
Fact Sheet: U.S. Assistance To Central and Eastern Europe

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BACKGROUND

After the revolutions of 1989 that brought freedom to the countries of Central and Eastern Europe, the United States pledged to assist the region in the difficult transition from communism to democracy. The principles of U.S. policy were outlined in the Support for East European Democracy (SEED) Act. Enacted in November 1989, the act authorized the U.S. Government to undertake a range of activities designed to encourage the establishment of democratic institutions, assist in the development of free market economies, and promote an improvement in the overall quality of life.

Since 1989 Congress has appropriated through the SEED Act \$1.9 billion to fund programs in Central and Eastern Europe, primarily for technical assistance but also including Enterprise Funds and balance-of-payments support. Including food assistance and other U.S. contributions, total U.S. commitments to Central and Eastern Europe are more than \$8 billion, making the U.S. the second-largest bilateral donor to the region. The U.S. is the largest donor of grant assistance (nearly \$5 billion).

DEMOCRATIC INITIATIVES

During the critical period of transition to democracy, the new governments of Central and Eastern Europe are faced with the need to develop democratic institutions, foster an understanding of democracy among their people, and devolve considerable political authority to the regional and local levels. U.S. assistance in these areas includes:

- Support for free elections, including monitoring support for election commissions and equipment;
- Training and technical assistance in governance and administration skills, including budgeting and finance, personnel, and organizational management;
- Educational reform, such as social science studies, curriculum revision, and introduction of student councils and student newspapers;
- Technical assistance and equipment purchases to support emerging independent media, including management training, programming, and seminars on journalism and a free press; and
- Development of legal systems, including help in drafting or revising constitutional, criminal, and civil laws, as well as in administrative procedures and regulations dealing with crimes, commerce and a market-based economy, and protection of civil liberties.

ECONOMIC RESTRUCTURING

U.S. assistance promotes free market economies in Central and Eastern Europe through support for privatization, development of small and medium-sized business, policy and legal reforms, and key sector restructuring. Assistance includes:

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- Providing governments in the region with advisers to help develop or revise the legal, fiscal, regulatory, and institutional frameworks which govern the process of privatization;
 - Creation of independent Enterprise Funds, a bold experiment giving U.S. Government grant funds to a private-sector board of directors to promote the development of small and medium-sized businesses through equity investments, loans, and grants;
 - Privatization assistance and technical assistance to enterprises aimed at rapid transformation of state-owned enterprises to private ownership and long-term commercial viability;
 - Department of Treasury advisers to central banks, banking institutes, and finance ministries;
 - Commercial law advisers on antitrust laws, contract enforcement and dispute resolution, property rights issues, and tax policy and administration;
 - Policy advisers on energy pricing and management, technical assistance and equipment to improve energy efficiency, and training and equipment to improve safety at nuclear reactors throughout the region;
 - Technical assistance and training to independent agricultural cooperatives and private agribusinesses to help them in the areas of production and marketing; and
 - Support for the development of infrastructure projects through various U.S. Government agencies, including the Trade and Development Agency and the Overseas Private Investment Corporation.

QUALITY OF LIFE

Recognizing that the transition to a market economy creates economic dislocation and other social hardships, the U.S. has tailored assistance programs to help soften the blow, as well as to foster responsible social policies and regulations through:

- Training and technical assistance in employment services, worker retraining, vocational skills, and public and private pension reform;
- Partnerships between U.S. and East European hospitals, as well as advisers in health care policy, financing, and management;
- Technical assistance in housing and municipal finance; and
- Environmental advisers and training for national and local governments on policy reform and enforcement measures, as well as assistance to individual firms on environmental control and management.

As noted by President Clinton at the Prague summit in January 1994, developments in the region require that the U.S. emphasize democratization and the social sector in its economic assistance programs. Two new initiatives will address these concerns: The "Democracy Network" will help bolster non-governmental groups in advocacy and watchdog work; social sector assistance programs will help governments develop short- and long-term solutions to unemployment, job creation, and basic social services.

FORMER YUGOSLAVIA

The United States Government has provided more than \$564 million in humanitarian assistance—financial resources, food, goods and equipment, and personnel—to the victims of civil strife in the former Yugoslavia. Assistance efforts have been carried out primarily by the U.S. Agency for International Development and the U.S. Department of Defense, as well as through contributions to the UN High Commissioner for Refugees, the International Committee of the Red Cross, and private voluntary organizations.