

PURSuing THE PRIVATE OPTION

THE OVERSEAS PRIVATE INVESTMENT CORPORATION, THE
CARTER ADMINISTRATION, AND THE REVISION OF U.S. FOREIGN
DEVELOPMENT ASSISTANCE BETWEEN 1977-1981

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Abstract

Economic developmental assistance programs had been part of U.S. foreign policy throughout the Cold War. One agency responsible for administering programs was the Overseas Private Investment Corporation (OPIC). OPIC's role was to finance and direct investment by U.S. companies in the developing world. Relatively little historical research currently exists on the considerations of policy-makers in the Carter administration towards OPIC as an agency. This thesis adds to the existing historical debate on OPIC, and the adjustments to the program in the 1970s by studying sources from the policy-makers in the U.S. government.

This analysis provides an in-depth, and more nuanced narrative of the utilization of OPIC programs by the Carter administration. Based on qualitative literary studies into three distinct foreign policy areas, namely, energy policy, human rights, and U.S.-Sino relations. This thesis provides valuable insight into the different attitudes and policy considerations that clashed within the administration, which can be linked to the broader debate on President Carter's foreign policy. Cold War historians, in the past, pointed to U.S. actions between 1977-1981 as incoherent, and lacking any strategy. This analysis serves to show what political factors and dynamics led to an apparent inconsistency in policy-making related to OPIC.

Based on this analysis, it is concluded that the Carter administration's attitudes and policy considerations related to OPIC reflected the complexity of often conflicting security, economic, and human rights interest amongst the various members of his foreign policy team. OPIC served to fulfill several roles related to economic development, liberal internationalist integration of regional powers, for coercion of, or rewarding of, countries with (improving) human rights violations, improving the competitive position of U.S. business abroad, and as complementary to Cold War security interests.

Finally, this thesis also argues that, contrary to what historians have argued, OPIC itself developed a series of policy interest related to its function as a development-oriented organization with an export benefit. Continuation of the agency's mandate, depoliticization of its mandate, and readjusting the balance between within its mandate. Future research should consider the agency to be capable of acting proactively, rather than being only a reactive.

Keywords: Overseas Private Investment Corporation, loan insurance programs, Jimmy Carter, development assistance, foreign policy, U.S.-Sino relations, human rights, Zbigniew Brzezinski, foreign direct investments, energy policy

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1. Introduction

To mobilize and facilitate the participation of United States private capital and skills in the economic and social development of less developed friendly countries and areas, thereby complementing the development assistance objectives of the United States, there is hereby created the Overseas Private Investment Corporation – Foreign Assistance Act of 1969.¹

The Overseas Private Investment Corporation (hereinafter referred to as OPIC) has been a relatively unknown yet politically controversial enigma in American foreign politics from its creation in 1969 until its dissolution in 2019.² As an independent, wholly government-owned agency, OPIC has been tasked with assisting, financing, and insuring private investments by American companies in developing nations, and it has been positioned within U.S. foreign economic and development policy since its creation in 1969. OPIC's primary function as a government agency was to provide American businesses with risk insurance, government-backed loans, and investment advice on foreign investment projects in developing countries. The insurance program, OPIC's leading corporate venture, provided long-term (often as long as 20 years) investment insurance for American companies against currency inconvertibility, expropriation (the nationalization of a private company or property by the state), and political unrest (war, revolution, or insurrection). If a company with OPIC insurance felt a country had unfairly damaged its investment, the U.S. government would act on the company's behalf to guarantee adequate financial compensation.³

Although OPIC was operationalized as an independent government agency in 1971, similar loan guarantee programs to support private investment abroad had been part of U.S. foreign policy since the Marshall Plan. From 1961 onwards, they were administered through

¹ Charles F. Lipman, "Overseas Private Investment Corporation: Current Authority and Programs," *North Carolina Journal of International Law* 5, no. 3 (1980): 339, <https://scholarship.law.unc.edu/ncilj/vol5/iss3/2>.

² As of December 20, 2019, OPIC's investment portfolio, staff, and activities have been transferred to a superseding government agency, the U.S. International Development Finance Corporation. Memorandum, President Donald J. Trump for Chairman Richard Shelby, March 8, 2019, *The White House*, <https://www.dfc.gov/sites/default/files/2019-08/shelby-letter-reorg-plan-compressed.pdf>; *The New York Times*, "Senators Assail O.P.I.C. Operation," *The New York Times*, October 18, 1973, <https://www.nytimes.com/1973/10/18/archives/senators-assail-dpic-operation-foreign-relations-unit-seeks-to.html>; Lipman, 337-342; Roshen Hendrickson, "Adjustment in the Role of the Overseas Private Investment Corporation (OPIC) in Sub-Saharan Africa," *Africa Today* 58, nr. 4 (2012): 67-71, <https://doi.org/10.2979/africatoday.58.4.67>.

³ For additional information on OPIC insurance and financing in the 1970s, see: Lipman, "Overseas Private Investment Corporation: Current Authority and Programs," 342-354; Hendrickson, 68-72.

the Agency for International Development (AID or USAID).⁴ Created during the Kennedy administration, the merger of foreign aid programs into USAID had brought forth a single U.S. agency responsible for overseeing and implementing economic development and civilian aid programs abroad.⁵ In what President Kennedy proclaimed to be the “Decade of Development,” the Kennedy and Johnson administrations increasingly placed USAID and its developmental programs in the context of containing Soviet influence abroad. Ensuring the stability of developing and friendly countries through administering economic assistance, for instance, in South Vietnam, was considered an essential tool for protecting U.S. security interests abroad.⁶

In *United States Development Assistance Policy: The Domestic Politics of Foreign Economic Aid*, written by economist Vernon Ruttan, the constraints that short-term security considerations have placed on developing a coherent U.S. foreign assistance strategy are extensively studied.⁷ Ruttan’s work reveals the complexity of policy-making and diverging interests, ideas, and considerations within American administrations that have determined foreign development assistance. His account is highly relevant for any historical analysis of OPIC or any other development program. It points to a struggle amongst policy-makers to formulate policies that complement both short-and-long-term U.S. security, economic, and development interests. Sara Lorenzini, in *Global Development: A Cold War History*, writes that the Nixon administration, in the aftermath of the Vietnam War, acknowledged that U.S. developmental assistance could not guarantee political stability and subsequently sought to reform economic bilateral and multilateral development programs, shifting to a strategy of long-term economic security and interdependence.⁸ Following a review of U.S. international development policy by the members of the Peterson task force, comprised of several “prominent” private citizens, the Nixon administration proposed several organizational changes, including creating a separate government agency to administer the loan program: the

⁴ Lipman, 342-354; Marshall T. Mays, “The Overseas Private Investment Corporation,” *Lawyer of the Americas* 5, no. 3 (1973), 471-479, <https://www.jstor.org/stable/40175494>.

⁵ Sara Lorenzini, *Global Development: A Cold War History*, (Princeton, Princeton University Press, 2019), 65-71.

⁶ Amanda Kay McVety, *Enlightened Aid: U.S. Development as Foreign Policy in Ethiopia*, (Oxford: Oxford University Press, 2012), 172-185; Lorenzini, 64, 74, 129.

⁷ Vernon W. Ruttan, *United States Development Assistance Policy: The Domestic Politics of Foreign Economic Aid*, (Baltimore: Johns Hopkins University Press, 1996).

⁸ *Ibid*, 129; Agency for International Development, *For a Generation of Peaceful Development: President Nixon’s message to Congress*, (Washington DC: Agency for International Development, 1971), 1-20, <https://catalog.hathitrust.org/Record/100889895>; Task Force on International Development, *Report to the President - U.S. Foreign Assistance in the 1970s: A New Approach*, March 4, 1970, https://pdf.usaid.gov/pdf_docs/PNABH264.pdf.

Overseas Private Investment Corporation.⁹ Loan guarantee programs that USAID had administered since its inception in 1961 were transferred to the new agency. As Roshen Hendrickson notes, budgetary considerations also played a crucial role in creating OPIC, as the agency was expected to lead to increased participation of private capital in U.S. foreign development projects at little to no cost to the American taxpayer.¹⁰

The creation of OPIC in 1969 had received broad support from the U.S. business community. Expropriation of American companies had become more common in the developing world, and the insurance programs provided by OPIC ensured, on the one hand, financial compensation for the corporations and, on the other hand, ensured more active involvement by the U.S. government in expropriation disputes. Business leaders and administration supporters of the loan programs testified before Congress that financial and political backing by the government was necessary for (multinational) corporations to make the ‘riskier’ investments in the developing world.¹¹ Among the members of congress, the proponents of OPIC, including Republican Senator Jacob Javits, who had introduced the amendment which created OPIC, made similar claims. Senator Javits argued that OPIC and its programs were necessary a component of U.S. foreign economic policy because they allowed American businesses to compete with their counterparts from the other industrialized nations, thus supporting the economic position of the United States. This perceived benefit to the U.S. economy was deemed equal in its importance to the development aspect of OPIC.¹²

OPIC supporters thus viewed the agency as severing the economic, development, and security interests of the United States in developing countries through the facilitation of private investment. For OPIC to achieve its policy goals and adhere to the contradictory nature of the agency’s mandate, which stipulated a development-oriented approach while being financially prudent and acting in cooperation with private corporations, it required an organizational structure that fit those goals. Although OPIC functioned as a government agency, it was set up with a corporate structure, including a president and corporate board, to spur “businesslike” investment policy.¹³ The OPIC Board, which acquired a significant degree of policy-making

⁹ Agency for International Development, *For a Generation of Peaceful Development*, 1-20; Hendrickson; 69-70; Lorenzini, 129-131.

¹⁰ Hendrickson, 69.

¹¹ Ibid, 69-72; Brendan Jones, “Chile’s Take-Over Plans Hit by Javits,” *The New York Times*, February 2, 1971, <https://www.nytimes.com/1971/02/02/archives/chiles-takeover-plans-hit-by-javits.html>; Agency for International Development, *An Introduction to the Overseas Private Investment Corporation (OPIC)*, (Washington DC: Agency for International Development, 1970), 1-8, https://pdf.usaid.gov/pdf_docs/Pnadw822.pdf.

¹² U.S. Congress, Senate, Committee on Foreign Relations, *Overseas Private Investment Corporation (OPIC): Hearings before the Subcommittee on Multinational Corporations*, 93th Cong., 1st sess., July 31, 1973, 311-322, <https://books.google.nl/books?id=dTPQAAAAMAAJ>.

¹³ Lipman, “Overseas Private Investment Corporation”, 341-342.

independence, consisted of six public officials (the President of OPIC, the Director of USAID, the U.S. Trade Representative, and officials from the Departments of State, Treasury, and Commerce) and seven members drawn from the private sector. All members of the OPIC Board were appointed by the President and confirmed by the Senate.¹⁴

Whereas OPIC advocates viewed the program as a crucial component of U.S. foreign (development) policy, namely, that it could contribute to the economic development of developing countries with the projects that it insured, the agency's political opponents did not concur. In analyzing OPIC's history in the 1970s, Hendrickson identifies three arguments that challenged the agency's mandate.¹⁵ A first group objected to the financial costs of the organization, arguing that OPIC would subsidize big business at the taxpayer's expense. Budget concerns had resulted in the addition of a congressional reauthorization requirement for the agency every four years (1969, 1973, 1977, 1981, et cetera), which served as a 'check' on OPIC's expenditures for guarantees and loans.¹⁶ Every four years, an administration and Congress would debate the organizational mandate of OPIC to determine if it should be reauthorized.¹⁷ The second group questioned to what extent OPIC was able to consequently 'direct' private investment in developing countries and, more broadly, to what extent private development financing would bring about the desired economic growth.¹⁸ Critics from this group would point to OPIC's support for development projects with little apparent benefit for 'needy' persons, such as a hotel in Haiti, where the charge of \$150 per night contrasted starkly with the \$150 average annual income of Haitian citizens.¹⁹ Opponents of OPIC also pointed out that some more developed countries, including Brazil, South Korea, and the Philippines, had received significant amounts of financing, despite records of human rights violations or relatively high per capita incomes.²⁰ Finally, the American labor union strongly opposed OPIC,

¹⁴ Lipman, 341-342; Hendrickson, 67; Mays, "The Overseas Private Investment Corporation," 471-479; Janice C. Shields, "Overseas Private Investment Organization," *Institute for Policy Studies*, July 1, 1999, https://ipsdc.org/overseas_private_investment_organization/.

¹⁵ Hendrickson, 68-72.

¹⁶ Lipman, 355-358.

¹⁷ Ibid; Hendrickson, 68; Jones, "Chile's Take-Over Plans Hit by Javits," *The New York Times*, February 2, 1971.

¹⁸ Hendrickson, 70.

¹⁹ U.S. Congress, House, Committee on Appropriations, *Foreign Assistance and Related Agencies Appropriations for 1978: Hearings before the Subcommittee on Foreign Operations and Related Agencies*, 95th Cong., 1st sess., April 5, 1977, 300, <https://books.google.nl/books?id=7fcdAAAAMAAJ&dq>.

²⁰ Hendrickson, 67-70; United States General Accounting Office, "Statement of J. Kenneth Fasick before the Subcommittee on International Economic Policy and Trade," *U.S. General Accounting Office*, September 8, 1977, 6-7, <https://www.gao.gov/assets/103514.pdf>.

arguing that the program incentivized large (multinational) corporations to export jobs abroad at the expense of domestic workers and with little benefit for the U.S. economy.²¹

Challenges to OPIC's authority remained prevalent throughout the 1970s, and, with the election of Jimmy Carter to the Presidency, changes to American foreign policy and, by extension, to the OPIC mandate appeared imminent. Carter had run on a populist message of domestic economic reforms to rescue a faltering economy. According to the historian William Michael Schmidli, Carter considered himself a self-avowed student of social liberalist policy and fiscal conservatism at the same time.²² Additionally, newspapers noted that President Carter, at least in the early days of his administration, had little interest in meeting with or supporting businessmen.²³ Furthermore, Carter sought to fundamentally change American foreign policy by fusing it with a combination of moralism, an emphasis on human rights, improving regional stability, and restoring American leadership after the destructive Vietnam War and apparent decline under his Republican predecessors' policy of detente.²⁴ Finally, broad support from organized labor and the unions was critical in ensuring Carter's victory over former President Ford in the 1976 election.²⁵

Given the fact that OPIC had been a contested political subject, the apparent disparities between the agency's programs and the Carter administration's overall foreign policy objectives, as well as Carter's reliance on political support from OPIC opponents, the period between 1977-1981 represents a crucial case study for historians understanding of OPIC. However, current academic research on the role of OPIC in the Carter administration's foreign policy agenda lacks depth because it is based on congressional records and OPIC's annual reports, which do not give any insight into the Carter administration's or OPIC's internal policy debates.²⁶ As research by academics Lorenzini and Ruttan indicates, these debates and policy

²¹ Hendrickson, 67-70.

²² William Michael Schmidli, *The Fate of Freedom Elsewhere : Human Rights and U.S. Cold War Policy toward Argentina*. (Ithaca: Cornell University Press, 2017), 157; Hendrickson, 72-75; Lincoln P. Bloomfield, "From Ideology to Program to Policy: Tracking the Carter Human Rights Policy," *Journal of Policy Analysis and Management* 2, no. 1 (1982): 1-12, <https://doi.org/10.2307/3323646>.

²³ Louis M. Kohlmeier, "The Big Businessmen Who Have Jimmy Carter's Ear," *The New York Times*, February 5, 1978, <https://www.nytimes.com/1978/02/05/archives/the-big-businessmen-who-have-jimmy-carters-ear-carter.html>.

²⁴ Burton I. Kaufman, *The Presidency of James Earl Carter, Jr.* (Lawrence, Kan.: University Press of Kansas, 1993), 37-46; John Dumbrell, *American Foreign Policy : Carter to Clinton* (New York: St. Martin's Press, 1997), 11-31.

