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THE WHITE HOUSE
Office of the Press Secretary
(Buenos Aires, Argentina)

File -
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For Immediate Release

October 17, 1997

REMARKS BY THE PRESIDENT
AT MEETING OF BUENOS AIRES BUSINESS COMMUNITY

Sheraton Buenos Aires
Buenos Aires, Argentina

File -
South American
Trip]

9:58 A.M. (L)

THE PRESIDENT: Thank you very much, ladies and gentlemen. Thank you, President Fedrigotti, President Menem, distinguished members of the Argentine government, to the members of Congress and Cabinet in our administration who are here. Let me say on behalf of all of them, we are delighted to be here. We have had a wonderful stay in Buenos Aires. And we thank this distinguished group of Argentine and American business leaders for giving all of us the opportunity to join you this morning.

When President Bush came here in 1990, it was a very different time for Argentina. Inflation was soaring, output was plunging, trade was anemic. Today the country has experienced a truly remarkable turnaround. It is a great credit to the people of Argentina, to wise decision-makers, and to the direction that President Menem has set.

You have cut inflation to almost zero. The expanded trade attracted a flood of foreign investment, spurred impressive growth. You are on the move -- good for Argentina, and good for America. For since 1990 our exports to Argentina have more than tripled. In the same period, American investment has soared from \$2 billion to approximately \$12 billion, and it's still growing.

Trade has contributed a quarter of Argentina's growth over the past three years. And, of course, behind these individual statistics lie many, many success stories that are paying off for people in human, as well as economic, terms.

To take just one example, General Electric Power Systems has sold state-of-the-art gas turbines and generators that will account for more than 30 percent of Argentina's new power generation capacity. That supports jobs for Argentinean and American workers alike, and will provide Argentina with higher quality, lower costs, more environmentally friendly power to keep engines humming, classrooms lit, and the economy growing. It is clearly the kind of win-win situation we see repeated over and over again.

And, of course, we see in Argentina a mirror of what is happening around the region today as barriers fall and trade expands and people everywhere gain greater opportunities for new jobs, new skills, and higher incomes. We see it also as a harbinger of what we might build in the future in all of this region for all of the people.

Since 1993 when I took office and established a new economic policy that focused on reducing our deficit, investing in our future, and expanding trade, expanding trade has accounted

for one-third of America's strong economic growth. Now I am working to persuade Congress to renew the fast track authority traditionally given to Presidents so that we can do even more to speed the falling of barriers and the opening of doors.

Latin America's emerging markets are expected to grow more than twice as fast as the economies of the advanced industrial nations. Now, it is clearly in the United States' interest to be at the forefront of that for the next generation.

But I want to emphasize to all of you that this is, for us, about more than economics. We also want to be genuine partners in seizing all the opportunities and meeting all the challenges of this new age. It's about far more than just trade figures; it's also about political partnerships, the preservation of democracy, the strengthening of the social contract to include all people who aspire to better lives, the ability to fight drugs and crime and terrorism, the ability to build a future that is consistent with the dreams of those who founded all our nations.

Argentina is at the heart of movements bringing our hemisphere together, working the with your neighbors through Mercosur and your strategic alliance with Brazil to spur democracy, economic reform, and regional security cooperation. Mercosur not only expands trade and prosperity, it has also reinforced democracy and promoted peace, as greater independence and shared hopes for the future make a return to past hostilities unthinkable.

The United States welcomes constructive efforts by others to bring our hemisphere together. Every step taken, whether it's Mercosur, NAFTA, CARICOM, the Andean Pact, helps to build momentum toward what I believe should be all our ultimate goal -- a free trade area of the Americas.

President Menem and I reached agreement that we should launch comprehensive negotiations at the Santiago Summit in April, moving from a common agenda to a common action plan. This, after all, is the course we all embraced at the Summit of the Americas in Miami in late 1994. We share a vision of a thriving American market of 800 million people from Point Barrow, Alaska, to Patagonia, investing in each other's future, enriching each other's lives, strengthening each other's institutions for freedom and democracy and peace and security.

But even as we work to open markets, we need to make sure that expanding commerce closes, rather than widens, the gaps between the haves and have-nots in our hemisphere. We don't want to leave anyone behind, and it is not in our interests to do so. For in the 21st century, increasingly, the wealth of nations will lie in the minds and hearts of people. We can and must ensure that rising trade means a rising standard of living for all.

How are we to do this? Some, even in countries that have done very well, like ours, believe that we should become more protectionist. But it's not an option. It will only make things worse, for the world economy, whether any government likes it or not, is already on a fast track.

None of us can shut the world out or pretend somehow that we can compete in a global economy by closing ourselves off from our neighbors. We are riding a great tide of change, and we can turn it into a powerful tide of progress for all people -- provided the benefits and the burdens are shared fairly, and the policies are wise and free people to fulfill their own destinies.

That means deepening democracy and the rule of law, including the free press and the independent judiciary that serve our citizens everywhere. The same rule of law that protects human rights upholds the sanctity of contracts and helps to build a stable investment environment.

We must also insist on worker protections so that trade enhances working conditions instead of undermines them. We must promote sustainable development and prove that you can, and indeed must, protect the environment as we grow the economy.

And we must equip all our people with the education, the training, and the skills they need to succeed in the 21st century world. We must master the new technology that can bring all people into the future and bring them all into the same world of knowledge, no matter where they live. We can make it so that every book, every map, every work of art is at every child's fingertips with the click of a computer mouse. But first they must have access to computers and they need to know how to use them.

Just as the Internet is transforming education, it is also expanding the horizons of commerce. Already, Argentines can purchase everything from books to computer equipment with the simple stroke of a keyboard. Trade on the Internet is growing so fast that in just a few years it will generate hundreds of billions of dollars in goods and services. It is, indeed, already, the fastest growing social organism in all of human history.

If we establish an environment in which electronic commerce can thrive, free from unnecessary governmental regulations or other burdens, then every computer will be a window of opportunity for every business in the world. A global network of sales and distribution will be within reach of even the smallest or most isolated company. You can start a business today and trade around the world tomorrow. That's what the Internet will mean.

But in order for the digital economy to flourish, it must be market led. President Menem and I discussed the importance of making sure that this dynamic medium is not weighed down by the heavy hand of government.

We live in a time of extraordinary opportunity. Revolutions in technology, information, and communications bring our people and our nations closer than ever before, opening new possibilities and also giving the organized forces of destruction new opportunities to reap ill-gotten gains through crime and drugs and terrorism.

The promise before us is bright, but it is not inevitable. We must seize the opportunities and

we must meet the challenges and we must do it together. We have to focus on the future, not the past; on embracing all, not dividing our peoples as they have been too often; on building an economy that works for everyone who is willing to work in it. We have to make our common commitment to peace and freedom, to prosperity and democracy. And we have to make it irreversible.

If we support these policies and this direction, then we can make our entire region an image of what we'd all like to be, a place where freedom and prosperity go hand in hand, a place where everyone feels that he or she has a chance, where every boy or girl believes that they can grow up in dignity to live out their dreams, a place where we work together to fight those terrible threats of crime and terrorism and drugs, a shield against whatever storms the future may bring, an alliance to seize whatever new chance the future may hold -- a model, in short, for the 21st century world.

That is what I want for the Americas. That is what you are building every day here in Argentina. And that is what I hope together we can build for our children. Thank you very much. (Applause.)



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The Reliable Source

By Annie Groer and Ann Gerhart

This Miss Is a Hit

The 20-year-old theater major from Northwestern University may develop into our grittiest Miss America yet. Today on Capitol Hill, Kate Shindle will detail her year-long AIDS prevention campaign. Ignoring controversy, she intends to embrace prevention in all its forms—abstinence, safer sex, condom distribution and clean needles—and to focus on hard-to-reach populations.

Yesterday, the former Miss Illinois plopped down on a couch with a group of gay youths, ate cookies and wowed her audience with her frankness.

"Just talking to her dispelled a lot of myths that I had about Miss America," said Nathan Postell IV, 20, who met with her at the Sexual Minority Youth Assistance League, a Capitol Hill social service agency. "She's really smart. There wasn't some guy in the corner whispering to her what she should say."

Shindle recognizes her tiara comes with "a platform that is



Miss America Kate Shindle sits down with David Grossman and other teenagers to talk about AIDS.

unique. I'll have access to audiences that other AIDS activists won't, and I hope to use this opportunity to the best of my ability." Last night, she buttonholed senators at a reception hosted by John Kerry (D-Mass.) and her own senators, Democrats Carol Moseley-Braun and Dick Durbin.

As might be expected, Strom Thurmond (R-S.C.) was the first senator on the scene. He gave Shindle a big squeeze and smiled for the camera. Afterward, Kerry said, "I gather Strom Thurmond has already been here and Miss America has survived."

The Washington Post

THURSDAY, OCTOBER 9, 1997

Counting the Silver

■ Today, Marlene in the dining room with the dagger:

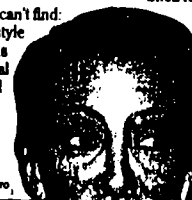
There's an awful lot of silver missing from the dining room in Marbella, the home that Marlene Ramallo Cooke shared with her late husband, allege attorneys for the estate of Jack Kent Cooke. Our merry widow insists she did not take any items that did not belong to her.

Here's what the lawyers can't find:

- Two antique George III style weighted silver candlesticks
- Continental silvered metal mother-of-pearl ceremonial dagger, 16½ inches long
- Group of antique George III silver shell-patterned flatware

- Group of antique George III silver feathered-edge flatware
- Pair of George III silver serving spoons
- Pair of French silver baluster pepper grinders
- One miscellaneous salt spoon
- Teapot from the George III silver tea service
- Wooley Lobed oval sterling silver bowl
- Shell-form snack server from a group of silver-plated serving pieces

• George III silver colfee pot
• George III silver creamer and open sugar bowl
Tomorrow: the library



FILE PHOTO

NOW YOU KNOW . . .

■ Agriculture Secretary Dan Glickman often refers in speeches to the day he got splattered by a bucket of bison chitlins, but yesterday he had no comment on the conviction of the protester who did the buffalo dump.

A federal jury in Billings, Mont., found animal rights activist Delyla Wilson guilty on Tuesday of assaulting Glickman and Sen. Conrad Burns (R-Mont.) during a public meeting outside Yellowstone National Park in March. A spokesman for Burns said the senator would have no comment either.

Wilson testified that she threw the

five-gallon pail of rotting entrails at a table where the men were sitting but didn't mean to splash the officials, the Associated Press reported. "I regret it turned out this way," Wilson said, "but I think it still served a purpose." She faces a maximum sentence of two years in jail and a \$200,000 fine.

