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JUL 18 1977

Dear Mr. Chairman:

Thank you for your letter of June 24, 1977, relating to our earlier correspondence on the subject of U.S. corporate contributions to foreign public officials and political parties.

I read with interest your supplementary comments on the need to control unethical attempts by American firms to influence the domestic political situations in other nations.

While I agree that the complexity of extraterritorial enforcement should not in and of itself deter us from finding a solution to this problem, neither can it be ignored. Your proposal raises the question of whether the advantage of more effective leverage vis-a-vis the political activities of U.S. companies or their subsidiaries in host countries is outweighed by the disadvantage of an irritant in our relations with friendly countries affected by the extraterritorial application of U.S. law. In this regard, I must reiterate my concern that consideration be given to the concomitant legal and political impact of the U.S. Government's seeking to obtain the cooperation of foreign law enforcement agencies in penalizing, either through criminalization or disclosure, corporate political activities which are often completely legal and need not be disclosed under local law.

As you know, the Carter Administration supports the imposition of specific criminal penalties for bribery of foreign public officials by U.S. persons. The Administration supports a criminal, rather than a disclosure approach, and it recognizes that close international cooperation will be required to make such a law workable and fair. In order to ensure such cooperation, we are actively seeking the support of other developed and developing countries for an international solution to this international problem.

CODE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	
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By KJ NARA Date 12/15/11

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Our efforts to develop an international consensus against the foreign payments problem, particularly in the United Nations, has been a slow and difficult task. Unilateral action on your proposal (whether in the form of disclosure or criminalization) would, I believe, impede the progress we have been able to achieve to date.

Sincerely,

W. Michael Blumenthal

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The Honorable  
Michael J. Harrington, Chairman  
Subcommittee on International Development  
Committee on International Relations  
United States House of Representatives  
Washington, DC 20515

General Counsel:BBPalmer:dlw 7/8/77