Asia were just never going to amount to very much. And we know now that those predictions were absolutely wrong more than 30 years ago.

So I think that there are a lot of reasons why the American public is not as engaged in what has gone on in Africa, and I think that really should be explored and I we should think about how to make it more accessible to people and look at every issue that might affect that.

As to the first question, you know, I've worked on these issues for more than four years, made lots of speeches about them, done the travels that the President and the State Department asked me to make, but it's just one of many voices that are out there and it will continue to be one of many voices. I'm not going to stop speaking out on why I think development assistance is in America's interest, but I don't expect to do anything different than what I've done for the last four and a half years.

MODERATOR: We have time for about one more question.

MRS. CLINTON: I'll take both -- you've got your hands up.

Q I just heard an interesting -- this idea that there's really been a sea change on Capitol Hill on foreign aid. I mean, there obviously was one budget battle, but in most respects this Congress is more isolationist than we've seen in a long time. What makes you think this is a long-range kind of turn in their attitudes?

MR. MORNINGSTAR: Two years ago, I guess it was Tony Lake, the National Security Advisor, that said basically that we're entering into a -- I fear that we're entering into a period of isolationism through the back door. In my view, a couple of years ago we were in a state of rationalization that we could somehow afford to cut a lot of the accounts of government, but the international affairs accounts very significantly and not suffer any consequences.

I think that has been the learning curve, that we have successfully convinced a large number of members of Congress that that's an irresponsible course. They all, of course, at the time really reacted to the word "isolationism." No one wanted to be called an isolationist -- no one. And so that was probably a very positive word to have used in those days.

I don't think that is true today. I think people who have endorsed the need for international spending, a lot of them have been very fearful of the situation the United States is getting itself into. Senator Lugar, for example, with respect to U.N. arrears and a number of others. So I think that we've come a long way and maybe a sea change is -- I guess that's a good phrase. It is a sea change. I think we're now on the verge of a new bipartisanship.

MRS. CLINTON: The only other thing I would add to this, and I'm not sure this is true to the exact numbers, but I know I was told by several people who are sort of old hands at foreign affairs and congressional relations that one of the biggest problems is that a very large proportion of the Congress, as constituted after the '94 elections, had never held a passport, had never traveled outside the United States. The numbers that were quoted to me were shockingly high.

So as people have become more familiar with what it is the United States government has done for the last 50 years and as they themselves have traveled and have had briefings and have shaken hands with and sat to talk with not only people representing the administration, but business leaders from America and political and business leaders from abroad, there's been a real learning experience that has gone on which I think you can't underestimate the impact of, so that it's no longer some abstraction, but it's a plant in your district that produces a breakthrough device that can actually eliminate polio, and who is the major customer for that -- why, the United States government. Why, because of foreign aid. Those connections were just never made before.

It's like the United Nations. Most people don't know that treaties and protocols passed by the United Nations help them get their letters sent from one part of the world to the other. So there's just a lot of learning, to go back to the question about who is a conversation like this aimed at. Well, it's aimed at the American public, so that when decisions are made, there can at least be a broad, factual basis.

Now, there will still be legitimate disagreements over policy, and that is absolutely appropriate. But those disagreements will be fought out over some factual understanding of what the stakes are and what has been expended and what the results of that kind of investment have been.

So, last question.

Q Can I interject, actually? In the late '80s, the amount of money spent on foreign aid was much higher than it is now. So is the bipartisan agreement that we've hit the bottom, or do you think there's a climate where we can start to get back to those levels?

MR. MORNINGSTAR: It's beginning to come back incrementally. I think this year we'll see a small increase, and I think each year as we go forward as we examine our interests, I think we'll see increases. I don't think in the context of the need to balance the budget are we going to see huge increases, but incremental.

MRS. CLINTON: But the one thing I would ask, too, that you think about and add to the calculation is that I don't think ever before we've had such a concerted effort by our government to bring in other partners outside the government for development assistance. If you look at these hospital partnerships -- and I've visited several of them, I've helped to announce several of them here in the White House -- how you calculate the direct aid and the exchange of expertise -- we just haven't done it on the level that we're doing it now. The kind of enlistment of American businesses, not just for investments, but for aid contributions that are going on now.

So I think that in a way, we may be short-changing even what we've been able to accomplish by not looking at the entire context of what now is described as development assistance. We do have to focus on the government appropriations, but we also have to make sure that they are combined with in our understanding of what we're contributing with everything that's going on from the private and not-for-profit sector here in the United States as well.

Q I was just wondering, how much do you think this new push for aid, particularly to places like the former Soviet Union and Africa represents a rethinking of what seems now to be the conventional wisdom that markets are a solution and which, in fact, has been pushed as doctrine by the two main U.S. multilateral institutions, the IMF and the World Bank, and how much does it reflect a fear of a backlash against globalization in the sense that there are all of these social inequalities developing out there between rich and poor and that marketization is not panacea?

MRS. CLINTON: I think that's a wonderful question, because what we have tried to make the case for is that it's not either/or. Those of you who have covered my husband for some years knows that he's always looking for the third way, for the consensus. And oftentimes he's right, because it isn't either trade or aid. It's not either markets or government. It is a new way of trying to conceptualize and then implement a balanced approach.

next two decades we're going to add 2 billion people to that. That increase is about the level of the world's population in 1950. Ninety-five percent of those new people are going to be living in the developing world.

As we enter this new era, hopefully add to this new era of free trade with the new World Trade Organization and the like, the real question is, how many of the countries are going to be left behind that will not qualify for membership in the world's trading system. That is one of the major objectives of the African Trade Investment Initiative.

We must see Africa join the world trading system and the global economy; otherwise, the 2 billion people, or at least a very large majority of them, are going to be the wards of the international community as opposed to being consumers. So that's the real challenge, and that's why I think we're gaining once again a consensus that the United States needs to continue to be involved in this. Otherwise, we will be left behind as well.

MRS. CLINTON: Thank you all very much.

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