

ADDRESS BY SENATOR PAUL TSONGAS

CONFERENCE ON ECONOMIC DEVELOPMENT AND THE ROLE
OF INVESTMENT IN ANGOLA, MOZAMBIQUE, GUINEA-BISSAU,
CAPE VERDE, SAO TOME & PRINCIPE

JUNE 13 AND 14, 1980

Ambassador Easum, distinguished guests, I am pleased to be a host of this important conference on Investment and Development in Angola, Mozambique, Cape Verde, Guinea-Bissau, Sao Tome and Principe.

This conference brings together the American business community and government delegations from five African states in a beautiful setting to talk about business in the Third World. Present here in this theater are people who not too long ago had little interest in one another. Times have changed.

Pragmatic interests are overtaking ideology both here in the United States and in Africa. American companies which once recoiled from the thought of investing in a socialist African state now seek such opportunities aggressively. African states, fresh from wars of liberation, now court private companies who once seemed sinister and threatening.

There is a growing awareness of the mutual benefits to be reaped from commercial undertakings in Africa. The heavy attendance at this conference is, I think, the most eloquent evidence of this new consciousness.

I don't think it is necessary to explain to this informed audience what the benefits of investment and trade are. The textbooks have been telling us for years how foreign investment and trade can work to the economic benefit of all concerned. Yes, this sophisticated audience knows this elementary lesson. I regret to say that the U.S. Congress is not yet convinced.

There is only a hardy core of legislators who look at foreign trade and investment as constructive and worthy of support. I count myself among them. But we need help, help from the private sector. Companies must come to Capitol Hill and tell us how competitors from Europe with government help are cornering foreign markets. We will listen. We will respond. But you must act.

The legislative vehicles are ready. A bill has been introduced to beef up the role of the Export-Import Bank. The Senate Foreign Relations Committee, on which I sit, has held hearings on a bill to expand the scope of the Overseas Private Investment Corporation. I am cosponsoring legislation to permit banks to participate in trading companies.

There are many things we can do in Congress to stimulate American business activity abroad. I fully support those efforts and for a number of reasons, not the least of which is the growing competition from Europe and the Far East.

We must also consider our trade position which in this era of spiking oil prices has deteriorated badly in recent years. Yesterday, Secretary of Commerce Luther Hodges testified before the Foreign Relations Committee. He brought bad news. Our merchandise trade deficit will reach \$46 billion this year. Our share of world trade has declined steadily since 1960. Our exports are growing but not nearly enough. As Secretary Hodges explained, "the simple fact is that the U.S. has been outsold in world markets." Trade and investment can work together to correct this situation. Africa is a logical place to turn. The Third World generally is a growing source of investment and trade opportunities for the United States.

We are fortunate indeed that this conference has brought to our country such an impressive delegation from Africa. They are here because American investment and trade can meet their developmental agenda. The developmental impact of American investment can be enormous. Our African friends know this, and well they should. They realize that foreign assistance cannot fill their development needs.

The traditional source of American development funds has been our foreign aid program. American aid to Africa has increased in recent years but the overall political climate for foreign assistance is not good. The future of American aid programs in Africa and elsewhere is gloomy. Consider the one crucial statistic - public opinion - and you will all understand my pessimism. According to a recent ABC News-Harris Poll, 82% of Americans favor cutting back our foreign aid program. A mere 14% disagree. This political reality is not new, it is just getting worse. Ultimately it will do great harm to our assistance posture.

The alternative is investment and trade. Our government is slowly coming to realize that foreign investment and trade in the Third World can and should be promoted as a developmental tool. Businessmen do not see themselves as altruists, but when they do their job well they usually have an altruistic effect. By building a profitable factory in Mozambique, a tire manufacturer can serve his and Mozambique's interests. By producing oil in Cabinda, Gulf earns a fair return on its investment and helps Angola to develop. I look at the private sector as the most dynamic component of our developmental effort in the Third World. I want to encourage our private sector to look overseas. I am delighted to host this conference at which this cause will be advanced.

There is one more crucial ingredient in these calculations of mutual benefit from trade and investment. Our American government must face squarely its foreign policy responsibilities. Trade and investment cannot thrive in Angola when the Carter Administration refuses to recognize the Angola government. The American policy of non-recognition is an affront to Angola and a pointless barrier to improving economic relations between the two countries. So, too, the penchant in Congress for prohibiting foreign assistance to socialist states must cease. There is no useful purpose served by placing Mozambique on a blacklist. Such practices must end and I will do all I can to end them.

In closing, let me say that I am most honored to welcome you all to my beautiful home state of Massachusetts. I am particularly pleased to see such a large contingent of Massachusetts' firms here. I wish you all every success in your deliberations today and tomorrow.