²⁵ Hendrickson, 69-70; Warren Weaver Jr., "Labor's Drive for Carter is Biggest It has Made in a Presidential Race," *The New York Times*, October 26, 1976, <https://www.nytimes.com/1976/10/26/archives/labors-drive-for-carter-is-biggest-it-has-made-in-a-presidential.html>.

²⁶ See Hendrickson, 72-74, 85-86; Lipman, "Overseas Private Investment Corporation: Current Authority and Programs"; Alan C. Brennglass, "Political Risk Analysis : A Study of the Overseas Private Investment Corporation and Private Firms Engaged in Polit. Risk Insurance and Management Analysis," (PhD. diss., New

considerations are relevant for our understanding of adjustments in U.S. foreign policy.²⁷ The Export-Import bank, another business-oriented government agency that provides financing for U.S. exports, and thus, is not situated in developmental policy, but rather, in foreign trade, has been the subject of such a study.²⁸ Similar research for OPIC does, as of yet, not exist. This thesis, noting a lack of research into the political considerations of Carter administration officials related to OPIC, intends to analyze to what extent the policies of the Overseas Private Investment Corporation have shifted as part of the Carter administration's foreign policy framework?

To answer this question, this thesis will employ a qualitative research method based on the study of both primary and secondary literature related to OPIC and the Carter administration. An emphasis is placed on primary sources, especially internal documents from the executive branch and OPIC. Since 2013, the State Department has been steadily releasing policy documents and memorandums about important topics of the Carter administration's foreign policy agenda as part of the *Foreign Relations of the United States* series. These documents provide new and valuable insight into the discussions amongst members of the Carter administration. Furthermore, some internal OPIC documents and diplomatic cables were available online through *WikiLeaks* and *Governmentattic.org*, which published an index of OPIC board resolutions in 2017. Additionally, records from Congress on OPIC and foreign development policy have been consulted. Finally, the archival collections on Carter's foreign policy from the *Roosevelt Institute for American Studies* are included as part of this project.

Although the documents used as part of this thesis are not all-encompassing in scope, they provide new insights into the policy discussions and reveal a lot about the interests and considerations of political actors in the Carter administration. Secondary sources will also be used extensively as part of the literature research. The secondary sources include published books and articles related to U.S. foreign policy, the Carter administration, and OPIC. As this thesis intends to expand on and review claims about OPIC made by historians, it is essential to include this literature for context and reveal the discrepancies or gaps in the current research. Furthermore, other publications on the Carter administration and government officials can point

York University, 1980), <https://www.proquest.com/dissertations-theses/political-risk-analysis-study-overseas-private/docview/302990514/se-2?accountid=12045>.

²⁷ Ruttan, *United States Development Assistance Policy*, 7-25; Lorenzini, *Global Development: A Cold War History*, 65-72.

²⁸ See William H. Becker and William M. McClenahan, Jr., *The Market, the State, and the Export-Import Bank of the United States, 1934-2000*, (Cambridge, Cambridge University Press, 2003).

to a perceived strategic, economic, or personal interest in policy-making. This literature can therefore help explain the outcomes of internal debates.

Finally, the research will be structured into the following sections. Firstly, this thesis presents a literary review that discusses existing historical debates on foreign development policy in the Carter years. These debates are crucial for comprehending the policy process and discussion around OPIC in the context of larger issues. Additional research on OPIC is also included. Three specific policy areas are discussed: the Carter administration's energy policy, human rights policy, and policy related to U.S.-Sino relations. These specific policy areas are selected because they have been part of the existing literature on OPIC (energy policy, human rights) or because OPIC has been an important aspect of the historical narrative based on primary sources (U.S.-Sino relations).²⁹ All three topics reflect areas in which the Carter administration made significant developmental progress or changes. In the following three chapters, each policy area is discussed separately in analyzing OPIC's programs. Each chapter should not be considered separate from the others but rather, complementary in revealing broader political discourse and adjustments in OPIC policy. The chapters will also have a short conclusion to summarize the relevant observations from the analysis on the three specified policy areas. Based on this research, and the secondary literature discussed in the first chapter, this thesis' main findings will be presented in a conclusion. Further suggestions are also made for future research.

²⁹ Energy and natural resources policy are discussed in Hendrickson, "Adjustment in the Role of the Overseas Private Investment Corporation," 67-75; For OPIC and human rights see Schmidli, *The Fate of Freedom Elsewhere*, 111-112, 156-158; For U.S.-Sino relations, see, for example Section 5 of the Taiwanese Relations Act relates specifically to the continuation of OPIC programs see Taiwan Enabling Act, S.245, Senate Report 96-7, March 3 (1979), <https://www.congress.gov/bill/96th-congress/senate-bill/245/summary/01>.

2. Carter's Adjustments in U.S. Foreign Policy

This chapter assesses the historical debate on the Carter administration's foreign policy, paying attention, in particular, to the policy areas that are relevant for research on development policy and OPIC and provides further context for the organizational dynamics at play in the administration. Based on this literature review, the subsequent chapters on OPIC and the Carter administration can be placed within broader historical debates over the formulation and implementation of foreign policy.

The Carter administration's foreign policy was perceived as "in general [...] confused, incoherent, lacking in strategy, and inconsistent."³⁰ Martha Cottam's assessment of the Carter administration's foreign policy agenda reflected the critique that early historical research had leveled at the former President. Carter's leadership on foreign policy issues and his accomplishments have, in the past, been dismissed as a failure.³¹ More recent scholarship on the 39th President of the United States and his foreign policy, however, has shown that, despite its shortcomings, the Carter administration's actions on human rights, Cold War security, and economic development were based on strategic considerations. The literature notes that the apparent inconsistencies often stemmed from conflicting security, economic, or political interests and power struggles within the administration.³²

According to David Skidmore, the Carter administration dealt with "dwindling resources," resulting from an exhaustive war in Vietnam, a declining dollar, a strained U.S. economy, the OPEC induced 1973 oil shock, and an abundance of financial and security commitments around the world. This overstretch led Carter and his administration to pursue an adjustment in U.S. foreign policy towards a policy based on diplomatic relations, burden sharing, and economic integration of Western and developing nations.³³ Skidmore's assessment is supported by historian Justin Vaïsse in his biography of Zbigniew Brzezinski, Carter's national security adviser. Vaïsse writes that Brzezinski's foreign policy strategy called for

³⁰ Martha L. Cottam, "The Carter administration's Policy toward Nicaragua: Images, Goals, and Tactics," *Political Science Quarterly* 107, no. 1 (1992): 123, <https://www.jstor.org/stable/2152137>.

³¹ Ibid, 123-125; David Skidmore, "Carter and the Failure of Foreign Policy Reform," *Political Science Quarterly* 108, no. 4 (1993-1994): 699-729; Madeleine Albright, "Foreword," in Stuart E. Eizenstat, *President Carter: The White House Years*. (New York: St Martin's Press, 2020), xv-xvii.

³² See, for example, Daniel Strieff, *Jimmy Carter and the Middle East: The Politics of Presidential Diplomacy*, (New York: Palgrave Macmillan, 2015), 1-8; Donna R. Jackson, *Jimmy Carter and the Horn of Africa: Cold War Policy in Ethiopia and Somalia*, (Jefferson: McFarland & Company Inc., Publishers, 2007), 24-32, 35; Justin Vaïsse, *Zbigniew Brzezinski: America's Grand Strategist*, (Cambridge: Harvard University Press, 2018), 293-302; Schmidli, *The Fate of Freedom Elsewhere*, 171-178; Jonathan Alter, *His Very Best: Jimmy Carter, a Life*, (New York: Simon & Schuster, 2020), ix-xii, 355-371, 418-428.

³³ Skidmore, 704-705.

“constructive global engagement” by emphasizing the trilateral cooperation with Japan and Europe, harmonious relations between North [western countries] and South [developing countries], and increasing economic alliances with regional power such as Brazil, Iran, Nigeria, and Saudi Arabia.³⁴ As John Dumbrell agrees, writing that the foreign policy that Carter embraced reflected a new consensus amongst international relations scholars that preached a form of moralistic “world order liberalism.”³⁵ Carter and his foreign policy advisers, many of whom had been part of the Trilateral Commission, an elite group of Western academics, businessmen, and political figures, viewed international cooperation increasingly to encompass trade and economic relationships.

2.1. Energy and Development Policy

Through his contacts with Brzezinski at the Trilateral Commission, Carter also began to strategize about leveraging the trilateral partnerships and the increasing prevalence of liberal international economic policy. Vaïsse writes that Carter proposed a concerted effort to develop alternative sources of oil in coordination with other Western countries in 1976, even before his ascendancy to the White House.³⁶ Carter’s concerns with the U.S. dependence on foreign oil, imported primarily from the Organization of Petroleum Exporting Countries (OPEC), are well documented, and the issue became a critical domestic priority in his first year in office.³⁷ In line with Vaïsse’s note on Carter and foreign oil, Hendrickson contends that strategic concerns over access to natural resources and non-OPEC oil resulted in the extension and adjustments of the OPIC mandate to subsidize American investments abroad. Hendrickson’s article on OPIC contends that the organization was above all a responsive agency, surviving throughout the Carter years by adopting adjustments that resulted from congressional pressures. Hendrickson points to the fact that over half of OPIC investments between 1977-1980 were in natural resource projects as proof of this assessment. This fit within the overall foreign policy interests of the late 1970s, an observation that Brennglass’s seminal study also makes.³⁸ Ultimately, Hendrickson argues that OPIC was an important part of U.S. economic strategy in Africa to attract (multi)national investment by American companies. Brennglass writes that

³⁴ For additional information on trilateral relations and the Trilateral Commission see, for example, Vaïsse, *Zbigniew Brzezinski*, 157-176, 293-296; Stephen Gill, *American Hegemony and the Trilateral Commission*, (Cambridge, Cambridge University Press, 1991).

³⁵ John Dumbrell, *American Foreign Policy: Carter to Clinton* (New York: St. Martin’s Press, 1997), 16-19.

³⁶ Vaïsse, 192-193.

³⁷ *Ibid*; Eizenstat, *President Carter: The White House Years*, 137-142; Kaufman, *The Presidency of James Earl Carter Jr.*, 137-140.

³⁸ Hendrickson, 73; Brennglass, *Political Risk Analysis*, 259-261, 444-446.

administration officials argued that OPIC's new directives could advance national security interests by expanding U.S. access to foreign resources. Both studies point to an apparent presumption that OPIC could effectively sway private investment by U.S. (multi)nationals and that it thus encompassed a crucial component of the Carter administration's foreign policy. However, Hendrickson's and Brennglass's research are based primarily on OPIC's annual reports and congressional hearings and do not include internal documents from the White House, State Department, and other relevant government agencies that were also involved in OPIC's field.³⁹

Although OPIC's programs were still developmental oriented, the organizational links between foreign aid programs and private companies had existed, according to Jenny Pearce's *Under the Eagle: U.S. Intervention in Central America and the Caribbean*, for many decades and continued during the Carter administration.⁴⁰ Pearce also observes that the administration, in line with USAID policy in the 1960s, began to increasingly view economic assistance as a viable means to coerce foreign nations. Although the focus of the literature on the foreign aspect of the Carter administration's energy policy is understandable, given the all-encompassing struggle between the United States and OPEC over oil in the 1970s, domestic measures were, according to Eizenstat, more relevant. Energy policy was primarily a domestic concern that required national initiatives. Carter's former adviser highlights the conflict between the Carter administration, the oil companies, and their supporters in Congress. Meg Jacobs similarly contends that business interests had opposed the Carter administration's energy bill, but they ultimately caved.⁴¹ Carter's solution for the energy crisis was primarily based on curbing domestic consumption, deregulation of oil-and-gas markets, and decreasing dependence on imported oil.⁴² Nevertheless, given Hendrickson's argument that energy considerations were crucial in OPIC's policy reorientation and the interlinkage between Carter's trilateral-oriented foreign policy, further analysis of OPIC's role in energy policy is required.

2.2. Towards a Human Rights Policy

No other policy of the Carter administration has received as substantial attention as the policy of human rights. As Schmidli writes, the human rights policy developed from the anti-Vietnam

³⁹ Hendrickson, 73-74; Brennglass, 446.

⁴⁰ Jenny Pearce, *Under the Eagle: U.S. Intervention in Central America and the Caribbean*, (Boston: South End Press, 1981), 42-45, 116-119.

⁴¹ Meg Jacobs, *Panic at the Pump: The Energy Crisis and the Transformation of American Politics in the 1970s*, (New York: Hill and Wang, 2006), 189-191.

⁴² Pearce, 119; Eizenstat, 140.

war and the civil rights movement in the 1970s and was adopted by Carter during his Presidential campaign.⁴³ Dumbrell notes that his human rights initiatives gave Carter “credibility” in foreign policy and constituted the most apparent distinction between the new administration and his Republican predecessors.⁴⁴ In his biography of the President, Carter’s longtime aid Eizenstat writes that the President sought to build a “foreign policy grounded in human rights as an instrument in the raging Cold War to compete more effectively with the Soviet Union for support in the developing world.”⁴⁵ Even the more pragmatic and hawkish members of Carter’s foreign policy team, such as Brzezinski, viewed the human rights initiative as complementary to the United States’ broader security interests and within the ideological conflict with the Soviet Union.⁴⁶ Despite Carter’s commitment to human rights as a priority issue in foreign policy, historians have also pointed to the calls for more morality in U.S. foreign policy following the Vietnam War and covert operations by the Central Intelligence Agency (CIA).

William Stueck argues that Carter truly believed in human rights as an issue but argues that Carter also adopted the policy from the previous administration and that he was urged on by liberals in Congress, rather than considering it his defining change to American interests abroad. Carter’s human rights approach was, according to Stueck, had always been “selective” in its application to countries with violations.⁴⁷ According to Dumbrell, however, the administration’s consensus on human rights crumbled only after the “shocks of 1979”, the invasion of Afghanistan, and the revolution in Iran.⁴⁸ Other historians disagree with the periodization of Dumbrell, highlighting instead how the policy had lost significance after Carter’s first year, as security interests abroad changed and the administration struggled to implement a coherent human rights policy.⁴⁹ Implementing human rights as a foreign policy resulted from the administration’s inability to implement the initiative consistently. Dumbrell notes that internal conflict within the State Department, between the Department’s Human Rights Bureau and more “traditionalist elements,” disrupted the effectiveness of the policy.⁵⁰ Amongst officials at the State Department and the National Security Council (NSC), views on

⁴³ Schmidli, *The Fate of Freedom Elsewhere*, 1-7.

⁴⁴ Vaïsse, *Zbigniew Brzezinski*, 296; Dumbrell, *American Foreign Policy: Carter to Clinton*, 17.

⁴⁵ Eizenstat, 586.

⁴⁶ Schmidli, 3-4; Kaufman, 37-43.

⁴⁷ William Stueck, “Placing Jimmy Carter’s Foreign Policy,” in *The Carter Presidency: Policy Choices in the Post-New Deal Era*, ed. Gary M. Fink and Hugh D. Graham (Lawrence, Kansas: University Press of Kansas, 1998), 244–66.

⁴⁸ Dumbrell, 17.

⁴⁹ Cottam, 123-126; Schmidli, 169-170; Kaufman, 38-41.