This misdemeanor wasn't nearly as appetizing as the other protest highlight of Glickman's tenure: last November when naked Italian women pelted him with soybeans.

■ That was quite the high-powered crowd Thomas "Mack" McLarty and his

wife, Donna, drew to Blair House the other night for a dinner to celebrate President Clinton's trip next week to Latin America. McLarty now serves as the president's special envoy, and he pulled to Monday's dinner not only the president and first lady (now traveling in Panama) but also many of the Cabinet secretaries and congressfolk.

McLarty, once Clinton's chief of staff, managed to bring together another former chief of staff, Ken Duberstein, and three chief of staff wannabes—Sandy Berger, Mickey Kantor and John Podesta. Franklin Raines wasn't in the crowd.

Clinton heading to S. America

President to promote U.S. trade interests

By Bill Nichols
USA TODAY

WASHINGTON — President Clinton has preached the gospel of democracy and free market economics all over the world, but never to his neighbors in South America.

Beginning Sunday, the White House will remedy that omission when Clinton begins a week-long trip to Venezuela, Brazil and Argentina.

Aides hope Clinton's visit will highlight what national security adviser Sandy Berger calls the "quiet but impressive revolution" of Latin American nations away from decades of dictatorship and spiraling inflation.

But in his second trip to Latin America — Clinton traveled to Mexico, Costa Rica and Barbados this year but has never been to South America — the president also will have to combat the perception that his interest in the region has waned.

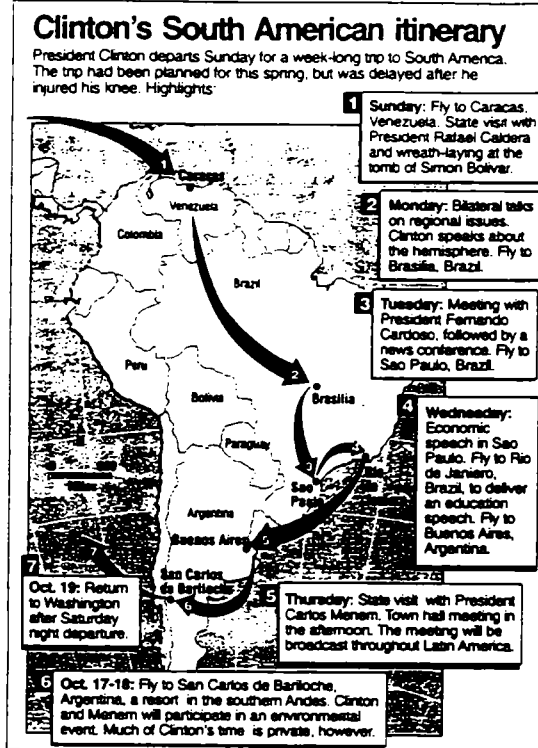
The 1994 Summit of the Americas in Miami raised hopes throughout Latin America for a new era of prosperity and integration.

But the political battles in the United States over the North American Free Trade Agreement (NAFTA) and the bailout package for Mexico during its peso crisis are seen by some Latin America observers as having dimmed that spirit. "This trip is important to regaining that momentum," says Peter Hakim, president of the Inter-American Dialogue.

"We will hope to accomplish a deepened partnership throughout the hemisphere ... increasingly based on mutual respect and mutual trust," says White House counselor Mack McLarty, Clinton's special envoy to Latin America.

"These countries have truly arrived upon the world stage."

Part of that coming of age has been Latin America's growing trade and investment potential. And much of Clinton's trip will focus on positioning the United States to be the key exporter to a region where half the



population is under the age of 17. U.S. exports to Latin America are burgeoning already and continue to grow at twice the rate of exports to any other region in the world.

But when it comes to promoting U.S. trade interests in South America, Clinton faces a tricky bit of timing on this trip.

The outcome of the ongoing battle in Congress over Clinton's "fast-track" trade proposal is far from clear. And Latin American capitals are watching closely. With fast-track authority, Clinton could negotiate trade deals that Congress would be

limited to approving or rejecting but not amending.

White House aides believe "fast-track" is crucial to keeping the United States competitive in emerging markets and in spreading NAFTA throughout the hemisphere.

But the uphill battle Clinton faces in wooing moderate Democrats to support the measure may undercut his message of open markets and economic growth next week.

South American governments believe "fast-track" is essential if negotiations toward a free-trade zone throughout the hemisphere are to be

gun next April at the second Summit of the Americas in Chile.

Clinton's itinerary:

► **Venezuela:** Clinton arrives Sunday afternoon in Caracas for two days of meetings in a country that holds a place of little-known distinction in U.S. security and energy policy: It is now the United States' largest oil supplier, replacing Saudi Arabia.

The development of clean energy will be a major topic of discussion between Clinton and President Rafael Caldera, as will Venezuela's problems with drug trafficking and judicial corruption.

► **Brazil:** Clinton arrives Monday night in Brasilia, where he will find a nation that exemplifies both the impressive transformation of Latin nations and the social problems that remain. A nation of 160 million people that is larger than the continental United States, Brazil was plagued less than a decade ago with hyperinflation of 45% a month.

But President Fernando Cardoso has seen inflation drop to annual rates of 4% to 5%.

Brazil continues to suffer from extreme poverty in certain areas of the country. Clinton will touch on that topic when he delivers a speech on education Wednesday in one of Rio de Janeiro's poorest areas.

► **Argentina:** Beginning Wednesday night, Clinton will cite Argentina as an example of the region's move away from military dictatorships.

White House aides point out that when a U.S. president last visited Argentina — President Bush in 1990 — planning was greatly complicated by the fact that a military coup had just been attempted.

In several days of talks with President Carlos Menem, Clinton will emphasize Argentina's reorganized military, which has become a leading contributor to peacekeeping missions around the globe.

Clinton is expected to return to Washington on Oct. 19.

U.S. is looking south

President's trip points to area's influence

By Warren P. Strobel
and Tom Carter
THE WASHINGTON TIMES

A1

As he opened a briefing for reporters Tuesday, National Security Adviser Samuel R. "Sandy" Berger turned the tables and asked three rapid-fire questions of his own:

Which country is the United States' largest source of oil? Which has reduced its inflation rate from 1,600 percent to 5 percent in seven years? Which has committed peacekeeping troops to more than a dozen conflicts, from Cambodia to the Western Sahara?

The answers: Venezuela, Brazil and Argentina.

The object of Mr. Berger's "cheap exercise," as he termed it, is the same as President Clinton's in visiting those three South American countries: to try to direct Americans' attention to a continent that is increasingly important but often overlooked.

Mr. Clinton's visit is unlikely to produce any earth-shattering agreements, and has been criticized by some policy analysts here and in the region as little more than an extended "photo op."

But at each stop, he will have to handle some specific issues.

In Venezuela, a transit point for Colombian cocaine, he will sign a "ship rider" accord, allowing U.S. drug enforcement agents to pursue suspects in Venezuela's territorial waters.

In Brazil, Mr. Clinton and President Fernando Henrique Cardoso will begin a formal cooperative effort on education and technology. Brazil is being invited to join in the U.S. initiative for a next-generation Internet, but is debating whether it can afford the \$10 million-a-year price tag for participation.

In Argentina, the focus will be on security. Mr. Clinton is planning to designate Argentina a "non-NATO military ally," a distinction given only to a handful of nations such as Israel and South Korea. The designation, which has upset neighboring Chile, is in recognition of the 16 peacekeeping missions that Argentine forces have joined in recent years, Mr. Berger said.

The irony for the president is that, even as he departs for Caracas today on his first trip to South America since taking office, his drive for U.S. leadership in shaping the hemisphere's future appears to be flagging.

Mr. Clinton leaves without the bipartisan congressional votes his advisers had dearly hoped for to give him "fast track" trade negotiating authority, a precondition for his vision of a hemisphere-wide free-trade area.

Following passage of the North

American Free Trade Agreement (NAFTA) and Mr. Clinton's hosting of the Miami Summit of the Americas in 1994, "the U.S. had a lot of momentum. ... We were in the lead. We were driving the agenda," said Bernard Aronson, assistant secretary of state in the Bush administration. But with Mexico's peso crisis and a surge of protectionist sentiment at home, "a lot of the momentum went out," he said.

"To not even have the [trade-negotiating] authority and to have it in question is obviously kind of a cloud hanging over" the mission,

see SOUTH, page A10

SOUTH

From page A1

Mr. Aronson noted.

"Fast track" authority allows a president to negotiate trade accords knowing that Congress can only vote them up or down, not amend them.

"This trip was planned with the idea that President Clinton would have fast track in hand and he would go to Latin America to advance that agenda. Latins are wondering if he can deal with the main issue, which is trade liberalization," said former State Department official Phil Peters, a senior fellow at the Alexis de Tocqueville Institute.

"Without fast track, he is going with an empty briefcase," Mr. Peters said.

Administration officials acknowledge that if the authority eludes Mr. Clinton—he now hopes to have it in hand in time for a hemispheric summit in Santiago, Chile, in April—the United States will find it harder to influence trends in one of the fastest-growing markets for U.S. products.

"This is part of the dynamic that's at work here—the concern that we're going to be able to lead in the hemisphere," said Jay Beraman, White House point man on the issue.

The alternative, he said, is that leadership in South America will be "internal," set by regional giant Brazil, or Argentina, and perhaps with a focus more toward Europe than the United States.

Indeed, Brazil, the force behind the regional trading group MERCOSUR, seems content to watch as Washington argues about free trade and fast track runs the risk of defeat.

"I don't think that this would really cause any sadness in Brazil," Brazilian Ambassador Paulo Traso Flecha de Lima said earlier this month.

Latin leaders agree with Washington on the goal of a hemisphere-wide free trade area, U.S. officials insist, and what is really at issue is how to get there.

Construction of a Free Trade Area of the Americas (FTAA) is supposed to begin at the Santiago summit.

But already, U.S. officials and leaders in the region are trying to shift the summit's focus to the Western Hemisphere's dire need for improved education if it is to sustain its drive into the global marketplace.

Education "will be the centerpiece of the Santiago summit," said Thomas F. "Mac" McLarty, the president's special envoy to the Americas.

Kenneth Maxwell, director of the Latin America program at the Council on Foreign Relations, said the lack of consensus on trade is "I'm sure ... part of the real reason they're focusing on other issues."

Still, Mr. Maxwell and others said education is a proper focus, citing Brazil, where 40 percent of the population does not have access to basic primary schools.

