

DECLASSIFIED

Authority NND 38111

By KJ NARA Date 12/15/11

CLEMENT J. ZABLOCKI, WIS., CHAIRMAN

L. H. FOUNTAIN, N.C.
DANTE B. FABCELL, FLA.
CHARLES C. DIGGS, JR., MICH.
ROBERT N. C. NIX, PA.
DONALD M. FRASER, MINN.
BENJAMIN S. ROSENTHAL, N.Y.
LEE H. HAMILTON, IND.
LESTER L. WOLFF, N.Y.
JONATHAN B. BINGHAM, N.Y.
GUS YATRON, PA.
MICHAEL HARRINGTON, MASS.
LEO J. RYAN, CALIF.
CARDIS COLLINS, ILL.
STEPHEN J. SOLARZ, N.Y.
HELEN S. MEYNER, N.J.
DON BONKER, WASH.
GERRY E. STUDDS, MASS.
ANDY IRELAND, FLA.
DONALD J. PEASE, OHIO
ANTHONY C. BEILSON, CALIF.
WYCHE FOWLER, JR., GA.
E (KIKI) DE LA GARZA, TEX.
GEORGE E. DANIELSON, CALIF.
JOHN J. CAVANAUGH, NEBR.

WILLIAM S. BROOMFIELD, MICH.
EDWARD J. DERWINSKI, ILL.
PAUL FINDLEY, ILL.
JOHN H. BUCHANAN, JR., ALA.
J. HERBERT BURKE, FLA.
CHARLES W. WHALEN, JR., OHIO
LARRY WINN, JR., KANS.
BENJAMIN A. GILMAN, N.Y.
KENNYSON GUYER, OHIO
ROBERT J. LAGOMARSINO, CALIF.
WILLIAM F. GOODLING, PA.
SHIRLEY N. PETTIS, CALIF.

JOHN J. BRADY, JR.
CHIEF OF STAFF

INV

Congress of the United States Committee on International Relations

House of Representatives
Washington, D.C. 20515

June 24, 1977

The Honorable W. Michael Blumenthal
Secretary of the Treasury
Washington, D.C. 20220

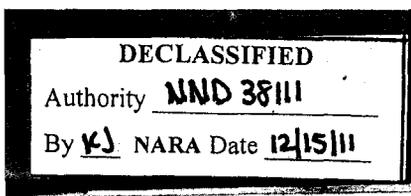
Dear Mr. Secretary:

Thank you for your letter of June 8, 1977, in response to my inquiry concerning U.S. corporate contributions to foreign political parties.

In your letter, you point out that the enactment of a U.S. law proscribing foreign payments made to secure a specific commercial advantage would not be offensive to other nations, as such payments have been widely prohibited by many governments. You suggest, however, that broader legislation, involving an attempt to regulate corporate contributions to foreign political parties for the purposes of influencing foreign elections, would present problems stemming from the extraterritorial application of U.S. law.

I certainly agree that the enforcement problems arising from an attempted regulation of American corporate political conduct overseas may be exceedingly complex. However, the complexities of the extraterritoriality question should in no way deter us from seeking a solution to a problem that has the most serious of implications for the conduct of our foreign policy. Moreover, as we are all well aware, the U.S. Government has placed a high enough concern with the underlying policy issues in such diverse areas as antitrust law, export and trade controls, and the Arab boycott regulations, among others, to override concern over the extraterritoriality question.

While I agree that such a measure might offend some foreign leaders, it is my belief that uncontrolled foreign political activity by American firms itself poses a far greater offense to a foreign nation's sovereignty. The serious political repercussions in Chile and Italy, for example, of the disclosures of American corporate political contributions in those countries indicates the considerably greater impact of such payments on host country governments than of



Committee on International Relations

The Honorable W. Michael Blumenthal

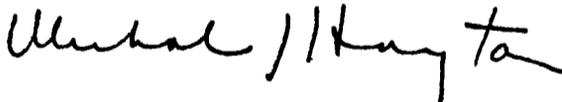
Page Two

the abstract notion of extraterritoriality. I also suspect that such a move on our part might well be widely welcomed by a variety of governments who have long anticipated a lowered U.S. profile in their internal political and economic affairs.

In my initial letter, I noted that the specific approach of the proposed legislation, that is, whether the measure should be directed toward disclosure or some sort of criminal sanction, could be resolved at some future point. The comments contained in your letter were directed solely toward a criminalization approach, and unfortunately failed to consider the possible benefits, both in terms of information to foreign affairs policymakers and the potential for gradual curtailment of such practices, if the regular disclosure of such payments were to be required by law. Thus, I would respectfully urge you to reconsider this issue, especially in light of the disclosure approach suggested above. Surely the deliberate neglect of the perplexing problems posed by the interference of U.S. corporations in the internal affairs of foreign nations is a position wholly inconsistent with the concern for high ethical standards that is rapidly becoming a hallmark of the Carter Administration's foreign policy.

Thank you for your consideration of this request and I look forward to your response.

Yours sincerely,



Michael J. Harrington
Chairman, Subcommittee on
International Development

MJH:m1s