⁵⁰ Dumbrell, 19.

the balance between human rights and security interests were often also different. Schmidli and Vaïsse point to Brzezinski's skeptical and pragmatic position on human rights as one reason why the policy was not implemented more broadly. Given Brzezinski's and the NSC's proximity to President Carter in foreign policy decision-making, security considerations often outweighed human rights concerns. At the State Department, the Interagency Group on Human Rights and Foreign Assistance, headed by the deputy secretary of state Warren Christopher, would evaluate and reject proposed development investment projects if deemed to be in countries with human rights violations. According to Schmidli, however, OPIC investment projects were rarely considered by the "Christopher Group," and applied human rights criteria very loosely. Pearce argues that development assistance through private investors, such as the OPIC program, allowed for the administration to conceal aid from congressional oversight.⁵¹ Stueck claims that the Carter administration departed from using "loopholes", as the Ford administration had done in response to human rights legislation.⁵²

It is also important to note that the Carter administration's inconsistent human rights policy led to a confrontation with Congress and the American business community.⁵³ Carter viewed business and free enterprise abroad, according to Dumbrell and Pearce, as compatible with his human rights policy.⁵⁴ However, Schmidli notes that business interest groups often opposed restrictions on bilateral economic relations with Argentina because of human rights concerns.⁵⁵ Congressional pressure in the 1970s, born out of frustration with the perceived negligence of administration to determine adequate human rights-oriented policies, led to confrontations over the desirability of providing security and development assistance to countries with human rights violations. In addition to the internal struggles between different agencies, the administration regularly had to confront what it perceived to be the intrusion of Congress on the executive branch's direction of foreign assistance programs. Both Schmidli and Lincoln Bloomfield note that two of the U.S.'s leading business-oriented agencies, the Export-Import Bank (Ex-Im) and OPIC, were the subject of intense debates between administration officials and liberal members of congress fought in order to assert their power over foreign policy-making.⁵⁶ This research raises several questions related to OPIC, including to what extent the Argentina case is representative of broader U.S. policy, the extent to which

⁵¹ Vaïsse, 255-257; Schmidli, 169-171.

⁵² Stueck, 253.

⁵³ Schmidli, 53-61, 156-158.

⁵⁴ Dumbrell, 21; Pearce, 119.

⁵⁵ Schmidli, 4.

⁵⁶ Ibid; Lincoln P. Bloomfield, "From Ideology to Program to Policy: Tracking the Carter Human Rights Policy," *Journal of Policy Analysis and Management* 2, no. 1 (1982): 5-6, <https://doi.org/10.2307/3323646>.

Congress was the driving force in applying human rights legislation to the OPIC mandate, and whether these policies related to OPIC changed during the Carter presidency in response to international developments such as the Soviet invasion of Afghanistan in 1979.

2.3. A New Relationship with China

This part will add to this literature on business considerations in the normalization period, paying specific attention to the role of OPIC and its programs and what impact this period had on the evolution of the agency.

The normalization of the relationship with the Peoples Republic of China (PRC), a continuation of the policy initiative first attempted by the Nixon administration. Historians agree that the overture was situated within the Carter administration's Cold War policy framework. Seeking to readjust the balance within the East-West relationship, Brzezinski was the main proponent within the administration for normalizing the relationship. Playing the "China Card", as historians have called it, was also closely related to the integration of the PRC into the liberal economic global community that Carter and policy intellectuals envisioned.⁵⁷ According to Dumbrell, Brzezinski sought to head off pressure from pro-Taiwanese forces in Congress through the creation of a separate, albeit limited treaty with Taiwan, that included economic and security guarantees, despite objections from the PRC. Trade considerations were also part of the new relationship. Improved economic relations with the PRC would later allow for the transfer of technology at the height of U.S.-Soviet tension in the final year of the Carter administration.⁵⁸

Stueck argues that Carter's hardline foreign policy after 1979 reflected the policies of the Truman, Kennedy, and Johnson administrations. Cold War tensions were spurred on by developments in the Middle East, and the Iranian Revolution of 1979 also hit the U.S. economy significantly.⁵⁹ Very little academic literature currently exists as to what role the OPIC played in developing the economic U.S.-Sino relationship after the normalization under President Carter. Academics, including Garrison and Oksenberg, have noted the importance of American business and economic considerations for the Carter administration's policy agenda.⁶⁰ Both authors note the importance of commercial relations, pointing to the most-favored-nation status

⁵⁷ Kaufman, 93; Vaïsse, 294-298; Dumbrell, 45-46.

⁵⁸ Dumbrell, 46; Eizenstat, 670-678.

⁵⁹ Stueck, 257-259.

⁶⁰ Michel Oksenberg, "The China Problem," *Foreign Affairs* 70, no. 3 (1991): 1-16, <https://www.jstor.org/stable/i20044813>; Jean A. Garrison, "Explaining the Change in the Carter Administration's China Policy: Foreign Policy Adviser Manipulation of the Policy Agenda," *Asian Affairs: An American Review* 29, no. 2 (2002): 83-98, <https://www.jstor.org/stable/30172543>.

as one of the most significant changes in this policy area.⁶¹ However, neither Garrison nor Oksenberg discusses the role of OPIC or Ex-Im, the primary U.S. agencies involved in directing and supporting American business activity abroad. David Salem's article does note the role of OPIC in U.S.-Sino relations. However, his analysis does not move beyond a technical discussion of the different laws and arrangements anchoring the new relationship.⁶² This lack of research is unfortunate because the considerations of U.S. business and, more importantly, policymakers' response to these debates can shed some light on the different perspectives within the U.S. government. Finally, Kailai Huang's article on American business and the Carter administration has provided interesting observations about the growing importance of economic and cultural relations in the decade following normalization. The article contends that these ties between the U.S. and the PRC have been undervalued compared to the security relationship.⁶³

⁶¹ Oksenberg, 3; Garrison, 87-88.

⁶² David I. Salem, "The Joint Venture Law of the Peoples' Republic of China: Business and Legal Perspectives," *Maryland Journal of International Law* 7, no. 1 (1981): 73-118, <http://digitalcommons.law.umaryland.edu/mjil/vol7/iss1/9>.

⁶³ Kailai Huang, "American Business and Normalization of US-China Commercial Relations, 1979-1980," *Essays in Economic Business History* 23, no. 1 (2005): 107-124, <https://www.ebhsoc.org/journal/index.php/ebhs/article/view/158/139>.

3. Energy Policy and Security Development Strategy

Stu & Ham – I do not intend to approve extension of OPIC unless assured absolutely that it will fulfill its original purpose – Jimmy Carter, August 1977.⁶⁴

I'm not convinced, but will not oppose OPIC – Jimmy Carter, September 1977.⁶⁵

3.1. Introduction

The first chapter explores OPIC's activities, policies, and attitudes within the Carter administration's foreign policy response to the energy crisis of the 1970s. This chapter will seek to answer important questions related to the role of OPIC within the Carter administration's foreign policy, specifically as it relates to energy policy. Firstly, it intends to analyze to what extent the Carter administration's comprehensive energy strategy was based on strategic foreign measures? Furthermore, how did the OPIC Board develop and adjust its policies related to energy and raw materials investments during the Carter administration? Moreover, to what extent do OPIC policies fit within the Carter administration's foreign policy interests? This chapter will build upon existing literature on energy policy in the late 1970s and provide insight into OPIC's role based on documents from the White House, the Department of State, OPIC, and other U.S. government sources.

3.2. Jimmy Carter and OPIC

President Carter's first impression of OPIC was not one of expressing confidence. In a memorandum to his Chief of Staff, Hamilton Jordan, and Chief Domestic Policy Adviser Stu Eizenstat, Carter strongly criticized the proposed four-year extension of the OPIC-mandate.⁶⁶ Since taking office, Carter had been skeptical of the need for a program such as OPIC in international development policy.⁶⁷ As part of a reevaluation of the Foreign Aid and

⁶⁴ Memorandum, Stu Eizenstat and Bob Ginsburg for President Carter, August 26, 1977, Records of the Staff Secretary, Presidential Files, 8/29/77, 38, Jimmy Carter Presidential Library.
https://www.jimmycarterlibrary.gov/digital_library/sso/148878/38/SSO_148878_038_09.pdf.

⁶⁵ Memorandum, Cyrus Vance and John J. Gilligan for President Carter, September 16, 1977, Records of the Staff Secretary, Presidential Files 8/29/77, 38, Jimmy Carter Presidential Library.
https://www.jimmycarterlibrary.gov/digital_library/sso/148878/38/SSO_148878_038_09.pdf.

⁶⁶ Ibid.

⁶⁷ Memorandum, James B. King for President Carter, March 2, 1977, Records of the Staff Secretary, Presidential Files 3/3/77, 9, Jimmy Carter Presidential Library.
https://www.jimmycarterlibrary.gov/digital_library/sso/148878/9/SSO_148878_009_08.pdf.

Development Program, an administration review of OPIC programs had determined that it still fulfilled an essential role in advancing foreign development objectives. Additionally, it could improve U.S. access to new foreign markets by providing financial support to private sector investment abroad. According to an interagency review by his administration, American business was better suited to match the need for “technology, capital, management skills, and on-the-job training” in underdeveloped countries than the U.S. government.⁶⁸ The review reports also noted that 29% of OPIC’s coverage had gone to just three U.S. companies, chemicals companies W.R. Grace and Dow Chemical, and investment bank J.P. Morgan Chase. Additionally, two-thirds of OPIC’s portfolio were situated in just seven countries.⁶⁹ Those investments were primarily in sectors that benefitted U.S. investors, such as the hotel industry. To round of the critical assessment of OPIC’s program, another report noted that only around 20% of the companies whose projects were sponsored by OPIC were placed outside the “Fortune 1000” index, the thousand largest U.S. companies with annual revenues of hundreds of millions of dollars.⁷⁰ The administration’s assessment thus supported claims made by OPIC’s opponents that it was subsidizing big business. Carter who was conflicted over OPIC, resisted supporting the extension of the OPIC-mandate for several months, skeptical of the corporation’s necessity to his foreign policy, the developing nations, and the benefits for small businesses looking to invest abroad. Carter strongly felt that OPIC would only serve the large U.S. multinational companies and that conflicting interests had prevented it from being an effective developmental institution.⁷¹

The OPIC Board and members of different agencies had reported to President Carter that they viewed the continuation of the OPIC program as filling a necessary component of foreign development policy. They also indicated a renewed commitment to supporting small businesses and proposed a new set of guidelines that would focus on diversifying natural

⁶⁸ Ibid; Meron, “OPIC Investment Insurance Is Alive and Well,” 105; Memorandum, Rick Hutcheson for President Carter, August 3, 1977, Records of the Staff Secretary, Presidential Files 8/29/77, 38, Jimmy Carter Presidential Library.

https://www.jimmycarterlibrary.gov/digital_library/sso/148878/38/SSO_148878_038_09.pdf; Memorandum, Hamilton Jordan for President Carter, August 4, 1977, Records of the Staff Secretary, Presidential Files 8/29/77, 38, Jimmy Carter Presidential Library.

https://www.jimmycarterlibrary.gov/digital_library/sso/148878/38/SSO_148878_038_09.pdf; Memorandum, Cyrus Vance and John J. Gilligan for President Carter, September 16, 1977, Records of the Staff Secretary, Presidential Files 8/29/77, 38, Jimmy Carter Presidential Library.

https://www.jimmycarterlibrary.gov/digital_library/sso/148878/38/SSO_148878_038_09.pdf.

⁶⁹ Memorandum, August 4, 1977, 1.

⁷⁰ Memorandum, September 16, 1977.

⁷¹ Memorandum, Stu Eizenstat and Bob Ginsburg for President Carter, August 26, 1977, Records of the Staff Secretary, Presidential Files 8/29/77, 2, Jimmy Carter Presidential Library.

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf.

resources. Specifically, a memorandum by the OPIC Board suggested increasing “investment in scarce minerals and energy resources in non-OPEC countries.”⁷² However, as Carter had indicated, he would only approve an extension if the agency could return to its original purpose. The original purpose, in this case, was closely linked with OPIC’s commitment to supporting investments of any U.S. business, not just the multinationals, in investing in the lower-income developing countries. This suggests that Carter believed OPIC still could serve a purpose, as long as it focused on low-income countries through developmental projects by small American businesses.⁷³ In a memorandum in mid-September, despite his earlier warning, Carter was told that OPIC could only function effectively if it insured large companies and that critics of the agency had misunderstood certain aspects of the program. Finally, Carter conceded, allowing the proposed reauthorization legislation to move forward, albeit with little support and even less confidence in OPIC. Carter was told OPIC would strengthen its oversight of projects, focus on its development mission, and, crucially, shift its focus energy and mineral resources projects. Carter wrote that he would not uphold the extension of OPIC, despite reservations.⁷⁴

3.3. The Carter Administration’s Energy Policy

Concerns about the extension of the OPIC mandate certainly were not considered a legislative priority for Carter in his first year in office. The most pressing issue facing the administration was the severe economic crisis that the country had fallen into, resulting in rising unemployment and inflation. One of the main drivers of the U.S.’s economic malaise had been rising prices of foreign oil. The 1973 Oil Crisis had shattered any presumption of American control over vital energy resources, while at the same time, U.S. demand for oil and other natural resources had kept on growing.⁷⁵ Administration officials had warned the President about potential oil shortages and the political consequences of continued dependency on oil, and Carter thus set out to develop a comprehensive national energy policy. The President even went as far as to promise the country that he would have a strategy ready within his first 90 days. In one of his memoirs, *Keeping Faith*, Carter wrote that he had not considered his energy

⁷² Memorandum, August 26, 1977.

⁷³ Memorandum, September 16, 1977.

⁷⁴ Memorandum, Stu Eizenstat and Bob Ginsburg for President Carter, August 26, 1977, Records of the Staff Secretary, Presidential Files, 8/29/77, 38, Jimmy Carter Presidential Library. https://www.jimmycarterlibrary.gov/digital_library/sso/148878/38/SSO_148878_038_09.pdf.

⁷⁵ Bruce J. Schulman, “Slouching toward the Supply Side: Jimmy Carter and the New American Political Economy,” in *The Carter Presidency : Policy Choices in the Post-New Deal Era* edit. Gary M. Fink and Hugh Davis Graham (Lawrence: University Press of Kansas, 1998), 51-60; Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon & Schuster, 1991), 661-665; Kaufman, *The Presidency of James Earl Carter, Jr.*, 32-35.

policy “equal in importance to any other goal we had.”⁷⁶ Kaufman argues that the proposed legislation on energy that Carter and his advisers developed sought to maintain a delicate balance between public and private interest in the oil and gas sector.⁷⁷

Firstly, Carter had hoped to encourage energy conservation efforts while promoting domestic investment in the industry by removing artificially induced low prices. Furthermore, the administration had targeted research into alternative energy sources, believing that it could help resolve the country’s hunger for oil. Although the administration’s perceived interests in tackling the energy crisis were primarily at home, significant concerns over future oil embargoes by the Organization of Petroleum Exporting Countries (OPEC) also drew considerable attention within the energy policy arena.⁷⁸ Eizenstat, one of President Carter’s closest advisers, writes that the administration severely misunderstood the conflicting interests between national and multinational companies in the energy sector. International allies had bluntly told the President that their unwillingness to cooperate with the United States on economic recovery resulted from their skepticism over the administration’s ability to curb oil imports, which they argued, had empowered OPEC.⁷⁹

The dangers of a new OPEC embargo represented a severe threat to the Carter administration. Despite efforts to increase domestic production, half of the country’s oil was still imported in 1977, with a significant portion of those imports coming from the OPEC ‘cartel’. Within the new OPIC guidelines, an energy scheme was proposed to encourage the diversification of sources for imported oil. However, Carter and his advisers developed policies specifically designed to reduce dependence on imported oil rather than target a broader foreign policy strategy.⁸⁰ Barrow observes that Carter considered his national energy policy, not only as a market-oriented issue but also as a moral one. Throughout his Presidency, in particular, after the oil crisis in 1979, Carter had stressed the importance of reducing oil imports. He also maintained a critical position vis-a-vis the oil industry.⁸¹ Therefore, policy proposals tabled by OPIC in the reauthorization legislation did not match the administration’s primary goals in tackling the energy crisis. While OPIC’s proposals assumed continued dependence on foreign

⁷⁶ Yergin, 663; Jimmy Carter, *Keeping Faith: Memoirs of a President* (Toronto: Bantam Books, 1982), 91; Kaufman, 33-35, 58-61.

⁷⁷ Ibid.

⁷⁸ Kaufman, 33; Stuart E. Eizenstat, *President Carter: The White House Years*, 138-141.

⁷⁹ Eizenstat, 140-142, 204-207.

⁸⁰ U.S. Congress, House, Committee on International Relations, *Extension of the Overseas Private Investment Corporation: Markup and Hearings before the Committee on International Relations*, 95th Cong., 2nd sess., January 24, 1978, 23-25; John C. Barrow, “An Age of Limits: Jimmy Carter and the Quest for a National Energy Policy” in *The Carter Presidency: Policy Choices in the Post-New Deal Era* edit. Gary M. Fink and Hugh Davis Graham (Lawrence: University Press of Kansas, 1998), 158-172.