A highlight of the president's three days in Brazil, where he goes after spending tonight in Venezuela, is a visit on Wednesday to a public-private school cooperative in a shanty town in Rio de Janeiro.

Other themes that run through Mr. Clinton's trip, which ends with stops in Buenos Aires and the resort town of San Carlos de Bariloche in Argentina, include energy, the environment, narcotics and political reform.

The good and bad news for the president is that South America has no headline-grabbing problems such as the narcotics and immigration issues that confounded his May visit to Mexico, Central America and the Caribbean.

Instead, the president hopes to draw attention to South America's "quiet and impressive revolution," as Mr. Berger termed it.

Dictators in South American capitals have been replaced by democratic leaders. Militaries have been brought under civilian control. Skyrocketing inflation has been reined in, and economies stabilized. Trade has been liberalized. The middle class is growing.

When President Bush, the last president to visit the region, did so in December 1990, political violence was still occurring frequently. Rebel army officers staged an uprising in Argentina just before he arrived there.

Such instability is, at least for now, a thing of the past.

Mr. Clinton's visit is intended to highlight this dramatic transformation, particularly for the audience in the United States, where the hemisphere often sits below the radar screens of businessmen and policy makers.

"Latin America has always been the stepchild of our foreign policy," said an administration official who works in the region.

"There is a lack of information in the United States about what is happening in the Southern Cone," said Argentina's ambassador to the

The Washington Times
SUNDAY, OCTOBER 12, 1997

United States, Diego Ramiro Gue-
lar.

Mr. Clinton's trip "helps show the new reality we are living in, in the region," he said. "We have come from marginal to important and real partners. When the president of the United States goes to a region the possibility to send a message [back home] is extraordinary."

For many U.S. citizens, "Latin America exists only when a presidential visit occurs," said Mr. Maxwell of the New York-based Council. "Whatever the rhetoric, it's not very high on the radar, the agenda."

Mr. Bush's attempts to change that seven years ago had mixed results. His visit came at the height of the Persian Gulf crisis.

Aides say the president's belief in the growing importance of Latin America is more than rhetoric, or a theme of the moment.

At a dinner Mr. McLarty hosted Monday night at Blair House, across from the White House, attended by Cabinet members and ambassadors from the region, Mr. Clinton set aside his prepared remarks and spoke from the heart, one aide said.

Some seem to question the kind of presidential attention the region is getting.

"Mack has us going to Latin America about every six weeks," Mr. Berger said at the press briefing.

Standing next to him, Mr. McLarty replied without skipping a beat: "The president does."

While Mr. Clinton celebrates how much has changed for the better in South America, he also will be visiting a region where reforms are far from consolidated and dire problems remain.

Poverty is endemic throughout the continent, and the gap between rich and poor is often shocking.

Rapid growth has brought problems, including pollution and crime. Secret Service agents, who preceded Mr. Clinton into Caracas, reportedly have been told to go out only in pairs and to carry their service handguns. The president is not spending the night in Rio because of concerns about crime there.

Human rights concerns persist, as highlighted by recent pressures the Argentine government has put on crusading journalists.

"Latin America has made its choice for democracy, macro-economic stability, market-oriented growth, and democratization," a report last month from the Inter-American Development Bank concluded about the entire hemisphere.

But, it said, "the reform process has also uncovered a number of complex problems the region must address if it is to sustain increasing levels of economic growth, prevent instability, improve income distribution, and foster participation in public decision making."

Argentina is a case in point.

President Carlos Saul Menem's reforms were badly rattled by the Mexican peso crisis, but his reforms withstood the shock.

In his drive to remake the country, Mr. Menem sometimes also has played fast and loose with Argentina's constitution, said William Ratliff, senior research fellow at the Hoover Institution. "It is not proven that the reforms will work," Mr. Ratliff said.

In Argentina, Mr. Clinton also must deal with complaints by U.S. pharmaceutical companies that, despite past promises, the Menem government is not helping protect U.S. patents.

Sen. Jesse Helms, chairman of the Senate Foreign Relations Committee, and Rep. Benjamin Gilman, his House counterpart, wrote Mr. Clinton last week, asking him to urge Mr. Menem "to demonstrate his personal commitment" on the issue.

On a trip to Washington last month, Chilean Foreign Minister Jose Miguel Insulza made no secret of his nation's displeasure at the U.S. plan to designate Argentina a special ally. "What worries us are decisions that can alter the balance and introduce suspicions in the region," he said.

On other regionwide security issues, Mr. Clinton will discuss South America's hopes for a permanent seat on the U.N. Security Council. Brazil would like the seat for itself, while Washington argues that its occupant should be chosen by consensus among nations of the region.

Finally, there is the issue of arms sales. Mr. Clinton recently lifted a decades-old ban on selling advanced weaponry to Latin nations. The move allowed U.S. manufacturers of the F-16 and F-18 fighter jets to bid for sales to Chile, which wants to modernize its air force.

The Clinton administration says sales will be considered on a case-by-case basis, and that Washington will do nothing to start a regional arms race or increase instability.

Still, "That was not exactly a very well-thought-out decision," said Mr. Aronson, the former State Department official. "We're peddling arms to a country that doesn't need them."

The policy change should have been made contingent on specific steps in arms control and confidence-building measures, he said.

The Washington Times

SUNDAY, OCTOBER 12, 1997

2/10/97

Keeping Up With the Latins

PRESIDENT CLINTON'S first trip to Latin America is not only a diplomatic catch-up, though it is that. In its larger dimension, the trip is designed to identify the United States with the forces of change that, with or without American attention to them, are sweeping furiously across South America. This is worth doing—by presidential visits and by the many other less conspicuous ways in which the nations of the hemisphere encounter each other.

In the '80s, much of South America's change was obscured in the American view by Central America's leftist insurgencies and rightist repression and the various political currents they stirred in the United States. But those days are gone, and now the region is, in full view, widening and trying to deepen its hold on the institutions of market democracy. It is trying to deal with (1) competition in a globalizing economy, (2) popular pressures to share the fruits of economic and social change and (3) a striving to define the kind of country and society Latins want. They are tackling this formidable project, by the way, with notably fewer resources, including institutional ones, than the United States, which is having its own troubles. Mr.

Clinton will inspect the process in Venezuela, Brazil and Argentina, three countries where it is taking place in a brave but far from proven fashion.

The integration of the hemispheric economies has been proceeding apace, the more so as democratic procedures have been instituted, or at least honored in the breach, everywhere in the hemisphere but Communist Cuba. The results in trade, though not friction-free, have been of large and increasing benefit to the United States. This accounts for the current focus on the "fast-track" debate particularly as it affects trade with Latin America.

President Clinton will be saying to Latins that the American government is ready to cooperate in coming to terms with the global economy—with promotion of trade and investment and with protection of the individuals and social classes bruised by the process. He will also be equipping himself to bring back a more authoritative grip on the issue to an American Congress and public still deeply conflicted by it. In Latin America and at home, he should be able to present himself as an effective spokesman for American companies and workers. This could be one of his more important trips.

How to Climb Mt. Rushmore

IT HAS BEEN called the "shrine of democracy" and a national symbol second only to the flag. But there's more to Mt. Rushmore than that, as Sen. Thomas A. Daschle demonstrated recently. It also makes for one fine political fund-raiser. Last month the Senate's Democratic leader took a group of about a hundred people to the top of Mt. Rushmore—a trip forbidden to regular tourists on pain of fine and imprisonment—to stand atop George Washington's head and gaze out over the landscape. Among their number, according to *The Post's* Ruth Marcus, were some 20 political contributors, most of them lobbyists, who paid \$5,000 to attend the event. As might be expected they were more interested in their proximity to Sen. Daschle than to the four presidents whose 60-foot-high visages are carved into the mountain.

A couple of years ago, when budget squabbling in Washington caused a federal shutdown of sorts, a South Dakota rancher used his own money to keep the floodlights on at Mt. Rushmore so that it could continue to "shine out over the prairie for everybody," as he put it. He seems to have been motivated by a sense of civic embarrassment

largely lacking in the great political world today. As one of Mr. Daschle's aides explained, the senator "has to raise a lot of money," and this was one way to do it. And as a lobbyist who attended the event told Ms. Marcus, "If I could travel with somebody or spend a weekend with them, I obviously could get to know them better."

What those involved in such affairs seem to have lost, as they've gone about their industrious pursuit of money and access, is any sense of appearances: how it looks to the people in shorts and T-shirts when VIPs are ushered through the ropes and into special places maintained with everyone's tax dollars; the symbolism of lobbyists clambering around on the great stone faces of the republic. As such things go, the Daschle event may not have been any worse than the many similar festivities put on by his colleagues to raise money from people who want their ear: the golf tournaments, clambakes, fishing trips and \$5,000 breakfasts-with. But Mt. Rushmore does give us a useful measure of elevation, and an unusually clear view of just what's going on here.

Bernard Aronson

The 'Morning After' in Latin America

Less than three years ago, at the Miami Summit in December 1994, the elected heads of state of the hemisphere's 34 democracies, led by the United States, unanimously committed themselves to a bold agenda of economic reform culminating in free trade throughout the Americas by the year 2005. But when President Clinton travels to Argentina, Brazil and Venezuela this week, he will visit a hemisphere suffering from "reform fatigue" while Congress debates whether even to give the president authority to negotiate a free trade agreement with Chile.

In both Latin America and the United States, it is "the morning after" nearly a decade of dramatic market openings and trade expansion throughout the hemisphere. In Latin America, resurgent economic populists argue that persistent unemployment and poverty prove that the "neo-liberal" economic model of lower tariffs, reduced spending and subsidies and privatizations exacerbates gaps between rich and poor and only benefits the economic elite. In the United States, opponents of presidential fast-track authority argue that trade agreements like NAFTA force American workers to compete unfairly against low-paid workers in emerging markets and against imports that do not meet U.S. health and environmental standards.