⁸¹ Barrow, 162, 168-172.

oil, they were not seriously considered energy policies. Instead, they appeared to be an effort to help OPIC in its struggle for congressional renewal.

3.4. The 1977-1978 OPIC Hearings

Congressional hearings on the extension of OPIC's mandate were contentious throughout, dragging on beyond the December 31, 1977 deadline, leading to the expiration of OPIC's mandate.⁸² Brennglass's work provides an excellent overview of the proceedings, highlighting various arguments, conflicts, and amendments from the legislative process.⁸³ For clarity, some of the dynamics will be discussed to expand upon the discussion within the Carter administration of OPIC's role in development policy, and underline the challenging climate in which the debate took place.

Firstly, on the proponent's side, OPIC Board members, both current and former, testified to OPIC's importance in attracting American business to projects in countries perceived as economically or politically challenging. In close cooperation with the OPIC Board, administration officials had developed a new policy guideline under which renewed emphasis was placed on supplementing foreign private investments in energy and mineral resources. During the Congressional hearings on the extension of the OPIC amendment, Representative Bingham of New York introduced an amendment to the bill instructing OPIC to give preferential treatment to projects that would increase U.S. access to "critical materials," such as petroleum, bauxite (aluminum) and copper, and encourage projects in non-OPEC developing countries.⁸⁴ Rutherford M. Poats, Acting President of OPIC, clarified that the Carter administration had given directions to OPIC to provide additional insurance coverage to projects that were to happen in non-OPEC countries.⁸⁵ He argued that this would fulfill a critical U.S. interest: diversification of access to energy resources. OPIC was thus presented as a solution to the country's increasingly precarious dependency on the import of oil and natural resources, and specifically, it entertained the possibility of undermining the feared OPEC power

⁸² Brennglass, *Political Risk Analysis: A Study of the Overseas Private Investment Corporation*, 473; Theodor Meron, "OPIC Investment Insurance Is Alive and Well," *American Journal of International Law* 73, no. 1 (January 1979): 105, <https://doi.org/10.1017/s0002930000125217>.

⁸³ Brennglass, 419-482.

⁸⁴ U.S. Congress, House, Committee on International Relations, *Extension of the Overseas Private Investment Corporation: Markup and Hearings before the Committee on International Relations*, 95th Cong., 1st and 2nd sess., 1977-1978, 18-24, 85-91.

⁸⁵ *Ibid*, 91.

that had devastated the U.S. economy.⁸⁶ Poats also admitted that he had “encouraged” the Carter administration to adopt specific policies related to the participation of businesses, suggesting a discussion in which value was placed on OPIC’s policy recommendations.⁸⁷

Even before Congress had reauthorized OPIC under the new guidelines, Secretary of State Vance composed a memorandum to clarify how he viewed the newly adopted guidelines. Vance stressed that OPIC programs would, despite the implicit desire from both President Carter and members of congress to return to a more developmental role, remain available to countries that were classified as “upper income developing countries.”⁸⁸ New OPIC guidelines were, to this point, less strict than members of congress had implied, and frugally afforded the OPIC Board to facilitate projects involving the exploration of natural resources in non-OPEC countries, mineral exploration, and ventures that the State Department deemed to be in the national interest (of the United States). The flexibility of OPIC guidelines, it appeared, resulted from a determination that some projects might expedite U.S. interests abroad, but that did not meet the development standards it was directed to focus on more.⁸⁹

On the opponent’s side, several interest groups and senators attempted to undermine claims made by the OPIC and administration representatives. However, their main argument was that OPIC did not serve a developmental purpose but instead helped multinationals invest abroad, at a high cost to American labor and foreign communities.⁹⁰ This message was arguably conveyed best by William Goodfellow of the Center for International Policy research institution. In his brief remarks on OPIC, Goodfellow candidly stated that OPIC could not serve both the interest of American corporations and the citizens of less developed nations because their interests did not match. Companies sought to boost profits for shareholders, while OPIC investments served, at best, the commercial interest of foreign elites.⁹¹ Moreover, the administration’s proposed legislation would not redirect OPIC to its original purpose.

⁸⁶ U.S. Congress. House. Committee on International Relations. *Extension of the Overseas Private Investment Corporation: Markup and Hearings before the Committee on International Relations*. 95th Cong., 2nd sess., January 27, 1978, 85-91, <https://books.google.nl/books?id=9QomAAAAMAAJ&printsec>.

⁸⁷ U.S. Congress. House. Committee on Appropriations. *Foreign Assistance and Related Agencies Appropriations for 1979: Hearings before the Subcommittee on Foreign Operations and Related Agencies*. 95th Cong., 2nd sess., April 4, 1978, 1120, <https://books.google.nl/books?id=H94dAAAAMAAJ&pg>.

⁸⁸ Department of State, “Opic Board Approves New Country Guidelines,” WikiLeaks PlusD: 1977STATE227750, 1977, https://wikileaks.org/plusd/cables/1977STATE227750_c.html.

⁸⁹ Department of State, “Opic Board Approves New Country Guidelines, 1977.

⁹⁰ House: *Hearings*, September 27, 1977.

⁹¹ U.S. Congress. Senate. Committee on Foreign Relations. *OPIC Authorization: Hearings before the Subcommittee on Foreign Assistance*. 95th Cong., 1st sess., July 27, 1977, 124-126, https://books.google.nl/books?id=a9G4WzQ_6TIC&hl=nl.

Goodfellow concluded by observing a discrepancy between the Carter administration's proposed changes in foreign policy and the position of OPIC.⁹²

Testifying before the House Committee on International Relations, Rudolph Oswald, a researcher for the American Labor interest group AFL-CIO, strongly urged Congress to abolish the OPIC program. In particular, labor organizations feared OPIC's role in shipping jobs overseas and what they claimed to be subsidizing large corporate investments at the taxpayer's expense. One of Oswald's most striking arguments was an old quote by Fred Bergsten, the Assistant Secretary for International Affairs at Treasury, who, as a researcher had claimed, that foreign investment projects by large American multinationals could not guarantee access to oil at any point.⁹³ Despite this criticism, OPIC's mandate was extended until 1980, with an emphasis on supporting small business investments in developing countries. It also gained directives from Congress to focus on insuring projects involving oil and other natural resources, but with limitations on its investment program for such projects. As a result of the concerns in Congress over access to strategic natural resources, OPIC's mandate was thus expanded to include the energy sector.⁹⁴

3.5. The Gulf Oil Project

One project that exemplified the contradictory nature of OPIC's policies following the 1978 legislative extension can be found in Egypt, where the Gulf Oil Corporation signed a contract with OPIC worth up to 75 million dollars in insurance guarantees in 1979.⁹⁵ Gulf Oil, one of the largest petroleum companies in the world, recorded over a billion dollars in profits for that year.⁹⁶ The insurance contract represented the single largest energy project insured by OPIC to date and accounted for 27% of OPIC's investments for the year.⁹⁷ Conversations between the Gulf Oil Corporation, the State Department, and OPIC had been ongoing since early 1977, but negotiations over OPIC insurance took more than two years to be completed because of

⁹² U.S. Congress. Senate. Committee on Foreign Relations. *OPIC Authorization*, 124-135.

⁹³ House, *Extension of the Overseas Private Investment Corporation: Hearings*, January 27, 1978, 62-65.

⁹⁴ House, *Extension of the Overseas Private Investment Corporation: Hearings*, February 8, 1978, 109-129.

⁹⁵ Overseas Private Investment Corporation, *Annual Report 1979*, Google Books (Washington D.C: Overseas Private Investment Corporation, 1979), 34, 48, <https://books.google.nl/books?id=k3j9Kelfv0gC&hl=nl>.

⁹⁶ William H. Jones, "Texaco, Gulf Post Greater Increases in 1979 Earnings," *The Washington Post*, January 25, 1980, <https://www.washingtonpost.com/archive/business/1980/01/25/texaco-gulf-post-greater-increases-in-1979-earnings/c9bae093-e2f4-4ca7-895f-56d17cfa0161/>.

⁹⁷ Comptroller General, "The Overseas Private Investment Corporation: Its Role in Development and Trade," *Government Accountability Office*, 1981, <https://www.gao.gov/assets/id-81-21.pdf>; Overseas Private Investment Corporation, *Annual Report 1979*, 46-50.

hesitations over the project's proposed location and financing.⁹⁸ Exploration of oil and natural gas fields would take place along the Egyptian coast through the Sinai Buffer Zone, which, at the time, was under UN control following the 1967 conflict between Egypt and Israel.⁹⁹ Secretary of State Vance personally participated in communication over the Gulf Oil insurance project, because Egyptian demands for access to oil had been part of the negotiations taking place at Camp David.¹⁰⁰

However, the Gulf Oil investment project should not be considered solely in the context of efforts to expand U.S. access to natural resources, but it can certainly be considered part of Egypt's political and economic reorientation under Anwar Sadat.¹⁰¹ Vying for an important role in the American Middle Eastern strategy and economic development brought on by increased international investment, the Camp David negotiations with Israel's Begin and the Carter administration were and another opportunity for Sadat to attract multinational corporations to Egypt. The Egyptian government implemented several programs to encourage foreign business investment before the Carter administration took office through the *Infitah* program.¹⁰² Combined with rising oil prices, government programs tempted many multinationals to invest considerable capital in the Egyptian petroleum sector.¹⁰³ According to a UN report, foreign companies were the primary financiers of the Egyptian oil sector for much of the period between 1974 - 1986.¹⁰⁴

Based on these observations, OPIC financing of the Gulf Oil project is significant for the agency's history, certainly because of its sheer financial commitment. However, claims that Gulf Oil investments resulted directly from OPIC incentives are debatable, as investments by oil companies were almost ubiquitous at the time, spurred on by high demand and high prices.

⁹⁸ Embassy Cairo to Secretary of State, "Request for Political Risk Investment Insurance - Gulf," WikiLeaks PlusD: 1977CAIRO07542_c, May 4, 1977, https://wikileaks.org/plusd/cables/1977CAIRO07542_c.html; Embassy Tel Aviv to Secretary of State and Embassy Cairo, "Gulf Oil Activity in Buffer Zone," WikiLeaks PlusD: 1978TELAV05102_d, 1978, https://wikileaks.org/plusd/cables/1978TELAV05102_d.html.

⁹⁹ Ibid; David S. McLellan, *The American Secretaries of State and Their Diplomacy: Cyrus Vance*, ed. Robert H. Ferrell (Totowa, New Jersey: Rowman & Allanheld, 1985), 102-109.

¹⁰⁰ McLellan, Vance, 110.

¹⁰¹ Jason Brownlee, "Peace before Freedom: Diplomacy and Repression in Sadat's Egypt," *Political Science Quarterly* 126, no. 4 (2011): 641-646, <https://www.jstor.org/stable/41502471>; Marie-Christine Aulas, "Sadat's Egypt: A Balance Sheet," *MERIP Reports* Jul - Aug, no. 107 (1982): 6-10, <https://doi.org/10.2307/3011724>.

¹⁰² Brownlee, 649-652; Aulas, 7-11, 15.

¹⁰³ William H. Jones, "Texaco, Gulf Post Greater Increases in 1979 Earnings," *The Washington Post*, January 25, 1980, <https://www.washingtonpost.com/archive/business/1980/01/25/texaco-gulf-post-greater-increases-in-1979-earnings/c9bae093-e2f4-4ca7-895f-56d17cfa0161/>; Aulas, 17; Bassam Fattouh, *North African Oil and Foreign Investment in Changing Market Conditions* (Oxford: Oxford Institute For Energy Studies, 2008), 11-15, <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/WPM37-NorthAfricanOilandForeignInvestmentinChangingMarketConditions-BassamFattouh-2008.pdf>.

¹⁰⁴ United Nations, "Egypt's Experience with External Financing 1974-1986," *UN Digital Library*, November 3, 1988, digitallibrary.un.org.

Crucially, Gulf Oil had considered investing in the region before OPIC adapted its policies to include energy exploration and only applied for insurance in late 1977 when the reauthorization of the OPIC programs was still unclear.¹⁰⁵ Furthermore, U.S. investments in Egypt were spurred on by renewed political cooperation between the United States and President Sadat, with OPIC functioning more as part of a broader U.S. foreign policy strategy rather than serving its energy policy. The Government Accountability Office (GAO) also noted in its assessment of OPIC's activities that it had been embassy and USAID participation in the negotiations with foreign officials, and not OPIC involvement *per se*, that had helped companies invest in development projects in Egypt.¹⁰⁶

However, comments made by OPIC officials, and cited in the GAO report on OPIC's investment screening, are extremely revealing as to the degree to which OPIC could claim to 'direct' U.S. foreign policy during the Carter years. In its report, the GAO defined OPIC as "largely a reactive agency," unable to exert significant influence over the direction of the developmental impact of its insurance projects, submitted to the agency for approval.¹⁰⁷ According to the report, the processes through which OPIC reviewed proposals by U.S. businesses allowed very little room for suggestions to change the development nature of a proposed project.¹⁰⁸ During the Senate Hearings of the OPIC reauthorization, Harry Freeman, a former OPIC employee, remarked that OPIC's sway over insurance projects was limited, compared to its much smaller financing division.¹⁰⁹

3.6. Conclusion

Concluding, this chapter has sought to better understand OPIC's role in U.S. foreign energy policy during the Carter administration. Based on the analyzed literature, it finds the following indications. Firstly, it notes that support for OPIC as the country's primary developmental lending institution was significantly lower amongst members of congress, as has been observed by academics such as Brennglass and Hendrickson. This chapter, however, also points to substantial differences in attitudes towards the agency within the executive branch. President Carter's refusal to initially support the extension of the OPIC mandate reflected his desire to transform U.S. policy, and his distrust of the agency's claims to suit his policy. This further

¹⁰⁵ Ibid; Embassy Cairo to Secretary of State, "Request for Political Risk Investment Insurance – Gulf"; Department of State to Embassy Cairo, "Opic Application for Insurance - Gulf Oil," Wikileaks Cable: 1977STATE259169_c, October 29, 1977, https://wikileaks.org/plusd/cables/1977STATE259169_c.html.

¹⁰⁶ Comptroller General, "The Overseas Private Investment Corporation," 1981, 21-23, 65.

¹⁰⁷ Comptroller General, 13.

¹⁰⁸ Ibid, 13-18.

¹⁰⁹ Senate. Committee on Foreign Relations. *OPIC Authorization*, July 27, 1977.

underlines the precarious situation in which OPIC found itself during the first year of the new administration. It would also point to a complex situation in which supporters of OPIC within the administration and the OPIC Board had to propose significant changes that made the corporation better suited to Carter's policy goals. Secondly, this chapter questions the energy policy narrative as the primary driver of OPIC's policies in the late 1970s. For instance, as the Gulf Oil case suggests, OPIC was undoubtedly not the only U.S. government institution that participated in the administration's broader foreign policy goals, but that its involvement in economic development fits with the Carter administration's foreign policy objectives, for instance, by encouraging private investment in Egypt. Finally, the argument presented by Hendrickson that OPIC's program continued because access to strategic natural resources became a concern a valid for the debate in Congress, but, do not provide the whole picture as to why the OPIC programs were continued. OPIC also served U.S. economic and security relationships with developing nations, when necessary. However, the evidence presented by reports from the GAO and arguments made during congressional testimony, raise questions over the agency's relevance and effectiveness as part of a broader U.S. foreign policy interests during the late 1970s.