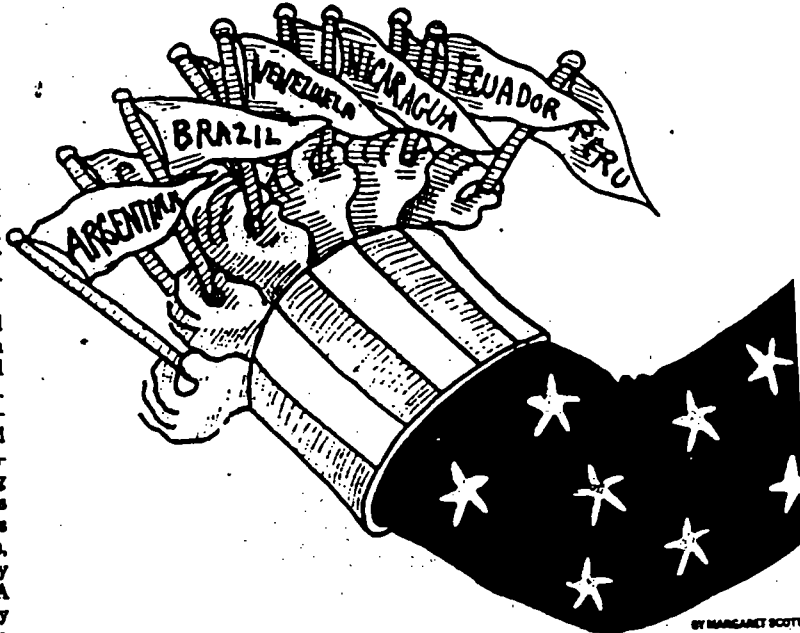
Today a debate is underway across the Americas about how to balance the demands of a global marketplace against the needs of social equity.

President Clinton should join this debate when he visits Latin America. The stakes are high, and U.S. leadership is crucial to its outcome. And as a "New Democrat" president—who has tried to steer a third course between traditional big-government solutions to social problems and the abdication of any legitimate government role—he has something relevant to say. The message might go like this:

In the 1970s the Democratic Party misjudged how inflation ravaged poor and working families and was shut out of national power for more than a decade. Those who seek to speak for those constituencies in Latin America should not repeat that mistake. The hyperinflation that consumed Latin economies in the previous "lost decade" destroyed the wages and savings of working and poor families. And they have benefited the most from the economic stabilization policies that now protect the value of Latin currencies. Chile, the Latin nation that in recent years has gone furthest in opening up its economy, also has made the most progress in reducing poverty, lowering unemployment, raising retirement benefits and expanding educational opportunity.

What is at stake in the battle for reform in Latin America is not only the fate of the poor but the future of democracy.

What guerrilla forces fighting in the mountains could not accomplish after decades, global trade, capital flows, communications and technology are doing daily: undermining and sweeping away the traditional authoritarian structures that long governed and suppressed Latin American societies.



BY MARGARET SCOTT

That is because the traditional closed, protected economies of Latin America were the breeding ground for a nexus of cozy and often corrupt relations between powerful economic groups who depended on state favors and their friends in government. Breaking down that nexus of economic and political power creates for the first time in Latin America the possibility not only of real upward mobility for ordinary citizens but also real democratic accountability for government leaders.

It is not an accident that the most democratic elections held in Mexico's history and the first congressional majorities won by opposition parties followed the opening of its markets. Nor is it coincidental that today Latin civic groups, newspapers, television, radio and ordinary citizens are challenging official corruption with an energy and determination rarely seen before or that heads of state in Brazil and Ecuador accused of official corruption have been forced from office by popular discontent.

Still, the critics of reform have a point. Chile's social progress remains the exception not the rule. The World Bank estimates that 50 million Latin Americans have joined the ranks of the poor since 1950. The process of economic reform in Latin America will not be sustained politically unless its advocates can demonstrate concretely that it offers a better life for the hemisphere's impoverished citizens.

Here neither the ideologues of the market nor the ideologues of the state offer all the answers. For Latin America faces a paradox. As it reduces the power of the state to control and intervene in the economic marketplace, Latin America must strengthen the capacity of the state to deliver human services and safeguard basic rights. As Latin American governments get out of the business of producing steel and aluminum, subsidizing

food, fuel and utilities, regulating labor markets and operating telephone and electric companies, they have to get into the business of providing all their citizens, particularly the marginalized poor, safe drinking water and sanitation, world-class public education, basic health services, modern highways and airports, security against crime and violence, safeguards against fraud in the marketplace, protection of their right to organize trade unions and bargain collectively and an independent judiciary where the law, not corruption, rules.

In many Latin nations, for example, the system of licensing and regulation for new small businesses is so complex and time-consuming that it permanently shuts the poor out of the formal economy, denying them access to credit, property rights and the chance to grow their businesses enough to enjoy economies of scale. It must be pared back drastically. But the inefficient and antiquated system of collecting taxes that allows many of the hemisphere's wealthiest citizens and corporations to escape any civic obligation must be strengthened significantly.

How to balance the demands of the marketplace in Latin America against the responsibilities of the state cannot be dictated by an American president. It must emerge, as it has in our own history, through the tug and pull and often messy politics of a democratic society. But the president's voice will make a difference, as will the decision by Congress on reauthorizing the president's authority to negotiate expanded trade in the Americas. A no vote would dramatically tilt the debate in Latin America against the reformers who are transforming the hemisphere.

The writer served as assistant secretary of state for inter-American affairs from June 1989 to July 1993.

The Washington Post

SUNDAY, OCTOBER 12, 1997

Venezuelans feel close to U.S.

Though flush with oil cash, Caracas submits to IMF limits

By Tom Carter
THE WASHINGTON TIMES

When President Clinton steps off Air Force One onto Venezuelan soil today, he will be visiting "the most gringo- and Yankee-friendly country in Latin America."

Rich in mineral resources, Venezuela, not Saudi Arabia, is the United States' primary supplier of foreign oil.

"Venezuela is different than the rest of Latin America. U.S. pop culture is assimilated there. Their baseball teams are better than their soccer teams, so they even understand our metaphors," said a U.S. government analyst who asked not to be identified.

Wealthy and industrialized, Venezuela boasts a geographical diversity, from snowcapped mountains to Caribbean beaches. There are mysterious flat-topped mountains, desert and savannah. It is home to the world's highest waterfall.

It is also home to more bird species than North America and Europe combined. And its 21 million people, of mostly mixed race, range from urban sophisticates to primitive tribes with little contact with the outside world.

Venezuela is known beyond its borders for producing an astonishing array of international beau-

ty queens, including a former Miss Universe who leads in the polls to become president in the December 1998 elections.

But it is heavy crude that is Venezuela's most important export and the foundation of the country's economy and politics since oil was first discovered in 1914.

In recent history, Venezuela has run a centralized state economy, providing social services, gasoline subsidies and government patronage jobs, paid for by oil revenues.

Unlike some Latin American countries that are known for authoritarian one-party rule, it has 18 "strong" political parties active in a robust political system.

Corruption is frequently alleged in government and in the two or three most important political parties. But the country does not have a history of strong-arm brutality such as is common to both the left and right in other parts of Latin America.

Free-market reforms began in 1989 during the presidency of Carlos Andres Perez, but by 1992 the reforms had lost public support. After riots and two coup attempts, charges of corruption led to Mr. Perez's impeachment in 1993.

Shortly after President Rafael Caldera assumed office in February 1994, Venezuela was rocked by the collapse of its banking system.

The bailout cost some \$11 billion, all oil-financed, but the Caldera government has since been able to stem an outflow of foreign capital and get a handle on inflation.

Mr. Caldera, who was elected on a platform of continued economic supports, reversed himself and adopted an International Monetary Fund-backed program of "shock" austerity measures.

In retrospect, some Venezuelans see the bank collapse as a blessing, because it forced the government to restructure economically and begin the process of privatizing nationally owned industries.

But others criticize Mr. Caldera's "Agenda Venezuela" as mostly talk. A few hotels have been sold, but the steel and aluminum industries are still on the block, and foreign investors are worried. Privatization means lost jobs, and presidential elections are due in December 1998.

An unexpected rise in the price of oil from \$14 to \$18 a barrel in 1996 helped put Venezuela's economic recovery ahead of schedule. But many people are still hurting, and strikes are common among public workers, including doctors.

After years of being dependent on the government, Venezuelans are deeply divided over the appropriate role of the state in public life.

The Washington Times

SUNDAY, OCTOBER 12, 1997

and violence.

Clinton also has signed the Drug-Free Communities Act of 1997 to provide grants to community anti-drug coalitions throughout the country, the White House noted.

In addition, the president has promoted establishment of special drug courts across the nation "to give nonviolent offenders a chance to get off drugs before they end up in jail," officials said. The administration is asking Congress to increase funding for this program by 150 percent over last year's appropriation.

Clinton To Encounter Profound Change in South America (Buenos Aires) By Sebastian Rotella (c) 1997, Los Angeles Times

BUENOS AIRES The last time Air Force One touched down here, the president of the United States stepped onto hostile and uncertain turf.

It was 1990: President Bush visited Argentina a day after a failed military rebellion culminated in a firefight in front of the presidential palace. The region was struggling to shake off a history of tyranny and political and economic turmoil. Anti-Americanism was so virulent that Argentine Congress members tried to declare Bush "persona non grata."

Seven years later, President Clinton will make his first trip to South America, a visit that culminates a period of profound change.

Besides Venezuela, the biggest U.S. oil supplier, Clinton will visit Brazil and Argentina, the continental powers that have led the region's transformation: Their democracies thrive and their economies boom as the result of once-unimaginable reforms.

"The region is experiencing a moment that seems too good to be true," said Guido di Tella, Argentina's foreign minister. "The principal countries have enacted reforms, reduced inflation, there is democracy in all the nations except for Cuba. It's another world. The two emerging regions that will be the big news of the 21st century are the Asian Pacific and Latin America."

No one denies the pressing challenges of poverty, drugs and injustice. But the Clinton visit is shaping up as a celebration of progress.

Not only have authoritarian and statist regimes toppled, not only is U.S. trade to Latin America growing at twice the rate as to other regions, but U.S. relations with most Latin nations have improved dramatically.

"Since I can remember at least, we have never had such a good relationship (with the United States) as now," President Fernando Henrique Cardoso of Brazil said.

Argentina's turnaround is emblematic. One of the Argentine Congress members who condemned the Bush visit in 1990 will meet with Clinton later this week, part of a delegation of opposition leaders who lobbied for the photo opportunity days before legislative elections here.

After a century of anti-U.S. sentiment that united fascist-inspired dictators and leftists, it has become better politics to shake Uncle Sam's hand than burn him in effigy. And the hip vacation spot for middle-class Argentines and Brazilians is not Rome or Madrid, Spain, but Miami.

"All the anti-American nonsense has been discarded," Di Tella said.

Argentina broke with the past in 1989 and positioned itself as a steadfast U.S. ally, denouncing Castro's Cuba and sending frigates to support Desert Storm. In return, Clinton will use the trip to announce his designation of Argentina as a major non-NATO ally, a status shared by nations such as Israel and Australia.

The gesture recognizes President Carlos Menem's success in dismantling a once-repressive and destabilizing military. It was the region's most thorough disarmament. Menem abolished the draft and dismantled the scaled-down military, a soldier-citizen participant in peacekeeping efforts from Bosnia-Herzegovina to Haiti.