4. OPIC and the Carter Administration's Human Rights Policy

Multinational corporations and needy people in the Third World have different, often conflicting interests, priorities and needs, a reality unaltered by the existence of the OPIC program. – William C. Goodfellow, July 1977.¹¹⁰

Yet, what we see OPIC doing is giving more and more of its money, its insurance, its guarantees to companies which invest in countries where there are serious and gross violations of human rights. – Congressman Tom Harkin, November 1977.¹¹¹

4.1. Introduction

Whereas the first chapter observed the conflicting narrative of OPIC's role in the Carter administration's comprehensive energy strategy, this chapter will develop a historical account of the organization's position on another integral part of U.S. foreign policy under President Carter: Human Rights. This second part intends to provide an in-depth analysis of OPIC's interplay with U.S. human rights policy. More specifically, it shows how OPIC's place in the existing literature on human rights during the Carter years lacks understanding of the organization's functioning and how policymakers recognized OPIC as both serving the U.S. human rights policy interests or as undermining the credibility of the administration's efforts. Within this chapter, this ambiguous relationship between the administration and OPIC will be studied. Firstly, this chapter will briefly reflect on Jimmy Carter's human rights within foreign policy, based on existing literature. Secondly, it analyzes how policymakers, members of congress, and OPIC officials have observed changes to the organization's policies related to human rights issues abroad. And, finally, this chapter presents a framework through which OPIC's action can be placed within the broader literature on human rights, specifically for the period between 1977-1981. The analysis within the chapter will be based on a variety of government sources and literature on human rights in the Cold War.

¹¹⁰ U.S. Congress. Senate. Committee on Foreign Relations. *OPIC Authorization: Hearings before the Subcommittee on Foreign Assistance*. 95th Cong., 1st sess., July 29, 1977, 126, https://books.google.nl/books?id=a9G4WzQ_6TIC&hl=nl.

¹¹¹ U.S. Congress. Congressional Record – House, *Overseas Private Investment Corporation Amendments Act of 1977*, 95th Cong., 1st sess., November 2, 1977, 36650.

4.2. OPIC Hearings and Human Rights

A strong commitment to human rights was one of the main changes made by President Carter to American foreign policy in the late 1970s and remains the subject of significant public and academic attention to this day.¹¹² Although the human rights issue has become irreversibly linked to Carter, historians such as Ambrose, Brinkley, and Keys have documented the human rights ‘revolution’ in the post-Vietnam period as a renewal of American foreign policy away from amoral, unilateral military interventions, and towards a foreign policy, as Dumbrell writes “ in the tradition of Woodrow Wilson and moralistic, ‘world order’ liberalism.”¹¹³ As Carter sought to separate his administration and legacy from his Republican Watergate predecessors, his human rights policy was, above all, based on instilling moral values into American policy. Human rights could help reclaim the moral high ground and restore the United States’ position in the world.¹¹⁴ As discussed previously, the Carter administration cooped, rather than created human rights as a foreign policy element. Historians have pointed out that Congress, after revelations of CIA interference in foreign countries by the Church Committee and U.S. support for brutal dictatorships responsible, had already supported and implemented new restrictions on military and financial aid for countries based on their human rights record.¹¹⁵

The Harkin Amendment represented one of the most direct ways through which members of congress had intervened in U.S. foreign policy-making. Under the Harkin Amendment, Congress instructed the administration to submit reports on countries with human rights violations that continued to receive economic or military aid. Furthermore, it empowered Congress to rescind aid programs to countries that the administration would have preferred to continue if Congress deemed the administration’s motivation, for instance, because of perceived national security interests, to be insufficient.¹¹⁶ OPIC considered an extension of U.S. foreign development-and-aid programs, also fell under the congressional review stipulated by

¹¹² Stueck, “Placing Jimmy Carter’s Foreign Policy,” 244–66; Gaddis Smith, *Morality, Reason, and Power : American Diplomacy in the Carter Years* (New York: Hill and Wang, 1991); Dumbrell, *American Foreign Policy: Carter to Clinton*, 17-19.

¹¹³ Stephen Edward Ambrose and Douglas Brinkley, *Rise to Globalism : American Foreign Policy since 1938* (New York: Penguin Books, 2011), 280-289; Barbara J Keys, *Reclaiming American Virtue : The Human Rights Revolution of the 1970s* (Harvard University Press, 2014); Dumbrell, 16.

¹¹⁴ Stueck, 250; Dumbrell, *American Foreign Policy*, 17-21; Burton Ira Kaufman and Scott Kaufman, *The Presidency of James Earl Carter, Jr.* (Lawrence, Kansas: University Press of Kansas, 2006), 37-39.

¹¹⁵ Bloomfield, 4; David F. Schmitz and Vanessa Walker, “Jimmy Carter and the Foreign Policy of Human Rights: The Development of a Post–Cold War Foreign Policy,” *Diplomatic History* 28, no. 1 (January 1, 2004): 113-115, 118, <https://doi.org/10.1111/j.1467-7709.2004.00400.x>.

¹¹⁶ Schmitz and Walker, 118.

the Harkin Amendment.¹¹⁷ Section 116 of the Foreign Assistance Act of 1961, which encompasses all forms of foreign aid, and to which the Harkin Amendment was added, includes OPIC and its programs, thus making them subject to the same legislative requirements as other forms of foreign aid. However, during the congressional debate over the extension of the OPIC program in 1977, while the Carter administration was still developing more concrete human rights policies, the applicability of the amendment to OPIC came under fire.¹¹⁸

OPIC's acting President Poats, in response to questions over human rights violations in countries with OPIC-insured projects, confirmed to the House Committee on International Relations that OPIC would indeed be required to adhere to policy guidelines set by the President, the Secretary of State, or the Interagency Group on Human Rights and Foreign Assistance should it determine certain countries or projects to be in violations of the Harkin Amendment. However, Poats stressed that he considered the primary directorate of OPIC's programs not to come from the Harkin Amendment but rather from consultations with the State Department.¹¹⁹ In short, this meant that OPIC would be subject to decisions made by State Department officials, namely, the Christopher Group, in deciding when to deny OPIC coverage based on human rights. This reflected a case-to-case-oriented approach to the OPIC projects rather than applying the human rights criteria unequivocally, something that Schmidli also points to as perpetuating the Carter administration's issue of inconsistency in human rights.¹²⁰

As William C. Goodfellow of the Center for International Policy put it, multinational corporations looking for a "good investment climate" were often inclined to invest in authoritarian countries with OPIC support. Goodfellow argued that the main beneficiary nations of the OPIC programs, such as Brazil, South Korea, and Taiwan, were attractive options for corporations precisely because their structural neglect for human and workers' rights ensured both political stability and a steady source of labor that corporations craved.¹²¹

¹¹⁷ Bloomfield, 5; U.S. Congress, House, Committee on International Relations, *Extension of the Overseas Private Investment Corporation: Markup and Hearings before the Committee on International Relations*, 95th Cong., 2nd sess., January 28, 1978, 82-88.

¹¹⁸ Schmitz and Walker, 118; David Carleton and Michael Stohl, "The Role of Human Rights in U.S. Foreign Assistance Policy: A Critique and Reappraisal," *American Journal of Political Science* 31, no. 4 (1987): 1002-1005, <https://doi.org/10.2307/2111233>.

¹¹⁹ U.S. Congress, House, Committee on International Relations, *Extension of the Overseas Private Investment Corporation: Markup and Hearings before the Committee on International Relations*, 95th Cong., 2nd sess., January 28, 1978, 88.

¹²⁰ *Ibid.*, 80-95; Schmidli, 157-160.

¹²¹ U.S. Congress, Senate, Committee on Foreign Relations, *OPIC Authorization: Hearings before the Subcommittee on Foreign Assistance*, 95th Cong., 1st sess., July 29, 1977, 127-129, https://books.google.nl/books?id=a9G4WzQ_6TIC&hl=nl.

During the Markup debate on the OPIC reauthorization bill in the House, Congressman Harkin introduced an amendment similar in wording to that of the original Harkin Amendment that would impose stricter legislation on OPIC to consider human rights in determining its investment and insurance projects. It was the fifth time in two years that Congressman Harkin had voiced his concern over OPIC's loose interpretation of Section 116 of the Foreign Assistance Act.¹²² In response to the application of Harkin's amendment, however, supporters of OPIC, led by Congressman Bingham, introduced an amendment that would make Section 116 'considerations' applicable only in cases with direct foreign government involvement.¹²³ Multinational corporations that applied OPIC insurance would often propose projects with foreign companies abroad, and governments would rarely be involved in the project.¹²⁴ Additionally, government officials from both the State Department and OPIC would often rely on multinational corporations to provide additional information about the possible impact of the proposed project on the human rights situation. According to a government study on Human Rights and Foreign Assistance, OPIC (and Ex-Im) projects did not constitute development assistance but instead, could function as complementary to U.S. AID by encouraging private participation in foreign regions.¹²⁵

This debate reflected a crucial division within Congress in thinking over OPIC's role within U.S. foreign policy. On the one hand, critical members of congress felt that OPIC should remain primarily focused on development policy in developing countries and, as such, should fall under Section 116. President Carter, who commented that OPIC should "fulfill its original purpose," that is small-business and developmental-oriented, also supported this line of thinking.¹²⁶ On the other hand, Congressman Bingham, as well as, Congressmen Whalen and Cavanaugh, cosponsors of the OPIC bill, considered the organization primarily as supportive

¹²² U.S. Congress. Congressional Record – House, *Overseas Private Investment Corporation Amendments Act of 1977*, 95th Cong., 1st sess., November 2, 1977, 36644-36658.

¹²³ Ibid., 36652-36654; Memorandum for Assistant Secretary of State for Human Rights and Humanitarian Affairs (Derian) and the Legal Adviser (Hansell) to the Deputy Secretary of State (Christopher), January 24, 1978, *Foreign Relations of the United States, 1977-1980, Volume II, Human Rights and Humanitarian Affairs*, 377-379, <https://history.state.gov/historicaldocuments/frus1977-80v02/d108>.

¹²⁴ Ibid.

¹²⁵ Study Prepared by the Ad Hoc Inter-Agency Group on Human Rights and Foreign Assistance, August 15, 1977, *Foreign Relations of the United States, 1977-1980, Volume II, Human Rights and Humanitarian Affairs*, 240, <https://history.state.gov/historicaldocuments/frus1977-80v02/d73>.

¹²⁶ Memorandum, Stu Eizenstat and Bob Ginsburg for President Carter, August 26, 1977, Records of the Staff Secretary, Presidential Files, 8/29/77, 38, Jimmy Carter Presidential Library. https://www.jimmycarterlibrary.gov/digital_library/sso/148878/38/SSO_148878_038_09.pdf.

of U.S. (business) interests abroad, and, with a complimentary to function to other U.S. development-and-aid institutions.¹²⁷

The Bingham amendment received backing from the OPIC Board and some Carter administration officials but was defeated in the House.¹²⁸ Two amendments introduced by Congressmen Harkin and Long eventually led to the postponement of the vote on the OPIC reauthorization. The extension of the OPIC's mandate, signed by President Carter on April 24, 1978, reflected congressional concerns about the applicability of human rights tests to the OPIC program.¹²⁹ Despite OPIC being subject to human rights oversight under the Foreign Assistance Act of 1961, the House included the Harkin Amendment in the new OPIC mandate by a margin of 191 to 76.¹³⁰ The extent to which the congressional debate ultimately changed the utilization of OPIC's program by the organization and the policy-making by Carter administration officials is also relevant for this thesis and will be discussed further.

4.3. OPIC and Human Rights in Policy-Making

While the debate in Congress was ongoing, State Department officials too had differing views on the extent to which human rights considerations should be applied to OPIC. In response to the introduction of the Harkin Amendment into the OPIC bill, officials notified the Deputy Secretary of State (Christopher) of the possibility that the Department would be required to include reports on existing OPIC projects in countries with a record of human rights violations. Specifically, the report on OPIC activities in Brazil and possible implications for the U.S.-Brazil relationship were discussed.¹³¹ Although the OPIC Board had been lobbying Congress to avoid the application of Section 116, it had indicated to the State Department officials that it was willing to compromise to get an extension of the OPIC mandate under review by Congress. Christopher ultimate decision not to include the reports on Brazil and four other countries with OPIC projects, siding with officials from the Bureau for Latin American Affairs, the State Department's Bureau for Economics and Business Affairs, and the Policy Planning Staff

¹²⁷ U.S. Congress. Congressional Record – House, *Overseas Private Investment Corporation Amendments Act of 1977*, 95th Cong., 1st sess., November 2, 1977, 36646-36650; Overseas Private Investment Corporation Amendments Act, Public Law 95-268, H.R.9179 (1978), <https://www.congress.gov/bill/95th-congress/house-bill/9179/text>.

¹²⁸ Memorandum from Assistant Secretary of State for Human Rights and Humanitarian Affairs (Derian) and the Legal Adviser (Hansell) to the Deputy Secretary of State (Christopher), January 24, 1978, 377-378.

¹²⁹ Schmitz and Walker, 118; Overseas Private Investment Corporation Amendments Act, Public Law 95-268, H.R.9179 (1978), <https://www.congress.gov/bill/95th-congress/house-bill/9179/text>.

¹³⁰ Ibid; Report Prepared by the Interagency Group on Human Rights and Foreign Assistance, April 30, 1978, *Foreign Relations of the United States, 1977-1980, Volume II, Human Rights and Humanitarian Affairs*, <https://history.state.gov/historicaldocuments/frus1977-80v02/d139>.

¹³¹ Memorandum, January 24, 1978, 376.

despite objections from the Bureau of Congressional Relations, the Bureau on Human Rights and Humanitarian Affairs, and the Department's legal adviser.¹³² The decision signaled a divide within the State Department between the idealistic officials at the Human Rights Bureau and those who sought to apply human rights considerations more pragmatically due to the possibility of incurring “lasting harm to our bilateral relations [with Brazil].”¹³³ The director of the Policy Planning Staff wrote to Christopher later in 1978 that he felt restrictions on “programs designed to help American exporters and investors [OPIC, Ex-Im]” should be applied as thinly as possible under the law.¹³⁴ Another memorandum, sent by National Security Adviser Brzezinski to Secretary of State Vance, echoed similar concerns on behalf of President Carter. It expressed dissatisfaction with congressional interference of the administration's bilateral economic aid programs, including OPIC, which were exceedingly scrutinized to the point that top officials and the President were considering a veto to shield off human rights reports from oversight.¹³⁵

Competing views over OPIC's human rights ‘problem’ did not only exist between Congress and the Executive Branch, or within the State Department, but also prompted several heated discussions between senior members of the National Security Council on the one hand, and the Bureau on Human Rights and Humanitarian Affairs and Assistant Secretary of State Christopher on the other. After Congress had included the Harkin amendment and reauthorized the OPIC mandate, Jessica Tuchman Mathews wrote a strong-worded memo to Brzezinski complaining about implementing the new legislation by the Christopher Committee.¹³⁶ Most revealing about her position was Tuchman Mathews' assessment of the value of OPIC programs. In summing up the policy considerations, Mathews claimed that human rights considerations should not impede existing and future OPIC programs because they were “designed to help American business: not the country in which the investment is to be made”.¹³⁷ Reflecting on the “needy people” exemption, a condition through which would allow bilateral

¹³² Memorandum, January 24, 1978, 382-383.

¹³³ Ibid, 382.

¹³⁴ Memorandum from the Director of the Policy Planning Staff (Lake) to the Deputy Secretary of State (Christopher), August 10, 1978, *Foreign Relations of the United States, 1977-1980, Volume II, Human Rights and Humanitarian Affairs*, <https://history.state.gov/historicaldocuments/frus1977-80v02/d157>.

¹³⁵ Memorandum from the President's Assistant for National Security Affairs (Brzezinski) to Secretary of State Vance, May 8, 1978, *Foreign Relations of the United States, 1977-1980, Volume II, Human Rights and Humanitarian Affairs*, <https://history.state.gov/historicaldocuments/frus1977-80v02/d143>.

¹³⁶ Memorandum from Jessica Tuchman Mathews of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski), June 27, 1978, *Foreign Relations of the United States, 1977-1980, Volume II, Human Rights and Humanitarian Affairs*, 490-493, <https://history.state.gov/historicaldocuments/frus1977-80v02/d150>.