Although largely symbolic, the upgraded designation ruffles Argentina's neighbors.

Chilean rightists accuse the United States of sowing dissent in the region. Brazil, meanwhile, aspires to a permanent seat on the U.N. Security Council. That befits many Brazilians' view of their nation as a world-class power. Brazil's partnership with the United States, therefore, is friendly but more complex and measured.

Brazil's industrialized economy, the region's biggest, will receive an expected \$1 billion in foreign investment this year. Brazil dominates the continent, the South American giant. Some Brazilians worry

Clinton's visit will undercut the country's economic growth. "The Clinton visit is a political move," said a Brazilian politician. "It's not about policy, but about power."

"Free trade is in the interest of countries with high technology that export industrialized products," said Helio Jaguaribe, a political scientist. "Brazil is a developing country in an intermediate situation. If Brazil signs the trade agreement for 2005, it will destroy its industry and can go back to coffee exporting."

Publicly, Brazilian officials disagree about such a threat to Mercosur. Any friction will be muted during a presidential visit emphasizing upbeat themes such as educational programs involving U.S. high-tech aid and student exchange programs. Cardoso sees education as the key to overcoming Brazil's enormous social inequalities and an example of a meaningful partnership with Clinton.

"Tariffs are not an exciting issue, it is rather boring," Cardoso said jovially during an interview recently. "If we want to exercise leadership in order to have more integration across the hemisphere, we need more than that, we need values.... Education is basic to the future in terms of jobs, democracy, turning people into citizens. This is the crucial battle of the coming millennium."

Cardoso, a distinguished scholar and one of the continent's best-regarded leaders, has raised teacher salaries and installed 50,000 televisions in rural schools. As part of a blockbuster package of reforms similar to those accomplished in Argentina, he has also brought down inflation, privatized torpid state industries, given land to more than 300,000 poor families and begun to slash budget-devouring bureaucracies.

Human rights advocates call him the first president to confront lawlessness and other social crises openly.

"We are putting on the table our social problems," he said. "The government is not trying to cover up what's wrong in Brazil. The Amazon forest is being burned? Let's see if it's true, because I don't want that. The police are violent? Yes it's true, so let's discuss violence."

Despite such reformist vigor, the lives of millions of Brazilians and other South Americans seem walled off from the bounties of macroeconomic progress and democratization. The consequences can be grim: guerrilla war in Colombia, militaristic rumblings in Peru, anarchic strikes by police forces in Brazil and the endemic menaces of drugs and crime.

Reforms are vital to the future because corruption undermines low-crime, comparatively middle-class nations such as Argentina as well as more violent, unequal ones like Brazil, according to Luis Moreno Ocampo, an Argentine anti-corruption consultant.

Moreno, who prosecuted military dictators in the 1980s, now advises Latin American governments and corporations.

The past shows that today's crises are not as insurmountable as they may seem, he said, noting: "Twenty years ago, if you had said we could resolve the problem of military dictatorships, people would have said it was impossible. I think corruption is the new form of abuse of power and can also be fought and reduced."

Temple Donor Concealed Actions Back to '93, Records Show (Washn) By William C. Rempel and Alan C. Miller (c) 1997, Los Angeles Times

WASHINGTON The aggressive Democratic fund-raiser behind last year's Buddhist temple benefit featuring Vice President Al Gore acted to conceal temple political donations as early as 1993, according to records and testimony that reveal a more extensive history of temple money-laundering than was previously known.

A federal grand jury is investigating fund-raiser Maria Hsia and the temple's potentially illegal contributions, including a \$5,000 donation last October to Rep. Patrick J. Kennedy, D-R.I., the Los Angeles Times has learned.

And Hsia has been singled out as one of the initial targets of the recently reorganized Justice Department task force investigating alleged campaign finance abuses, sources confirm.

Hsia not only helped arrange for the Hsi Lai Temple to provide the \$5,000 Kennedy contribution, according to records turned over to congressional investigators. But records also show she was one of five straw donors who served as conduits for the temple's hidden donation. Among the donors was Donald E. Burns, a Los Angeles attorney and former California secretary of transportation who, like the others, was reimbursed with a \$1,000 check from the temple.

The disclosures demonstrate that questionable political fund-raising by the Southern California temple extended well beyond its controversial role in the 1996 Gore campaign luncheon that brought in about \$140,000 for the Democratic National Committee. The temple, as a tax-exempt religious institution, is prohibited from making campaign contributions.

In addition to the concealed donations, records show Hsia

Brazil: A Giant Land in Midst of Change

Under Cardoso, Country Has Begun to Address Its Major Problems

By Anthony Faiola
Washington Post Foreign Service

BRASILIA—In the heart of this capital city, the Palace of the High Plateau, Brazil's equivalent of the White House, often has stood as a national monument to dashed hopes. Leaders, many of them military dictators, would issue bold but empty promises from these stark white halls as the poor grew poorer and corruption infested the palace like termites.

But as President Clinton prepares for his first visit to Brazil, beginning Monday, he will find in these same halls a new sense of credibility, stability and upward mobility taking root in Latin America's largest nation. The shift stems, experts say, from a good-humored, democratically elected intellectual, President Fernando Henrique Cardoso, who has won domestic popularity and international respect for the economic and political transformation he has set in motion in Brazil—a country bigger than the continental United States and with a population greater than Russia's.

Brazil's new order, although still fragile, holds strong implications for Clinton and the United States, which is discovering that this nation is demanding a more equal footing with Washington. Brazil is muscling into the role of the hemisphere's second voice on the world stage, seeking a permanent seat on the U.N. Security Council. And, as the core of a fast-growing trading bloc called Mercosur, a South American variant of the European Union, it has succeeded in influencing politics and economics throughout the region.

Indeed, one of Clinton's missions here will be to sell the Brazilians on a massive Free Trade Area of the Americas—something the Brazilians fear may hurt their economy if implemented too quickly, and, experts say, they could easily block.

"When Nixon came here [in the 1970s], he said, 'Where Brazil goes, Latin America goes,'" said Alexandre Barros, a Brazilian political analyst. "At the time, it was just flattery. . . . Now it's true."

Cardoso, who came to power in 1994 after a long line of disappointing administrations, including the impeached Fernando Collor de Mello, is credited with ending hyper-inflation, opening up the economy and restoring a measure of faith in this country's highest office to the Brazilian people. His approval rating stands above 60 percent, one of the highest in South America, and pundits say his road to reelection next October likely will be softer than the cheese bread so popular here.

"The people have food in their bellies," said Roberto Macedo, an economist at the University of Sao Paulo. "But they also have refrigerators and ovens now, too. In Brazil, that's powerful motivation to like your president."

Yet serious problems continue to plague Brazil, a country with a long history of poverty and social crises. Even as his economic policies have improved the lives of the poor, critics say the gains may not last because Cardoso is not taking the bold steps necessary to close the country's massive gap in the distribution of wealth. In Brazil, 5 percent of the people control 95 percent of the land.

There also have been nagging questions that Cardoso has focused more on changing the constitution to allow for his reelection than on enacting the social security and tax reforms he has promised. Critics also say he is moving too slowly to privatize state-run industries, that his administration has become permissive on logging in the Amazon, and that he has not done enough to curb corruption and police brutality, the subject of a number of recent human rights reports.

Cardoso responds that one must look at how much Brazil already has changed during his term. "Not just because of the economy," he told a group of reporters, "but because we are now putting on the table our social problems. The Brazilian government is not trying to cover up what is wrong in Brazil."

"If they say, 'Ah but the Brazilians are burning the forest,' I say, 'Okay, it's true. What can we do to stop it?'" he continued. "They say police [are] too violent. Yes, it's true. I am against violence, so let's discuss it. . . . We are not trying to create an image. Image is a reflection of reality, and image to disguise reality is not good."

Since taking office, Cardoso's biggest impact has come through economics. A former leftist university professor who once conducted weekly study groups on Karl Marx, he has brought the country's economy from a state of near-collapse to a state of relative stability.

offering Brazilians his "Real Plan." The plan opened Brazil to foreign investment and linked its currency, called the real, to the U.S. dollar. The plan successfully ended hyper-inflation, once so bad that customers in markets would race down aisles to snatch goods before store employees could stamp on new, higher prices.

The Real Plan has aided this nation's vast legions of the poor most of all, experts say, by giving them extraordinary new buying power. With the value of the money in their pockets more stabilized, the poor have received access to credit, enabling them for the first time to purchase such goods as microwaves, televisions and refrigerators. The cost of basic foods like bread and milk actually have decreased. Statistically, the number of people living below the poverty level in Brazil has dropped 9 percentage points, to 21 percent nationwide, during Cardoso's first three years in office.

"I think the numbers show that [Cardoso] is one of the smartest heads of state we have in the world today," said Arturo Valenzuela, executive director of Georgetown University's Center for Latin American Studies. "He's doing something remarkable in Brazil that is a real lesson for other nations."

But the plan has come under criticism both inside and outside Brazil, and from both the left and right. Some of the loudest clamor has come from the middle and upper classes, a relatively small segment of Brazil that had found ways of benefiting from hyper-inflation by putting their money in speculative bank accounts. Now affluent Brazilians also have discovered that many of their costs—such as real estate and eating in restaurants in posh neighborhoods—have gone up.

"You tell Mr. Cardoso that I said his plan stinks!" yelled Marcia Periera, 47, carrying a Fendi bag in a Rio de Janeiro shopping mall. "Look at these prices? Whom is he helping out? Not me, I tell you."

Cardoso is also facing mounting pressure from the massive Landless Movement of the rural poor—50,000 of whom marched on Brasilia this year to protest the slow pace of land reform. The demonstration underscored the fact that this popular movement has evolved into the country's most potent political voice of dissent. It has won sensational news coverage of its controversial "land takeovers" throughout the country, which have sometimes turned violent and which Cardoso has condemned.

"He is not responding to the biggest problem facing Brazil—land reform," said Sister Michael Mary Kolan, attorney for the Sao Paulo-based Sem Terra movement. "If we weren't pushing him, if we weren't out there protesting in his face, he would not be doing and saying [anything] at all."

Opponents of Cardoso on the left argue that the alliances he had to form with right-wing parties to win election have now made it more difficult for him to undertake serious reforms opposed by Brazil's traditional oligarchy. They also claim he has not invested enough in national infrastructure or education.

"He has not made the structural reforms necessary," said Ciro Gomes, a former high-ranking member of Cardoso's party who is now viewed as his only serious challenger for reelection. "His plan is fragile. We will only see a onetime gain for the poor if we don't make fundamental changes. We're still not spending money on the right things."