¹³⁷ Ibid, 491.

aid or investment to/in a country with a record of human rights violations, Tuchman Mathews lamented that OPIC projects were “designed to be profit-making, [thus] the needy people exemption is very rarely applicable.”¹³⁸ Members of the National Security Council felt that Assistant Secretary Christopher, through the Interagency Group, had followed the OPIC legislation to strictly, and were advocating for a looser interpretation. In an attempt to satisfy the NSC’s criticism, Christopher introduced some criteria through which his commission would analyze OPIC projects, but, he did not change his stance on the applicability of the Harkin Amendment. Several high-level meetings involving officials from the National Security Council, the State Department, the Treasury, and OPIC Board members were scheduled to ‘resolve’ the issues throughout 1978.¹³⁹

A final consideration that Tuchman Mathews points to in her memorandum indicates that OPIC had, in addition to serving the investment interests of American businesses abroad and providing development aid for foreign nations, another function within the National Security Council’s policy framework. Tuchman Mathews warned of possible adverse effects should OPIC be restricted from operating in certain countries due to legal human rights considerations stipulated in the Harkin Amendment. OPIC’s operations were not only seen as beneficial to foreign countries because of their direct investment, but they also indicated support. Rescinding OPIC programs could lead to disinvestment, political unrest, and worsening conditions for a country’s citizens. OPIC’s presence in a foreign country thus became an indication that the national political environment and investment climate were deemed safe, which could be leveraged in bilateral negotiations.¹⁴⁰ Several examples of U.S. foreign policy-makers utilizing OPIC (access) can be found throughout the Carter administration, some specifically related to punishing (or rewarding) countries with (improving) human rights situations, others as part of an agreement or settlement. Suggestions of rescinding OPIC coverage have been used as part of U.S. strategies to coerce improvements

¹³⁸ Memorandum from Jessica Tuchman Mathews of the National Security Council Staff to the President’s Assistant for National Security Affairs (Brzezinski), June 27, 1978, 491.

¹³⁹ Memorandum from the Deputy Secretary of State (Christopher) to the President’s Assistant for National Security Affairs (Brzezinski), July 3, 1978, *Foreign Relations of the United States, 1977-1980, Volume II, Human Rights and Humanitarian Affairs*, <https://history.state.gov/historicaldocuments/frus1977-80v02/d151>; Memorandum from Jessica Tuchman Mathews of the National Security Council Staff to the President’s Deputy Assistant for National Security Affairs (Aaron), July 11, 1978, *Foreign Relations of the United States, 1977-1980, Volume II, Human Rights and Humanitarian Affairs*, 496-497, <https://history.state.gov/historicaldocuments/frus1977-80v02/d152>.

¹⁴⁰ Schmitz and Walker, “Jimmy Carter and the Foreign Policy of Human Rights,” 137; Memorandum from Jessica Tuchman Mathews of the National Security Council Staff to the President’s Assistant for National Security Affairs (Brzezinski), June 27, 1978, 491.

of the human rights situation in Argentina¹⁴¹ and Chile¹⁴² to ensure the democratic transition in Bolivia¹⁴³, to undermine the socialist government of Grenada¹⁴⁴, to encourage Somoza to step down in Nicaragua¹⁴⁵, and as part of the financial arrangements over the Canal transfer with Panama.¹⁴⁶

4.4. OPIC in Cold War Policy Considerations

Although the Carter administration's human rights policy faced a series of challenges with its implementation, including departmental divisions, the crises of 1979 that led to the refocusing of U.S. policy away from regionalism and morality to the Cold War considerations ultimately proved the turning point in Carter's foreign policy agenda.¹⁴⁷ The invasion of Afghanistan and the fall of the Shah in Iran had led the Carter administration to revert to "the more traditional goal of containment" over its other foreign policy interests.¹⁴⁸ Lincoln Bloomfield of the NSC wrote to his colleagues that the "recent deterioration of the security situation has made the human rights criterion secondary in several recent FMS [Foreign Military Sales] decisions."¹⁴⁹

¹⁴¹ Schmidli, 161-165; Memorandum: Argentina Human Rights Country Evaluation Plan, August 25, 1977, *Digital National Security Archive*, <https://www-proquest-com.ezproxy.leidenuniv.nl/dnsa/docview/1679046240/C0FACE42B4594886PQ/79?accountid=12045>.

¹⁴² Congressman Harkin slammed the Carter administration's handling of the Letelier case with Chile, noting that the threat of withholding OPIC coverage meant very little, as the organization had not financed or insured any project in Chile since 1970; United States. Congress. House. 1979. *Harkin Blasts "Despicably Weak" Carter Response to Chile*, <https://www-proquest-com.ezproxy.leidenuniv.nl/government-official-publications/harkin-blasts-despicably-weak-carter-response/docview/1679062017/se-2?accountid=12045>; Graham Hovey, "Carter Said to Plan Cutback in Chile over Letelier Case," *The New York Times*, November 29, 1979, <https://www-proquest-com.ezproxy.leidenuniv.nl/historical-newspapers/carter-said-plan-cutbacks-chile-over-letelier/docview/123909123/se-2?accountid=12045>; Memorandum from Secretary of State Vance to President Carter, October 19, 1979, *Foreign Relations of the United States, 1977-1980, Volume XXIV, South American; Latin America Region*, <https://history.state.gov/historicaldocuments/frus1977-80v23/d332>.

¹⁴³ Telegram from the Embassy in Bolivia to the Department of State, March 30, 1978, *Foreign Relations of the United States, 1977-1980, Volume XXIV, South American; Latin America Region*, <https://history.state.gov/historicaldocuments/frus1977-80v24/d127>.

¹⁴⁴ Telegram from the Department of State to the Embassy in Barbados, March 18, 1980, *Foreign Relations of the United States, 1977-1980, Volume XXIII, Mexico, Cuba, and the Caribbean*, <https://history.state.gov/historicaldocuments/frus1977-80v23/d332>.

¹⁴⁵ Ambrose and Brinkley, 289-291; Telegram from the Embassy in Nicaragua to the Department of State, October 24, 1978, *Foreign Relations of the United States, 1977-1980, Volume XV, Central America*, <https://history.state.gov/historicaldocuments/frus1977-80v15/d121>.

¹⁴⁶ Minutes of a Policy Review Committee Meeting, July 22, 1977, *Foreign Relations of the United States, 1977-1980, Volume XXIX, Panama*, <https://history.state.gov/historicaldocuments/frus1977-80v29/d65>.

¹⁴⁷ Dumbrell, *American Foreign Policy*, 46-52; Stueck, *Placing Jimmy Carter's Foreign Policy*, 256-258; Schmidli, *The Fate of Freedom Elsewhere*, 157.

¹⁴⁸ Stueck, 259.

¹⁴⁹ Memorandum from Lincoln Bloomfield of the National Security Council Staff to Roger Molander of the National Security Council Staff, July 3, 1980, *Foreign Relations of the United States, 1977-1980, Volume II, Human Rights and Humanitarian Affairs*, <https://history.state.gov/historicaldocuments/frus1977-80v02/d203>.

In addition to foreign military sales, bilateral economic aid programs such as Ex-Im and OPIC were reconsidered to reflect the changes in the international security situation.¹⁵⁰

At the scheduled hearings to review OPIC activities and adherence to the 1978 reauthorization, OPIC President Bruce Llewellyn informed members of congress that, despite the adoption of stricter human rights considerations, only a single OPIC project had been rejected by the State Department following a review by the Christopher Committee.¹⁵¹ The investment project, worth around \$400,000, had only been rejected because a government investment agency in El Salvador had been involved. It would remain the only OPIC project rejected by the State Department based on human rights concerns until well into the Reagan administration.¹⁵² Although the Christopher Committee was ineffective in giving substantial weight to human rights considerations, it did consider to a large extent OPIC projects throughout its existence. This observation runs contrary to claims made by Schmidli in his work on human rights in Argentina.¹⁵³ President Llewellyn also confirmed during the hearings that, despite not having provided insurance or financing for any new projects, OPIC coverage had remained in place with documented human rights violators Chile, Argentina, Nicaragua, and Uganda between 1977 and 1979.¹⁵⁴

An example of the pragmatic considerations can be found in the project of the joint Argentinian-Paraguayan Yacyreta dam. In 1978 the Ex-Im bank had rejected financing for the export of U.S. equipment for the project, following a review by the Christopher Committee, citing the severe human rights situation in the country. This led to strong condemnations from the business community, which, as Schmidli argues, had struggled to adjust to the administration's inconsistent application of human rights criteria. However, in 1980, with bilateral relations between the United States and Argentina improving, and the Carter administration's focus on the conflict with the Soviet Union, another company, Morrison-Knudsen, applied for OPIC insurance. The company wanted to supply construction equipment for the project, and was bidding for a contract. A memorandum from the Department of Commerce argued that the infrastructure project could provide a good investment for U.S.

¹⁵⁰ Memorandum, July 3, 1980, 1-3.

¹⁵¹ U.S. Congress, House, Committee on International Relations, *Review of Activities of the Overseas Private Investment Corporation: Hearings before the Subcommittee on International Economic Policy and Trade*, 96th Cong., 1st sess., July 17, 1978, 42, 46, <https://books.google.nl/books?id=zjUexKBgQTMC>.

¹⁵² U.S. Congress, House, Committee on Government Operations, *Report: The Role of the Overseas Private Investment Corporation*, 99th Cong., 1st sess., October 29, 1985, 68, <https://books.google.nl/books?id=4Ck8AQAAMAAJ&pg=RA4-PA1&dq=e>.

¹⁵³ Schmidli, *The Fate of Freedom Elsewhere*, 112.

¹⁵⁴ U.S. Congress, House, Committee on International Relations, *Review of Activities of the Overseas Private Investment Corporation: Hearings before the Subcommittee on International Economic Policy and Trade*, 96th Cong., 1st sess., July 17, 1978, 17.

business, and, expressed fears that the contract might otherwise be awarded to a Soviet bidder. The OPIC Board voted on the program, and the Christopher Committee did not object but the company ultimately did not get selected for the project.¹⁵⁵

4.5. Conclusion

This chapter's analysis of human rights considerations in foreign policy shows how differing attitudes between administration officials and the State Department, both internally and externally in relation to Congress, have shaped the activities and policies of OPIC. Firstly, it has shown how congressional concerns over implementing the human rights considerations by the Christopher Committee led Congress to enact legislation designed explicitly for OPIC. Those concerns were certainly valid if we consider the more lenient attitude of officials at the State Department and the National Security Council, who came to view OPIC as a vehicle for foreign policy that could be used to punish or reward certain nations with human rights violations, or with strategic importance to the United States. Furthermore, these conflicts within the administration and in Congress point to a crucial debate over what role OPIC should play in development policy and what constituted aid to foreign nations. The exemption of OPIC programs to continue operations in countries, such as Argentina, despite clear congressional disapproval, underscores how economic and security considerations ultimately disrupted comprehensive strategies for applying human rights considerations into the OPIC mandate.

¹⁵⁵ Memorandum, From Patricia M. Derian and Viron P. Vaky to the Secretary State and Deputy Secretary of State, *Department of State*, August 3, 1979, 1-8, <https://www.dni.gov/files/documents/icotr/Argentina%20-%20Carter%20Memos.pdf>; Memorandum, From Philip M. Klutznick for the Vice President, Secretary of State, Secretary of Defense, *Department of Commerce*, May 13, 1980, 1-4; Overseas Private Investment Corporation, "Overseas Private Investment Corporation (OPIC) Board of Directors Resolution Index," 7.

5. OPIC and the Carter Administration's China/Taiwan Policy

Why should the people who propose to do business there [China] demand or require OPIC programs as a condition of going into the venture? Why shouldn't they just go in if they think it is a worth-while place in which to do business and make money? – Senator Javits, March 1980.¹⁵⁶

I think that adding an explicit export focus (...) would inevitably distort and reduce the developmental focus of the OPIC program. – Fred Bergsten, Assistant Secretary of the Treasury for International Affairs, June 1980.¹⁵⁷

5.1. Introduction

Having discussed the policy role of OPIC in two of the Carter administration's more substantial changes to U.S. foreign policy, shifting to a domestic and conservation-oriented comprehensive national Energy Policy, and attempts to reframe U.S. foreign policy around human rights, the final chapter introduces a new narrative: the normalization of U.S. – Sino relations in 1979 and 1980. Firstly, this chapter will look at the position of OPIC on the normalization of relations with the People's Republic of China (PRC) and how congressional attitudes have shaped the political debate around the normalization. It highlights how OPIC programs became a key discussion point in negotiations with the PRC, how administration officials had come to understand the role of OPIC, and how OPIC participated in the Carter administration's promotion of reproachment in U.S. foreign policy towards China. In addition to this, the political debate over the relationship with Taiwan will be discussed in the second part of the chapter. Finally, this chapter shows that OPIC's proposed role in the PRC perpetuated sentiments amongst its proponents that the agency's core purpose should shift from focused on developing economies in low-income countries through investment insurance to a role as a promotor of U.S. investment abroad. This position placed OPIC at the heart of the policy debate over development and economic interests within the Carter administration and in the U.S. Congress. It ultimately reflects OPIC's ambition to become more proactive in foreign policy

¹⁵⁶ U.S. Congress, Senate, Committee on Foreign Relations, *S. 1916: Hearing before the Committee on Foreign Relations*, 96th Cong., 2nd sess., March 3, 1980, 19, https://books.google.nl/books?id=h_8YwwEACAAJ&dq=s.

¹⁵⁷ U.S. Congress, Senate, Committee on Foreign Relations, *Overseas Private Investment Corporation: Hearings before the Committee on Foreign Relations*, 96th Cong., 2nd sess., June 11, 12, 1980, 213, <https://books.google.nl/books?id=Z1ofxgEACAAJ&dq>.

and underscored how precarious of a position the agency found itself in, balancing the competing interests of the Carter administration, congressional attitudes, business interests, and OPIC's future as a government agency.

5.2. Carter's China Policy

Normalization of relations with the PRC had long been on Carter's agenda and reflected his regional approach to international politics. According to Dumbrell, the difficult relationship with the Soviet Union in 1978 during the SALT negotiations and later in 1979, after the invasion of Afghanistan, was responsible for the Carter administration's increased interest in establishing a strong relationship with the other great communist nation. As discussed earlier in this thesis, the policy constituted a continuation and ultimately completion of policies set forward in the Nixon administration. Both Kaufman and Dumbrell have argued that the deteriorating relationship between the U.S. and the Soviet Union led Brzezinski to push President Carter for a more aggressive approach, increasing Cold War tension to even higher levels. Carter believed that strengthening the PRC could also add to the stability of the Asia-Pacific region.¹⁵⁸

5.3. OPIC Visits and Support for China

Following the normalization of the diplomatic relations with the PRC on January 1, 1979, discussions about developing economic cooperation between the two countries began to proceed. Despite the agency's desire to expand its operations, OPIC programs in "Communist" countries were restricted by the Foreign Assistance Act of 1961. These restrictions did not result from the human rights situation in the PRC, which was deemed "unacceptable", according to one administration official, because President Carter could defer on these restrictions if he wanted to.¹⁵⁹ As discussed in the previous chapters, the State Department and other agencies had considered OPIC projects and eligible nations based on a wide range of policy interests, and they had approved certain OPIC projects based on security and economic considerations in the past. Even though the Carter administration supported OPIC expansion into the PRC, the agency required explicit congressional approval before Carter could determine that OPIC activities would be in the national interest of the United States. To this extent, legislation was introduced in the form of S. 1916, which would authorize the PRC as the third communist

¹⁵⁸ Dumbrell, *American Foreign Policy*, 45-46; Kaufman, *The Presidency of James Earl Carter*, 129-131.