Cardoso has tried to bring more foreign investment into Brazil through a massive privatization effort, second only to China's. Currently, the level of foreign investment in Brazil still is not as high as during its brief boom in the 1970s, and some critics say Cardoso has not moved fast enough to sell off the real prizes, the state-owned giants like the oil and telephone company. Yet the types of investments being made herald a new trust in the future of the nation, experts say. In one of the largest government deals in South America, for instance, Bell South recently agreed to pay \$2.45 billion for the right to operate cellular phone service in Sao Paulo alone.

More than once, however, Brazil has teetered on the cusp of success only to fall. Some economists say its foreign debt and trade deficit may foreshadow problems in the years ahead if the government does not take steps to avoid the kind of crisis now happening in Asia. But the sheer size of the changes under way in Brazil, specialists say, make its momentum pretty convincing this time.

"I think Brazil is finally moving irrevocably forward," said Gilberto Dupas, professor of economics at the Institute of Advanced Studies in Sao Paulo.

The Washington Post

SUNDAY, OCTOBER 12, 1997

TRADING PARTNERS

While U.S. exports to Latin American and Caribbean countries are growing rapidly, they account for only a small share of overall U.S. exports.

Region	Growth in U.S. exports**	U.S. exports***
Western Europe	24.9%	\$141.3 billion
Canada	58.4%	\$132.6 billion
Mexico	100.7%	\$56.8 billion
Latin America & Caribbean*	103.1%	\$52.2 billion
Asia	70.6%	\$205.2 billion
Africa	37.5%	\$11 billion
Other	63.4%	\$23.7 billion
TOTAL	58.2%	\$622.8 billion

*Excluding Mexico **1990-96 ***1996

Making a Case for South America

White House Prepares Arguments on Trade in Advance of Clinton

By Paul Blustein
Washington Post Staff Writer

As President Clinton heads for South America this week, his aides are painting a picture of a region loaded with economic potential for the United States—a depiction some economists say should be taken with a pinch of salt.

For Americans who might still hold images of impoverished nations afflicted by runaway inflation and mountainous debts, White House officials are eager to showcase a transformed continent. South America, they note, has become the world's fastest-growing market for U.S. exports, with more than \$1 trillion in gross domestic product and a potential consumer market of more than 320 million people.

Fueling the Clintonites' enthusiasm is their desire to promote the president's bid for authority to negotiate new trade agreements. Clinton wants to use that authority to extend free trade beyond Mexico and Canada to the rest of Latin America and the Caribbean, so administration officials are touting South America as a lucrative market that the United States must embrace before rival powers carve it up for themselves.

"Our exports to this region are growing at twice the rate that they are to any other region in the world," said Thomas F. "Mack" McLarty III, the president's special envoy for the Americas.

"The prime ministers of Japan, China, Taiwan and Canada, and the presidents of South Korea and France, have all traveled to South America this year," McLarty added. "Our competitors are trying to seize markets that are naturally ours. We will lose if we do not engage our neighbors to the south."

Such portrayals reflect the remarkable economic revival that Brazil, Argentina and many other South American nations have staged in the 1990s. But other analysts caution that South America's importance as a market shouldn't be exaggerated, as Mexico's sometimes was by proponents of the North American Free Trade Agreement during the 1993 debate over NAFTA.

A recent study by the Congressional Research Service, for example, noted: "Latin America is a relatively poor region and, excluding Mexico, makes up only 7 percent of U.S. trade," even though it includes several sizable countries that are "considered among the more promising emerging markets" in the world.

"I think there's a good case to be made for free trade with Latin America," said Greg Mastel, a trade specialist with the Economic Strategy Institute. "But it's not one that lends itself to hyperbole."

Indeed, U.S. business has been advancing so rapidly into South America and the Caribbean that at first blush, a free trade agreement might seem unlikely to make much difference.

The \$52 billion in U.S. goods exported to the region in 1996 was more than double the 1990 level. From 1990 to 1994, American multinationals poured more than \$20 billion into factories, equipment and other investments—extending their historic dominance in the region over European and Japanese firms, which invested less than half that amount.

"It's become an increasingly important market for us. In Brazil, for example, just in the last two years, we've seen our revenues go up over 70 percent," said Tim Richards, senior manager for international trade and investment at General Electric Co., which sells large amounts of U.S.-made locomotives, medical equipment and power-generating machinery to Latin nations.

Powering such growth is the decision by countries throughout the region to shed much of their old, statist economic policies in favor of market-oriented reforms, and to pound down inflation through discipline over government budgets and the money supply.

"Inflation has come down here from levels of 80 percent a month to less than 8 percent a year," said John Edwin Mein, executive vice president of the American Chamber of Commerce in São Paulo, Brazil. "And the result of that was that people in the lower classes whose earnings had been completely eroded by inflation all of a sudden found themselves with

additional real income—granted, at a very low level, but 30 [percent] to 40 percent additional income, which is generating tremendous demand for consumer goods."

But it's a region of countries that have signed dozens of crisscrossing trade agreements with each other—and that's where the argument for a hemisphere-wide free trade agreement comes in, because some U.S. firms are finding themselves at a disadvantage.

Consider the case of Stupp Corp., a Baton Rouge, La., maker of gas pipelines. The company has flourished in the Latin market, which accounts for the bulk of its exports. But earlier this year it lost a \$100 million contract for an Argentine-Chilean pipeline because of a 27 percent tariff imposed by Mercosur, the biggest Latin trade bloc, which encompasses Brazil, Argentina, Uruguay and Paraguay.

"We lost to an Argentinian company, because the tariff works against companies that aren't based within Mercosur," said Donald Bohach, the company's director of marketing.

Administration officials cite other examples: U.S. telecommunications firms recently lost a major contract in Chile to a Canadian company because Ottawa signed a free-trade deal with Santiago this year, giving the Canadian firm—which didn't have to pay Chilean tariffs—an 11 percent price edge.

But many trade experts scoff at the suggestion by administration officials that South America is such a juicy target as to tempt European or Asian powers into forging their own trade agreements with the region. Although European Union officials have talked of negotiating a free-trade pact with Latin countries, their claims are viewed skeptically because of their well-known reluctance to expose their farmers to foreign competition.

"It would be refreshing," Mastel said, "if people would just say, 'Latin America is a good market. Maybe not the most important, but we ought to take advantage of it.' It may not be a message that sells well on TV, but it's the truth."

The Washington Post

SUNDAY, OCTOBER 12, 1997

Clinton's Man in South America Has Fortified Intercontinental Ties

By John F. Harris
Washington Post Staff Writer

During a first term in which he became an enthusiastic frequent flier to Asia, Europe, and the Middle East, President Clinton not once ventured south of the border in the Western Hemisphere. Instead, for nearly half of those years, the job of tending to Latin America was left to the man in the White House basement.

Thomas E. "Mac" McLarty, a barely visible figure in Washington since resigning as Clinton's chief of staff in 1994, has been the face of U.S. policy in Latin America during the last three years, spreading a gospel of commerce and cooperation in 40 trips to the region in an unusual role as the president's special representative.

As Clinton leaves this morning for a week-long journey to Venezuela, Brazil, and Argentina, the administration's new-found engagement with Latin America in its second term owes much of its tone to McLarty's boosterism. He sees a region where a history of mutual mistrust is being swept away by shared opportunity.

"It kind of leaps off the page at you," McLarty said in an interview last week. "You can see Main Street expanding. You can see the markets opening."

Clinton's goal is to deepen a message, started with the North American Free Trade Agreement with Mexico and other regional initiatives, that U.S. policy and attitudes toward Latin America have shifted fundamentally this decade. Much of the change is the result of democratization and economic stability in Latin American countries. A decade ago, a U.S. president traveling in the region would have confronted a host of issues that today are either invisible or muted: widespread human rights abuses, the containment of communism, the failures of command economies, and pervasive anti-Americanism inspired often by heavy-handed U.S. policies.

What stands out from this week's trip, as aides described it last week, is its relatively routine agenda. Clinton will

talk about developing clean energy in Venezuela, the nation that supplies more oil to the United States than any other. He will talk about education and technology in Brazil, which Clinton aides note has an economy larger than Russia's. And Argentina, once a fearsome military dictatorship, will be thanked for its contributions to international peace-keeping.

But the journey, by most accounts, is less about substance than celebration. "This trip is an opportunity to highlight South America's quiet and impressive revolution," said White House national security adviser Samuel R. "Sandy" Berger.

The Clinton administration has not shied from controversial policies in Latin America, including the bailout of the Mexican peso, the censure of Colombia for its failure to stop the shipments of drugs to the United States, military intervention to restore elected officials to office in Haiti, and the tightening of U.S. economic sanctions against Cuba. A trip by Clinton in May to Mexico and Central America raised various tendentious issues between the U.S. and Latin American allies.

Some of these issues will be revisited when Clinton travels to Latin America again early next year to attend the second Summit of the Americas in Santiago.

Even in the case of the South American countries that Clinton will visit this week, skeptics say the administration's optimism is misplaced, or at the least overstated. In its rush to extol progress, some critics say the administration is not doing enough to highlight police brutality and other continuing human rights concerns, or to pressure Brazil to stop the destruction of its rain forests at a voracious pace.

And, particularly in Brazil, Clinton this week may hear echoes of age-old resentments. While at the opera in New York last month, aides said Clinton was collared in an impromptu meeting by former secretary of state Henry Kissinger, who warned Clinton to make sure he was accommodating to Brazilian sensitivities.

CLINTON'S SOUTH AMERICAN TRIP



BY LARRY FOGEL—THE WASHINGTON POST

Brazilians and their neighbors are eager to nurture "Mercosur," a regional trade block they established with Argentina and other nations in the continent's "southern cone," and are suspicious that U.S. efforts to promote a "Free Trade Area of the Americas" will come at their expense.

Clinton had hoped to travel south

with a victory in hand on his proposal to negotiate "fast-track" trade agreements. Instead, that proposal is still pending on Capitol Hill, with precarious prospects. The Brazilian ambassador to the United States said at a seminar in Washington that many in his country would be content to see Clinton lose this battle. "I don't think that this would really cause

any sadness in Brazil," said Ambassador Paulo Tarso Flecha de Lima.

The administration has fanned regional tensions with other decisions. Brazil and Chile were both upset by an administration decision to declare Argentina a "non-NATO military ally," giving it an enhanced partnership with the U.S. military. Argentina, meanwhile, was alarmed that a decision by the administration to lift an embargo on the sale of sophisticated weapons to the region might result in the purchase of F-16 fighter jets by Chile.