¹⁵⁹ Committee on Foreign Relations, *S. 1916: Hearing before the Committee on Foreign Relations*, 16.

country with access to OPIC coverage after Romania and Yugoslavia.¹⁶⁰ In addition to seeking congressional approval, the OPIC Board had to approve the PRC as an eligible country for OPIC coverage, which it did in August 1978.¹⁶¹

Although Chinese officials had not made a specific request for OPIC programs, they strongly encouraged U.S. businesses to seek investments in the PRC as part of the normalization negotiations. During his trip to China in August 1979, Vice President Mondale spoke at length with Chinese officials and politicians about furthering economic normalization in U.S.-Sino relations. The Chinese government had an interest in acquiring technology from U.S.-based companies, including weapons, and, responding to these demands, the Vice President spoke at length about the different measures that the Carter administration was willing to implement to normalize economic relations between the two nations further. Parts of these talks were related to the expansion of OPIC's coverage to the PRC for business cooperation, which officials promised could provide the PRC with OPIC financial commitments of up to \$200 million in insurance coverage over just two years, should coverage become available. During the meeting, Mondale promised that the administration would ensure passage of the OPIC authorization legislation before the end of 1980 and a meeting with OPIC representatives later in the year. Vice President Mondale assured Vice Premier Deng Xiaoping that OPIC constituted "a significant institution for expanded cooperation between our two nations."¹⁶²

OPIC President Llewellyn concurred, arguing before Congress that the PRC sought to attract foreign capital and knowledge to modernize its economy and industries drastically and that OPIC could fulfill this wish. However, Llewellyn underscored, above all, the opportunity for American businesses and the U.S. position in the world economy, which he argued could greatly benefit from the increased economic relations with the PRC.¹⁶³ Senator Javits, who firmly supported the PRC authorization bill, was equally enthusiastic about the business community's participation in the normalization process, even commenting that American companies "would have more to do with improving relations with China than the United States Government."¹⁶⁴

¹⁶⁰ Committee on Foreign Relations, *S. 1916: Hearing before the Committee on Foreign Relations*, 2-4.

¹⁶¹ Overseas Private Investment Corporation, "OPIC Board of Directors Resolution Index," 7.

¹⁶² Steven R. Weisman, "Peking's Envoy Says New York Will Get First China Trade Office, *The New York Times*, April 12, 1979, <https://www.nytimes.com/1979/04/12/archives/pekings-envoy-says-new-york-will-get-first-china-trade-office.html>; Memorandum of Conversation, Beijing, August 27, 1979, *Foreign Relations of the United States, 1977-1980, Volume XIII, China*, <https://history.state.gov/historicaldocuments/frus1977-80v13/d264>; U.S. Congress, Senate, Committee on Foreign Relations, *S. 1916: Hearing before the Committee on Foreign Relations*, 4-6.

¹⁶³ *Ibid*, 7.

¹⁶⁴ Weisman, 1.

In contrast to earlier observations of OPIC's role, the normalization of relations with the PRC and the subsequent debates about economic cooperation resulted in an explicit focus on benefits for U.S. companies and the U.S. economy instead of the potential benefits for the people of China. Furthermore, OPIC officials, including OPIC President Llewellyn, were more actively lobbying Congress to allow for changes to the existing foreign assistance legislation. In an issue of *TOPICS*, Llewellyn's behavior before the Committee on International Relations was reported as "urging" members of congress to allow OPIC insurance projects to proceed.¹⁶⁵ Development of the PRC, according to OPIC, became as much, if not even more, about the economic development of the "untapped" market as opposed to improving the conditions of the needy people.¹⁶⁶

Further underlining the commitment of the agency to opening up China was reflected by the series of high-level meetings that took place between officials from OPIC and the PRC's China International Trust and Development Corporation (CITIC).¹⁶⁷ OPIC officials met with representatives of the PRC to discuss OPIC coverage through a bilateral agreement on October 7, 1980, where they agreed to an agreement to extend coverage to the PRC and were also part of a special economic committee later in the month where the OPIC investment guarantees were signed. They communicated to the Chinese officials that more than 80 potential investors had inquired after potential OPIC coverage for their respective projects.¹⁶⁸ Following an economic conference between U.S. and Chinese officials, Treasury Secretary Miller later wrote to Carter that finance through government agencies such as OPIC (and Ex-Im) was of "paramount importance" to the Chinese delegation.¹⁶⁹ The importance of OPIC programs to the communist party was reflected by their concession on OPIC agreements to allow for subrogation in OPIC project disputes. As David Salem pointed out, this meant that the U.S. government could get involved in any disputed project on behalf of the American company, turning the conflict into a bilateral issue.¹⁷⁰

¹⁶⁵ Overseas Private Investment Corporation, "OPIC Programs Urged for China," *TOPICS* 9, no.1 (1980), 1, 8, <https://books.google.nl/books?id=0XWpBgAGPaUC&dq=s>; Overseas Private Investment Corporation, "PRC Delegation Meets with OPIC," *TOPICS* 8, no.4 (1979), <https://books.google.nl/books?id=0XWpBgAGPaUC&dq=s>.

¹⁶⁶ Overseas Private Investment Corporation, "PRC Delegation Meets with OPIC, 1-10.

¹⁶⁷ *Ibid.*

¹⁶⁸ U.S. Department of State, "People's Republic of China – Finance: Investment Guaranties," *United States Treaties and Other International Agreements* 32, no. 4, October 30, 1980, 4010-4026, <https://books.google.nl/books?id=prk3a5skUJIC&pg>; Memorandum from Secretary of the Treasury Miller to President Carter, October 27, 1980, *Foreign Relations of the United States, 1977-1980, Volume XIII, China*, 1145-1149, <https://history.state.gov/historicaldocuments/frus1977-80v13/d324>.

¹⁶⁹ Memorandum from Secretary of the Treasury Miller to President Carter, 1145-1146.

¹⁷⁰ Salem, "The Joint Venture Law of the Peoples' Republic of China," 109.

5.4. Taiwan Relations Act

After the Carter administration decided to normalize relations with the PRC and the subsequent severing of formal diplomatic ties with Taiwan, a bill was introduced to restructure the U.S. – Taiwan relationship. Despite agreeing to revoke the Mutual Defense Treaty with Taiwan, Carter and his officials had insisted during the negotiations with the PRC on maintaining a relatively strong connection with the country, including the commercial aspects, including the continued activity of Ex-Im financing and OPIC programs.¹⁷¹ For the Carter administration, strategic concerns, political pressure, and economic considerations were driving this decision. Given that the U.S. and Taiwan had long cooperated on military issues and the strategic importance of a regional Cold War ally for American interests in the region, the administration expressed hope that bilateral relations with Taiwan could continue. Additionally, the interests of U.S. companies in Taiwan were also important, given that the bilateral economic relationship could benefit economic growth and the U.S. trade balance. Taiwan was at that point the eighth-largest U.S. trading partner.¹⁷²

The administration's first version of the Taiwan bill was perceived as "woefully inadequate," in the words of Senator Frank Church, and received strong condemnation from the pro-Taiwan voices in Congress.¹⁷³ Following the debate before the Senate Foreign Relations Committee, several amendments to the administration's text were added to the bill, reflecting the sentiment amongst the senators. Amongst the amendments introduced was a clause that stipulated the continued activity of OPIC in Taiwan for five years. After five years, the President would be required to submit a report on the activities of OPIC to Congress, and the continuation of Taiwan's special exemption from the \$1,000 PCI would be reevaluated.¹⁷⁴ The five years adopted by the Senate were later brought back to three in the House version, which Congressman Zablocki introduced.¹⁷⁵ Congressman Zablocki argued that the 3-year limit better reflected Taiwan's economic situation, and would prevent indefinite extension of the exemption and that OPIC activities would express confidence towards the American business

¹⁷¹ Notes on China, January 12, 1979, Records of the Staff Secretary, Presidential Files 1/13/79, 103, Jimmy Carter Presidential Library, http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

¹⁷² Lori F. Damrosch, "The Taiwan Relations Act after Ten Years," *Occasional Papers/Reprints Series in Contemporary Asian Studies* 99th ed., vol. 4 (1990): 1-27, <https://digitalcommons.law.umaryland.edu/cgi/viewcontent.cgi?article=1098&context=mscas>.

¹⁷³ Ibid; Stueck, "Placing Jimmy Carter's Foreign Policy," 260; Taiwan Enabling Act, S.245, Senate Report 96-7, March 3 (1979), <https://www.congress.gov/bill/96th-congress/senate-bill/245/summary/01>.

¹⁷⁴ Ibid.

¹⁷⁵ U.S. Congress, Congressional Record – House, *Conference Report on H.R. 2479, Taiwan Relations Act*, 96th Cong., 1st sess., March 28, 1979, 6601-6606, <https://www.govinfo.gov/content/pkg/GPO-CRECB-1979-pt5/pdf/GPO-CRECB-1979-pt5-7-2.pdf>.

community.¹⁷⁶

Despite strong objections from several members, including a lengthy legal battle with the Carter administration, H.R. 2479 was passed by the House and signed into law by President Carter in April of 1979. The Taiwan Relations Act, adopted by Congress, thus included a section specifically dedicated to OPIC programs. It stipulated that Congress required the agency to continue giving coverage to businesses interested in operating in Taiwan until 1982, waiving the per capita income (PCI) of Taiwan surpassing the \$1,000 PCI restrictions put on OPIC activities in the 1978 reauthorization bill.¹⁷⁷ According to Kaufman, the language of the final bill relating to Taiwan included some parts related to security and military relations that were unacceptable to the Carter administration. However, there is no indication that the Carter administration opposed the inclusion of OPIC in the legislation.¹⁷⁸ Reports suggested that the PRC had initially opposed American business activity in Taipei, but those policy positions were later modified as both Taiwan and the PRC sought to profit from increased U.S. business interest and economic relations.¹⁷⁹ The introduction of the OPIC amendment into the Taiwan Relations Act underscores the perceived relevance of the agency's programs to American business.

5.5. IDCA and OPIC Reauthorization

The 1980's second issue of OPIC'S magazine, *TOPICS*, the agency's magazine for politicians, business leaders, and other interested clients, presented two of the day's biggest stories. Instead of the usual articles on promotional investment opportunities or business projects, the stories dealt with ongoing legislative projects related to OPIC's future within U.S. foreign investment and development. The first story reported on the successful passing of the authorization of OPIC programs in the PRC, noting that negotiations between OPIC and Chinese officials had been ongoing. Minimal mention was made about OPIC's developmental focus or specific benefits to the people of the PRC. Instead, the article on the PRC bill emphasized the opportunities for

¹⁷⁶ Congressional Record – House, *Conference Report on H.R. 2479, Taiwan Relations Act*, 6001.

¹⁷⁷ Dumbrell, *American Foreign Policy*, 45-46; Graham Hovey, "Appeal Court Backs Carter on Taiwan," *The New York Times*, December 1, 1979, <https://www.nytimes.com/1979/12/01/archives/appeal-court-backs-carter-on-taiwan-upholds-his-abrogation-of.html>; Taiwan Relations Act, Public Law 96-8, 22 U.S.C. 3301 et seq. (1979), <https://www.ait.org.tw/our-relationship/policy-history/key-u-s-foreign-policy-documents-region/taiwan-relations-act/>.

¹⁷⁸ Kaufman, *The Presidency of James Earl Carter*, 129; James P. Sterba, "China and Taiwan Urging U.S. to Trade with Both", *The New York Times*, April 9, 1980, <https://www.nytimes.com/1980/04/09/archives/china-and-taiwan-urging-us-to-trade-with-both-china-and-taiwan-bid.html>.

¹⁷⁹ *Ibid.*

American business and the “mutually beneficial economic relations between the largest nation and the largest economy in the world.”¹⁸⁰

The other big story noted the agency’s continued support for the extension and modification of the OPIC mandate. The congressional debates over the reauthorization for OPIC programs after 1981 had begun earlier that year and featured discussions on the agency’s future role within U.S. foreign policy.¹⁸¹ In addition to extending OPIC programs into the PRC, congressional supporters, American businesses, and OPIC officials indicated that the time had come for the agency to become more active in U.S. foreign economic and trade policy. To this end, Democratic Senator Ribicoff of Connecticut and Republican Senator Javits had introduced a reauthorization bill before the Committee on Foreign Relations that added a more explicit export promotion focus to the OPIC mandate, considered the separation of OPIC from other U.S. foreign aid programs, and supported the removal of restrictions on OPIC programs in developed countries (those with a PCI higher than \$1,000).¹⁸² Ahead of the congressional hearings in June, the OPIC Board had already adopted guidelines that allowed for significantly more leeway in applying the PCI restrictions, in violation of the directive it had received from Congress and the developmental focus that the Carter administration had supported.¹⁸³

In 1979, in an attempt to reorganize and streamline U.S. foreign aid programs, the Carter administration had introduced a new overarching government agency called the International Development Cooperation Agency (IDCA) to coordinate the wide range of U.S. foreign assistance programs and agencies, including AID, the Peace Corps, and OPIC. The agency had been first proposed by Democratic Senator Hubert Humphrey and was adopted by President Carter after Humphrey’s death in 1978.¹⁸⁴ In addition to the restructuring of the U.S. agencies

¹⁸⁰ Overseas Private Investment Corporation, “PRC Bill Signed”, *TOPICS* 9, no. 2 (1980): 1, 8, <https://books.google.nl/books?id=0XWpBgAGPaUC&dq=s>.

¹⁸¹ *Ibid*, 1.

¹⁸² Overseas Private Investment Corporation, “Business Leaders, Government Officials Urge OPIC Extension”, *TOPICS* 9, no. 2 (1980), 1-5, <https://books.google.nl/books?id=0XWpBgAGPaUC&dq=s>; Judith Miller, “U.S. Agency Seeks Export Promotion Role; Several Export Proposals”, *The New York Times*, June 12, 1980, <https://www.nytimes.com/1980/06/12/archives/us-agency-seeks-export-promotion-role-several-export-proposals.html>; Overseas Private Investment Corporation Act, Bill, S. 2186 (1979), <https://www.congress.gov/bill/96th-congress/senate-bill/2186/text>; U.S. Congress, Senate, Committee on Foreign Relations, *Overseas Private Investment Corporation: Hearings before the Committee on Foreign Relations*, 96th Cong., 2nd sess., June 11, 12, 1980.

¹⁸³ *Ibid*, 130-132; Overseas Private Investment Corporation, “OPIC Board of Directors Resolution Index”, 7.

¹⁸⁴ Briefing Memorandum from Jeffrey Garten and Curt Farrar of the Policy Planning Staff to Acting Secretary of State Christopher, March 28, 1978, *Foreign Relations of the United States, 1977-1980, Volume XXVII, Organization and Management of Foreign Policy*, <https://history.state.gov/historicaldocuments/frus1977-80v28/d142>; Memorandum from James T. McIntyre Jr. and Henry Owen for the President, February 12, 1979, Records of the Staff Secretary, Presidential Files 2/13/79, 1, Jimmy Carter Presidential Library, 1-16, http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf; Graham Hovey, “A Humphrey Legacy: Bill to Streamline Foreign Aid”, *The New York Times*, January 26, 1978,

and programs involved, the IDCA legislation also maintained a strong commitment of American aid policy to low-income countries, individual human rights, and integration of countries into the world economy. Citing a Senate staff member, Graham Hovey of The New York Times noted that the proposed IDCA “won’t be all that attractive to people who have to give something up.”¹⁸⁵

OPIC certainly felt that it had to give something up. In response to the proposed reorganization of foreign assistance programs under IDCA and OPIC’s adoption into the agency, OPIC voiced vehement opposition to the legislation. In a series of memorandums to administration officials, OPIC President Bruce Llewellyn warned that the integration of OPIC into IDCA threatened not only the operational effectiveness of the agency but also its attractiveness for American businesses because IDCA would create increased bureaucratic structures that impeded the communication over, and authorization of OPIC programs. Above all, OPIC specified that it wanted to remain independent from other assistance programs in terms of its budget, which it specified were “self-sustaining” and in the corporate operational autonomy that left all major policy decisions in the hand of the OPIC Board of Directors.¹⁸⁶ Instead, OPIC President Llewellyn proposed the creation of “A Foreign Trade Agency,” wherein OPIC would function as an independent corporation alongside the Office of Special Trade Representative, the Department of Commerce, and the Ex-Im Bank.¹⁸⁷ The proposal reflected that the OPIC Board desired a different approach for the agency. A reorientation from developmental in nature to foreign economic policy, or, as Llewellyn put it: a “widening of its present developmental mandate.”¹⁸⁸ Despite its objections, OPIC became part of IDCA, which existed until a new series of reforms during the Clinton administration. Pressure from the OPIC Board had resulted in the agency maintaining a significant independence from the other programs within IDCA.¹⁸⁹

<https://www.nytimes.com/1978/01/26/archives/a-humphrey-legacy-bill-to-streamline-foreign-aid-main-goals-listed.html>.