Clinton "may be too celebratory of what's going on," said Arturo Valenzuela, a Latin American specialist at Georgetown University. A "Polymath" world view, he said, may have caused some policymakers to overlook how the historic rivalries between Latin American countries still resonate, and how easy it is for U.S. policies to rattle.

None of these problems, however, is likely to dim what is expected to be an exuberant reception for Clinton this week. While short on major diplomatic initiatives, the trip will likely offer a succession of vivid images: On Monday in Caracas, Clinton will speak to Venezuelans at an outdoor plaza. In Brazil, Clinton will hold meetings in Brasilia on Tuesday, and on Wednesday address business leaders in Sao Paulo and visit a shanty-town in Rio de Janeiro to talk about education. And in Argentina, Clinton will host a televised, hemispheric "town hall" meeting, talking with what aides described as "young leaders" in Buenos Aires, Los Angeles, and Miami. More than half the population of South America is estimated to be under age 17. His last stop will be at the Andean resort town of San Carlos de Bariloche.

"The important thing is the presence of President Clinton in Brazil, this is much more important than any issue," said President Fernando Henrique Cardoso in an interview with U.S. correspondents last week. "His presence is enough to justify our enthusiasm."

During the first term, it was Clinton's absence that resulted in McLarty's job, a position he came to with notably thin credentials. In June of 1994, after Clinton's rough start as president, Clinton and McLarty agreed he should leave a chief of staff. But White House aides said Clinton was eager not to lose McLarty, an Arkansas business executive and a friend since childhood, who placed him in charge of organizing the first Summit of the Americas in Miami.

From that followed a series of arguments that culminated in Clinton's decision to name McLarty "special envoy" to Latin America. He had no political background in the region. He said his links were limited to a handful of business trips and a visit to see his son in Bolivia on an exchange program.

Yet McLarty had a more potent credential: He was a close friend of the president, and he still worked in the White House. Senior administration officials said McLarty typically is not the driving force behind policy. Instead, he serves an ambassadorial role, letting Latin government and business leaders speak to someone who has a direct line to the president. In the 1950s, Milton Eisenhower played this role in Latin America for his brother, and in the 1960s White House adviser Arthur Schlesinger Jr. provided a similar channel for Latin America's rising democrats to John F. Kennedy. But in recent decades, there is no parallel.

"I think it's good he's focusing on Latin America because if he wasn't, no one would," said Robert Pastor, who directs the Latin America program at the Carter Center in Atlanta.

Within the White House, McLarty has created a small Latin America fiefdom. His staff of eight includes his own trip planner, press aide, as well as three policy aides detailed from the State Department and the Agency for International Development. But he bristles at suggestions that Clinton has given Latin American relations to McLarty as a personal hobby.

At a briefing last week, Berger noted that Clinton will go to Latin America three times in the space of a year. "Mac," he joked, "has us going to Latin America about every six weeks."

"The president does," McLarty interjected.

Brazil, U.S. bear many similarities

Countries' land, people are diverse

By Tom Carter
THE WASHINGTON TIMES

The average American's notion of Brazil is limited to Carmen Miranda, "The Girl From Ipanema," Carnival and perhaps a warm, fuzzy desire to save the Amazon rain forest.

On the dark side, Brazil has a reputation for the grinding poverty of its hillside shantytown "favelas," the executions of glue-sniffing street kids and drugs.

But, as President Clinton makes his first trip to South America, a closer look reveals that while football has a different meaning in the two countries, Brazilians and Americans have more in common than most people realize.

"Brazil is more like the United States than almost any other country one can imagine," said Peter Hakim, president of the Inter-American Dialogue.

"The two countries are large. They exercise enormous influence. They are both diverse in geographical, racial and ethnic terms. They have tremendously complicated political systems. There are enormous parallels," he said.

"When one gets stuck on trying to figure out what's going on in Brazil, think about what's going on in the United States."

Larger than the continental United States, this former Portu-

guese colony has grown into an immigrant nation of 160 million people. Influenced by the religion, culture, food and music of slaves from Africa and immigrants notably from Italy, Germany, Japan and of course Portugal, Brazil is perhaps the most diverse nation in the world.

The nation is 80 percent Catholic, but as the pope's visit earlier this month illustrates, the faithful aren't as faithful as they once were. Evangelical Protestants have established secure beachheads in what is still the largest Catholic nation in the world.

Economically, after emerging from a "lost decade" in the 1980s, the government has tamed hyperinflation that once raged at 2,000 percent annually, reducing it to just 9.4 percent last year.

Free-market reforms and the privatization of state industry have turned the economy into a regional economic engine, producing a 4 percent growth rate over the last three years.

To U.S. consternation, a number of protectionist measures remain in place, but Brazil also gripes about measures keeping its tropical fruit and steel out of U.S. markets.

The economic integration of the hemisphere, first envisioned by President Bush, is moving forward, but the U.S.-brokered North American Free Trade Agreement, and Mercosur, the four-nation South American free-trade body of which Brazil is a member, are a long way from coming to terms.

"If we're going to have the kind of hemispheric cooperation a number of us would like to have, Brazil and the United States will have to find away to resolve their [trade] differences," said Mr. Hakim.

Unemployment and underemployment are rampant, with an estimated 40 million people malnourished and 25 million living in the "favelas." Some 12 million children are abandoned, wander the streets homeless, and are sometimes the targets of death squads.

Some of what makes Brazil unique is soccer, Pele, samba, Carnival, soap-opera-like telenovelas and Xuxa (pronounced Shoo-shah) — the sexy hostess of a children's television show. And there is a body ethic that makes plastic surgery nearly as popular as Rio's thong bikinis.

Trying to evaluate Brazil without understanding these cultural icons would be like an examination of Washington, D.C., without a mention of race relations, politics, pizza or the Redskins.

But also woven into the fabric of Brazil is a culture of violence. This allows police death squads to execute street children and criminals and win the approval of many. It gives Brazil one of the highest murder rates in the world, almost twice that of the United States.

Little of this will be on the agenda of Mr. Clinton, who will pitch his visit as a meeting between two democratic powers that have been on friendly terms for most of the last century.

The Washington Times

SUNDAY, OCTOBER 12, 1997

Menem's Argentina boasts of its stability

Shift to free economy goes smoothly

By Tom Carter
THE WASHINGTON TIMES

Known derisively in the rest of South America as a nation of "Italians who speak Spanish and think they are English," Argentina ethnically is almost entirely European.

Italian, Spanish and German immigrants pushed the Indians west and did not import slaves, so unlike most of the rest of Latin America, there are few mestizo (mixed race) Argentines.

Justly acclaimed for the urban sexuality of the tango and the gaucho on the plains, meat-eating Argentina boasts a rich tradition in literature, film and music.

But it is the economic and political stability created under President Carlos Saul Menem that has President Clinton calling.

For 20 years, Chile has been considered the model for successfully converting from a centrally planned economy to a free market, but recently that designation has been going to Argentina.

"Under Menem, Argentina has made some of the fastest-growing free-market reforms in the world," said William Ratliff, senior research fellow at the Hoover Institution.

"In Asia and Latin America, I am used to hearing, 'We need a [Chilean Gen. Augusto] Pinochet to get reforms through.' That is the old model. Argentina did it with a democracy. I think it is the new model."

At the turn of the century, Ar-

gentina and the United States were about equally developed, and would-be immigrants from Europe had to think hard when choosing between the two. But radical politics and social unrest in Argentina led to a military coup in 1930 and the beginning of 50 years of direct or indirect military rule.

For much of that time — notably under Juan Peron and his wives Evita and Isabel — Argentina was characterized by economic mismanagement, corruption, political patronage and military brute force.

Under military rule from 1976 through 1983, Argentina conducted a "Dirty War" in which between 6,000 and 15,000 suspected leftists were "disappeared," some thrown into the ocean from airplanes.

Opposition to military rule grew until April 1982 when the military invaded the Falkland Islands, or the Malvinas as they are known in Argentina. For the next 74 days, Argentina was at war with Britain.

The military's humiliating defeat, continuing social unrest and a sagging economy all laid the groundwork for Argentina's transformation into a democratic, free-market society.

By the time Mr. Menem was elected in 1989, Argentina was an economic basket case with hyperinflation running at nearly 5,000 percent a year.

He announced the privatization of about 90 state industries and brought inflation under control. It



Carlos Saul Menem

is currently less than 2 percent.

In a controversial move, he pardoned the military for crimes committed during the "Dirty War."

Seeking to break out of the international isolation imposed during military rule, Mr. Menem visited neighboring countries and the United States. He re-established diplomatic relations with Britain and sent troops to fight in the Persian Gulf war.

In 1991, he signed agreements with Brazil, Uruguay and Paraguay to create the Southern Cone Common Market, Mercosur.

In 1993, he struck a constitutionally questionable deal that allowed him to run for a second term, which he easily won in May 1995. Since then, he has continued the economic reform.

By last year, Argentina had weathered the worst of a recession caused by the 1994 Mexico peso crisis. But unemployment remains stubbornly high at 17 percent and Bolivian immigrants are pouring into Buenos Aires, generating anti-immigrant sentiments.

The Washington Times

SUNDAY, OCTOBER 12, 1997

Clinton Begins First Trip to South America

In Venezuela, President Pledges a Western Hemisphere 'United by Shared Values'

John F. Harris
 Washington Post Staff Writer

CARACAS, Venezuela, Oct. 12—President Clinton began his first visit to South America today by offering himself as a political descendant of Franklin D. Roosevelt and John F. Kennedy, two predecessors who tried to burnish the U.S. image in Latin America, and by pledging a future in which the Western Hemisphere is "united by shared values from Alaska to Patagonia."

At an arrival ceremony during which Clinton was greeted by a military honor guard and a 21-gun salute, Venezuelan President Rafael Caldera spoke briefly in English invoking the name of this country's 19th-century liberator: "Welcome to the land of Bolivar." A few moments later, Clinton flirted momentarily with Spanish, telling the Venezuelans, "Saludos, amigos"—Greetings, friends.

The shower of mutual admiration set the tone for the day, the first stop in what is to be a week-long journey to South America for Clinton. Making only the most oblique mention of potential trouble spots in U.S.-Venezuelan relations or passing over them altogether, Clinton instead rhapsodized about how much the

two seemingly disparate nations have in common.

"From an abiding faith in democracy to a willingness to fight crime and corruption, from energy development to environmental protection, from music to baseball, we are united by our concerns and by our passions," Clinton said.