¹⁸⁵ Ibid.

¹⁸⁶ Memorandum from Bruce Llewellyn for James T. McIntyre (Director Office of Management and Budget), January 12, 1979, Records of the Staff Secretary, Presidential Files 2/5/79, 5, Jimmy Carter Presidential Library, 1-4, http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf; Memorandum from J. Bruce Llewellyn for Peter L. Szanton and Edward Jayne II, November 17, 1978, Records of the Staff Secretary, Presidential Files 2/5/79, 5, Jimmy Carter Presidential Library, 1-13, http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf.

¹⁸⁷ Memorandum, January 12, 1979, 4.

¹⁸⁸ Ibid.

¹⁸⁹ Briefing Memorandum from the Acting Director of the Policy Planning Staff (Lissakers) to Secretary of State Vance, July 18, 1979, *Foreign Relations of the United States, 1977-1980, Volume XXVII, Organization and Management of Foreign Policy*, <https://history.state.gov/historicaldocuments/frus1977-80v28/d147>; Lipman, “Overseas Private Investment Corporation: Current Authority and Programs”, 377-339.

Some 15 months later, in June 1980, the proposed mandate changes were discussed before the Senate Committee on Foreign Relations as part of the hearings on OPIC's reauthorization. Recent changes in OPIC's activities in China and Taiwan played an important role in the arguments that were put forward by the proponents of a 'trade-oriented' OPIC. Along with a long-time supporter of the agency, Senator Javits, OPIC President Llewellyn argued that the suspension of the \$1,000 limitation 'rule' for Taiwan, introduced in the Taiwan Relations Act, proved that the restriction on OPIC's programs was unnecessary as it would not radically change OPIC's preferential approach for low-income developing countries. However, the restrictions put in place by Congress in the 1978 reauthorization bill had hampered the agency's ability to develop its portfolio, and those restrictions were hurting American businesses at the expense of other developed nations.¹⁹⁰ Llewellyn also commented on what he believed was unfair criticism that OPIC only benefitted the large multinational corporations, adding that the harsh reality that around 250 companies were responsible for 75% of all U.S. business activity abroad, which had forced OPIC's hand, despite valiant attempts to increase small business participation.¹⁹¹

Deputy Secretary of Commerce, Luther H. Hodges, testified that the Carter administration did not have an opinion on the proposed changes to OPIC's mandate, despite his conviction that it was the right decision. Hodges left shortly after testifying, symbolizing what one commentator observed called the agency being "abandoned by the Carter Administration."¹⁹² Fred Bergsten, the Assistant Secretary of the Treasury for International Affairs, an appointed member of the OPIC Board, and one of the Carter administration's most staunch supporters of the 1978 version of the OPIC reauthorization bill outlined his opposition to the proposed removal of the \$1,000 restriction, and the addition of the export focus to OPIC's mandate. Bergsten's opposition underscored that even amongst the members of the OPIC Board and the Carter administration, opinions differed on the new direction of the agency.¹⁹³

Opposition to the legislation ultimately won the day. The proposed changes to the OPIC mandate were not voted out of committee, leaving the agency waiting for stronger support from the executive branch. The change came only a few months later. The newly appointed Reagan

¹⁹⁰ U.S. Congress, Senate, Committee on Foreign Relations, *Overseas Private Investment Corporation: Hearings before the Committee on Foreign Relations*, 96th Cong., 2nd sess., June 11, 1980, 109-113, <https://books.google.nl/books?id=Z1ofxgEACAAJ&dq>.

¹⁹¹ Ibid, 113.

¹⁹² Miller, "U.S. Agency Seeks Export Promotion Role," June 12, 1980.

¹⁹³ Ibid.

administration, looking to strengthen American business' participation in U.S. foreign policy, finally pushed through the increased emphasis on export and trade promotion by OPIC.¹⁹⁴

5.6. Conclusion

OPIC's role in normalizing U.S.-Sino relations reflects changing attitudes in U.S. politics. Firstly, the Carter administration used OPIC as part of its strategy to improve commercial relations with the PRC, and OPIC subsequently lobbied Congress to allow for coverage in the PRC. Additionally, the perceived relevance of OPIC for American business investment abroad resulted in the inclusion of the agency in the Taiwan Relations Act to indicate continued trust in the economic climate. However, the PRC/Taiwan case also encouraged OPIC officials to reconsider the position of the agency vis-à-vis its developmental-oriented mandate. OPIC's resistance to structural changes in the form of IDCA, and the aggressive efforts of OPIC proponents to include an explicit export function mandate in its legislation, despite objections of some key Carter administration officials. Instead, it underscores the assertiveness of OPIC and its Board to actively pursue its own perceived policy goals in the interest of increasing its dependence from other agencies and its conviction that OPIC could function better without restrictions on its program based on human rights or developmental requirements. The specific legislative changes to the Taiwan Relations Act provided OPIC proponents with a strong argument to add commercial objectives to the agency's mandate.

¹⁹⁴ Hendrickson, "Adjustment in the Role of the Overseas Private Investment Corporation (OPIC) in Sub-Saharan Africa, 74; Doug Wessinger, "Legislation – Foreign Relations – International Trade Reauthorization for the Overseas Private Investment Corporation," *Georgia Journal of International and Comparative Law* 12, no. 251 (1982): 251-261, <https://digitalcommons.law.uga.edu/cgi/viewcontent.cgi?article=1917&context=gjicl>.

6. Conclusion

Having set out to expand upon and critically analyze the existing historical literature on OPIC during the Carter administration, this thesis has presented a historical narrative that illuminates the complexity of foreign policy and development assistance policy in the late 1970s, moving beyond the existing frameworks based primarily on congressional testimony and towards a more nuanced, yet broader view of how political actors and policy-makers had come to understand OPIC. Based on the research of this thesis, it can be concluded that attitudes over the utilization of OPIC as part of a foreign policy strategy depended on policy-makers or congressional interests.

Firstly, to allow for a more nuanced view of OPIC support in the Carter administration, the views of the President and his closest political advisers are crucial components of this thesis' argument. Clearly, regarding Carter and his personal views of OPIC, this thesis has shown that the agency lacked support from the highest elected official in the first year of his administration. President Carter came into office intending to reform and restructure his foreign policy, and, based on his administration's assessment, OPIC had not fulfilled the directions given to the organization by Congress to target investments in the developing world, and, with an emphasis on lower-income countries, and instead had been criticized extensively for providing substantial loan guarantees to large multinational corporations. Ultimately, Carter concurred with the recommendations of his advisers, Secretary of State Vance and USAID Director Gilligan, in allowing the proposed extension of OPIC to be submitted to Congress for public hearings. However, based on the range of documents that have been studied, it is not possible to point to a single individual or a specific change to the OPIC mandate, which had swayed Carter to change his position.

Carter's decision not to oppose the reauthorization and a lack of his explicit support does not reflect a profound change in his thinking but might point to him weighing the pros and cons of the agency's programs. Although OPIC had, according to the administration's review, not adhered to the guidelines given to the agency, it promises to change some of its practices to better adhere to the administration's desire. Additionally, the agency remained a relatively inexpensive option for foreign developmental policy objectives. OPIC's policy adjustment towards minerals and energy resources may well have swayed the President, who had been concerned with U.S. energy policy for several years and had made tackling the issue his number one priority. The need to diversify foreign oil and natural resources became a primary subject for discussion during the congressional debates. OPIC's proponents in the administration and

Congress presented these changes as substantial and necessary for the U.S. security interests abroad. As the literature on Carter's energy policy has indicated, his comprehensive energy strategy was based primarily on reducing oil imports, domestic conservation, and deregulation to spur domestic production. OPIC's role in energy policy, based on these observations, appears, therefore, to be limited, but its connection to strategic concerns over access to natural resources, as Hendrickson notes, is apparent.

The utilization of OPIC to reward friendly developing nations is exemplified by the Gulf Oil project in Egypt. In Hendrickson's narrative of OPIC, an emphasis is placed on the role that access to oil and natural resources played in the reauthorization and policy adjustments of the agency. Given that OPIC's insurance coverage for the Gulf Oil project was the highest it had agreed to up to that point, it does support Hendrickson's argument. Following the policy review and as a result of congressional initiatives, OPIC's involvement in energy programs has been well documented. The OPIC Board's adoption of the new energy guidelines and the application for the Gulf Oil project both predated the reauthorization of the program. However, this thesis also points to another policy consideration weighted by the Carter administration: the economic development of supporting and building up strategic regional powers through assistance programs, including OPIC. Egypt's position in the Middle East as a new U.S. ally was certainly considered essential within the Brzezinski/Carter foreign policy framework of regionalism. This strategy of improving North-South relations was also based on liberal economic integration. Furthermore, in this narrative, the Camp David negotiations, in which Egypt received considerable security and economic assistance from the United States, also suggest that the activity of OPIC programs was rooted in more than just energy considerations. Reports from the GAO and USAID support the assertion that business investments did not result directly from OPIC's new energy program.

Secondly, within the Carter administration's human rights policy, OPIC and its programs became part of an interdepartmental struggle between the Human Rights Bureau at the State Department, on the one hand, and the National Security Council on the other, to determine the extent to which OPIC's programs were to be subjected to human rights considerations. Policy debates over the congressional interference with the OPIC programs, which pragmatic officials considered outside congressional oversight because it did not involve economic assistance to foreign governments. Additionally, another policy consideration relates to the utilization of OPIC coverage/programs to coerce or reward countries with human rights violations. Given that OPIC's programs were considered to be a sort of 'seal of approval' by, for instance, Tuchman Mathew's, it is understandable that developing nations sought to attract

investors through OPIC and that policy-makers thus sought to utilize the programs as leverage. On the one hand, countries with human rights violations were threatened with a revision of OPIC coverage as part of a broader strategy deployed by policy-makers at the State Department to pressure national governments into improving the situation. On the other, however, this thesis shows that countries with improving strategic value to the United States, for instance in Brazil in 1978 or the case of Argentina's Yacyreta project, were rewarded with OPIC coverage as part of a policy consideration based on security and Cold War interests, and reflect the difficulty of applying human rights as a coherent foreign policy strategy.

Furthermore, as the literature on the Carter administration's human rights policies has noted, Cold War security considerations weighed considerably heavier in their importance, even before the crises of 1979. Although OPIC programs were, contrary to Schmidli's claim, often scrutinized by the Christopher Committee, only a single program got rejected in the studied period. Multiple arguments can be found in the primary sources. Brzezinski's and Carter's emphasis on regional economic integration and stronger relations with more developed nations, such as Brazil or Argentina, made the bilateral aid programs that OPIC provided more important. Through the participation of American businesses, these economic relations could be enhanced. Given that OPIC's programs were often between private parties and without direct involvement by a foreign government, NSC staff and State Department officials argued that they did not violate any congressional directives. The memorandum by Christopher, in which he specifies OPIC as one of the organizations for which human rights test should be applied loosely, further underlines the pragmatic approach taken by officials in balancing the Carter administration's human rights, economic, and security interests. Comments that OPIC was meant to advance U.S. business interests, rather than those of the developing nations, points to a perception of OPIC as a functional trade agency rather than a developmental one.

Thirdly, this thesis has expanded upon existing literature on OPIC to include the Carter administration's normalization of the U.S.-Sino relationship. American business played an important role in the normalization process to provide intelligence and industrial knowledge to a new regional partner and further strengthen the PRC's economic integration into what Brzezinski and Carter envisioned as a global community. Therefore, expanding OPIC coverage fits within the administration's policy objectives, both related to international cooperation based on economic and diplomatic connections, and, more specifically, the PRC, by encouraging the normalization of business relations between the two countries. From the PRC's perspective, attracting U.S. companies was made easier with OPIC coverage.

Furthermore, in response to attempts by President Carter to reform and streamline the numerous foreign policy programs within the IDCA, the OPIC Board made up of administration officials and business persons, resisted the complete integration of the agency into the new agency. The agency's officials clearly perceived their policymaking independence as crucial for OPIC's functioning and allowing for policies and programs based on the people with the necessary expertise. OPIC's resistance is understandable, given its history of congressional interference with its mandate. From the Carter administration's perspective, IDCA could structure foreign development assistance and create a platform for a more coherent foreign development policy. However, based on the documents that have been studied, it is not exactly clear why OPIC and its board managed to maintain their policy independence under the new IDCA framework.

In addition to the congressional and executive branch's utilization of OPIC to both normalize relations with the PRC and ensure the continuation of a strong economic and security relationship with Taiwan, OPIC itself also sought to adjust its position within the Carter administration's foreign policy. Resulting from the policymaking independence of the OPIC Board, this thesis suggests that the agency proactively sought to alter its mandate towards export-oriented functionality. With the support from key congressional allies but against the wishes of at least one member of the Board, Fred Bergsten, OPIC attempted to change the focus towards a policy mandate that fit better with its business-oriented organization. The Carter administration did not explicitly support the change. However, given that administration officials were involved in the agency's board, it is plausible that, again, considerations varied between those who wanted to focus on the development of foreign nations through private investments in energy resources other industries.

Hendrickson has argued that OPIC's adjustments resulted from domestic political pressures, an argument that is in line with Ruttan's observations of U.S. development policy. This thesis has expanded upon Hendrickson's argument to include the explicit pressures within the Carter administration on OPIC. However, what OPIC's active resistance to IDCA, and the attempt to alter its mandate reflect, is more than just responding to pressure. Given the extensive criticism of and interference with the OPIC program by Congress, for instance, in the case of human rights considerations and the Harkin amendment, or by the government agencies, and the requirement to be financially self-efficient, it is comprehensible that stakeholders within OPIC wanted to limit political involvement in its programs. The agency's main goal was to be sensitive to the needs of U.S. business interests abroad and to operate its programs like a business. However, with constant interference, changing pressures from stakeholders in the Carter administration's foreign policy, depoliticizing the program by readjusting its policies to

be more independent from foreign assistance programs and become profitable is understandable. Businesses ultimately benefit from a more apolitical approach, making them less concerned with Cold War security concerns or human rights violators and more profitable. In conclusion, this thesis research question sought to determine to what extent the policies of OPIC have shifted as part of the Carter administration's foreign policy framework? Based on the documents and literature that have been studied as part of this project, some clear links exist between OPIC's policy changes and the Carter administration's broader policy goals. Concerning energy policy, OPIC's shift towards oil and natural resources fits within the administration's strategic concerns, but questions remain as to what extent these policies were part of the domestically-oriented comprehensive energy policies. On human rights, OPIC's history, the adjustments to its policy, and the inconsistency in implementing such considerations are in line with existing historical narratives on the Carter administration. Finally, given the role of U.S. business in the normalization of relations between the United States and China and OPIC's explicit part in this process through its negotiations, it reflects the Carter and Brzezinski's economic internationalism sought to encourage.

The implications of this research for future historical narratives on OPIC are also important to note. Within the broader Carter foreign policy goals, OPIC fit both a developmental institution to improve the relationship with the developing world and maintain stronger economic ties with the more advanced economies. Future research might further investigate specific OPIC projects in the developing world, for instance, in the oil and natural resources industry, to further strengthen the arguments made in this thesis. As this thesis has argued, any such research should be based on a comprehensive selection of primary sources, including congressional records, OPIC documents, and briefings or memorandums from other government agencies. Given the observation that OPIC's programs were utilized by varying political actors, both in Congress and in the administration, further attention should be given to the departmental differences on specific projects, general development policies, and conversations between public and private actors. The distinct policymaking independence of the OPIC Board, and its ability to develop policy interest, should encourage future historians and political scientists to investigate the internal dynamics of the agency. Finally, academics should consider the institutional development of OPIC as the result not just of external, congressional pressures but also as an expression of OPIC's institutional preferences and perceived interests.

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