In citing, Roosevelt and Kennedy, Clinton harked back to two earlier efforts at improving relations between the United States and Latin America: FDR's "Good Neighbor" policy in the 1930s and JFK's Alliance for Progress in the 1960s.

When Clinton turns to more substantive matters, his agenda here will include plans to sign an agreement on Monday pledging joint efforts to promote Venezuela's large and rapidly growing petroleum industry and to encourage U.S. investment. Venezuela already has surpassed Saudi Arabia as the number one oil exporter to the United States and hopes soon to double its production to 6.9 million barrels per day. Although the agreement will include provisions designed to spur cleaner production, environmental groups here are protesting that it makes no sense to expand the petroleum industry at a time when the United States and other industrialized nations are de-

bating how to combat global warming.

Also on Monday, Clinton plans to sign an agreement pledging cooperation to fight drug trafficking; it is aimed at easing extradition of traffickers, for example, and improving interdiction efforts. Venezuela is a major transit country for cocaine and heroin trafficking, and money laundering by its banks and judicial corruption have long been major U.S. concerns. Clinton did not mention these irritants in his arrival remarks, but senior administration officials said they believe Venezuela has made recent progress in rooting out corruption.

But Clinton, who will preach a free-trade gospel on his South American trip, will not be able to sign a treaty clarifying investment and tax policies between the two countries. Negotiations on the treaty are bogged down, and talks were not concluded in time for Clinton's visit, to the frustration of U.S. business leaders here, a senior administration official said.

Clinton will also travel to Brazil and Argentina this week, and White House aides have touted all three nations as models of the transition that South America has made away from the dictatorships and command economies that defined the conti-

nent for much of this century and toward democracy and free markets.

But Venezuela's progress may be precarious. Caldera, at 81 a frail figure, took office in 1994 promising never to buckle to international monetary organizations. Hyper-inflation caused him to abandon that course, and the austerity plan he subsequently implemented has stabilized the economy but also led last year to Caracas street protests by the poor.

"Your democracy is strong after weathering difficult challenges," Clinton told Venezuelans.

The U.S. delegation traveling with Clinton includes First Lady Hillary Rodham Clinton and Secretary of State Madeleine K. Albright, as well as the administration's top-ranking Hispanics, Energy Secretary Federico Pena and U.N. Ambassador Bill Richardson.

After landing Air Force One at Caracas's main airport, the group flew helicopters up the steep, lush valley where the heart of the city lies. This evening Caldera hosted a state dinner for his visitors.

Before flying to Brasilia Monday, Clinton will lay a wreath at revolutionary Simon Bolivar's grave and address the people of Venezuela at this city's El Panteon Plaza.

In Venezuela, Clinton Promotes Hemisphere Trade Zone

By JAMES BENNET

CARACAS, Venezuela, Oct. 12 — Envisioning "a new world in the making," President Clinton arrived here today to begin his first trip to South America, planning to oversee the signing of modest agreements on energy, education and the environment — and hoping to generate enthusiasm back home for a free-trade zone throughout the hemisphere.

Mr. Clinton was starting a week-long trip that would also take him to Brazil and Argentina. He wants to use the visits to challenge stereotypes about the region and to build support in Congress for his flagging trade initiatives by underscoring "this quiet revolution," as he called it today — the transition of Latin America nations to democracy and their growing free-market economies.

"When the first explorers came to the Americas centuries ago, there was no distinction in their minds between North and South America," Mr. Clinton said at an arrival ceremony, as gray clouds piled up against the jagged green hills in front of him. "It was simply the new world. Now we have an opportunity to bring the Americas together again."

Saying that "command economies have given way to free markets" in Latin America, Mr. Clinton urged the lowering of trade barriers to "create good jobs for all our people in the Americas, North and South."

That is expected to be the essence of Mr. Clinton's message in each of the three countries, as he tries to persuade Congress to enhance his power to negotiate trade deals abroad. Mr. Clinton had planned to make his Latin American visit last spring but postponed it after injuring his knee in March.

At the Summit of the Americas in Miami in 1994, Mr. Clinton called for the establishment of a hemispheric free-trade zone by 2005. But he has been slow to follow up on his proposal. Meanwhile, as their trade with Europe has surged, Latin American leaders have suggested that they are not particularly eager to lower their barriers to American goods.

Reluctant to raise an issue that divided Democrats during last

A goal of 'good jobs for all our people in the Americas, North and South.'

year's campaign, Mr. Clinton held off until last month before asking Congress to renew his increased trade-negotiating authority, known as fast track. Many Congressional Democrats fear that trade deals on Mr. Clinton's terms could cost American jobs, depress American wages and damage the environment.

At the arrival ceremony at an air force base here, President Rafael Caldera of Venezuela praised Mr. Clinton's trade goals. "We know that you, Mr. President, are very much committed toward globalization and want the United States to play this role," he said.

But not all of Mr. Clinton's trade headaches come from Congress. Officials from Venezuela and the United States have not yet agreed on the details of a business-investment agreement that they had hoped to sign during the President's visit.

Mr. Clinton was accompanied here by his wife, Hillary Rodham Clinton. His delegation consisted both of Cabinet members, including Secretary of State Madeleine K. Albright, and of members of Congress, including Nydia M. Velázquez, a New York City Democrat.

Mr. Clinton is confronting sharply different circumstances in each country. Venezuela is emerging from an economic crisis, including the collapse of its banking system in 1994. Its economy contracted last year but is expected to grow by about 2 percent this year — still lagging behind Brazil's and Argentina's. Mr. Clinton praised Venezuela today for growing "in the wake of real sacrifice."

Venezuela is the biggest supplier of oil to the United States, and Ms. Albright is expected to sign an agreement on Monday under which the two nations will cooperate in developing safe and reliable energy sources. Venezuela is also a major transshipment point for cocaine and heroin into the United States, and both countries also plan to agree on Monday to cooperate further to fight drugs.

In Brazil, Mr. Clinton will focus on education, a favorite topic of his and of that nation's charismatic President, Fernando Henrique Cardoso. Mr. Clinton is planning to offer help

Praise for a 'quiet revolution' to democracy and free-market economies.

in wiring Brazilian classrooms to the Internet, implicitly pointing out to Americans that the technological revolution is taking place in Latin America too.

And in Argentina, Mr. Clinton is planning to hold a town hall meeting, televised by the network Univision throughout the Americas, at which he will field questions from what his aides call "young leaders" in Buenos Aires, Los Angeles and Miami.

For all the talk about a more unified New World, Mr. Clinton will probably face some prickly military issues on this trip, a sign of the lingering suspicions and divisions in the region.

Argentina was angered by a recent decision by the United States to lift an embargo on sales of sophisticated arms in Latin America, permitting the sale of F-16 fighter jets to Chile.

Partly to mollify Argentina, the United States now wants to name it a so-called "non-NATO military ally," increasing its ties to the American military. But that step, in turn, has irritated both Chile and Brazil — which were already disappointed that the United States was not supporting any single Latin American country for a regional seat on the United Nations Security Council.

The New York Times

MONDAY, OCTOBER 13, 1997

Clinton begins trip with praise for growth of democracy

By Warren P. Strobel
THE WASHINGTON TIMES

CARACAS, Venezuela — President Clinton praised South America's trend toward political and economic reforms yesterday, as he arrived here to start his first trip to the continent as president.

Mr. Clinton cited the region's dramatic turn toward civilian government and free-market economies, changes the administration is touting to advance its agenda toward the region, including a plan for a hemisphere-wide free-trade area.

"Every country but one in our hemisphere is now a democracy. Command economies have given way to free markets and the more widespread prosperity they bring. We tear down trade barriers and

create good jobs for all our people in the Americas, North and South," Mr. Clinton said after being greeted at a military air base here by Venezuelan President Rafael Caldera on the first day of a week-long South American trip.

"If we stay this course, in the 21st century the Americas can be a stronghold for security and prosperity, a model to the world that democracy, open markets and cooperation can deliver blessings to all our people," he said.

White House officials said Mr. Clinton is expected to repeat those themes as he travels to Brazil and Argentina on a South American tour that is both symbolic and substantive.

Like U.S. presidents before him — in his brief remarks, Mr. Clinton alluded to Franklin Delano Roose-

velt, who did not travel here, and John F. Kennedy, who did — the president is a booster for increased integration of the hemisphere. At the same time, he is hoping to soothe Latins' perennial suspicions of Washington.

As if to underscore that Mr. Clinton's mere presence here is as important as any formal agreements that he signs, Mr. Caldera praised his U.S. counterpart just for showing up.

"We know that your coming here today will put Caracas in the eyes of all the observers on this Earth and will have analysts study the significance of your coming here," he told the president, who was accompanied by first lady Hillary Rodham Clinton.

But Mr. Clinton's hopes of putting past north-south tensions

completely behind him already have been dashed.

The chief justice of Brazil's supreme court said that he would boycott a banquet today in Mr. Clinton's honor because of a flap over U.S. charges of corruption in the country. Mr. Clinton leaves Venezuela for Brazil later today.

Brazilian officials have been outraged over a guide for U.S. investors, published by the U.S. Embassy in Brasilia, that said political scandals in 1997 show that corruption is still "endemic" in the country's culture.

The State Department, saying it did not mean to imply a cultural slur, has promised to strike the word "endemic" in favor of "widespread."

Brazil is also wary of U.S. plans for a "Free Trade Area of the

Americas" by 2005. Mr. Clinton, one Brazilian newspaper said, is coming "to swallow up MERCOSUR" — the regional trade group dominated by Brazil.

At talks with Mr. Caldera last evening before a state dinner, Mr. Clinton was expected to encourage Venezuela to continue its recently stepped-up cooperation against narcotics trafficking. Venezuela is a major transit point for drugs from Colombia.

Today, Secretary of State Madeleine K. Albright and Venezuelan Foreign Minister Miguel Angel Burelli will sign a pact pledging to form an alliance in the fight against drugs. Yesterday, the ministers signed two related accords on law enforcement collaboration.

Mr. Clinton and Mr. Caldera will sign several bilateral agreements,

including enhanced energy cooperation. But proposed treaties on investment and taxation were not ready in time for Mr. Clinton's visit.

Corruption is also an issue in Venezuela, where U.S. relations are dominated by oil. The country is now the United States' leading source of oil and, with Washington's backing, is moving to double its production capacity in coming years.

Washington has a long history of warm relations with Caracas, where anti-American sentiment is not as apparent as it is elsewhere on the continent. But, with its dependence on oil revenues, Venezuela also has moved more slowly than some neighbors in reducing the scope of state-owned industry.

The Washington Times
MONDAY, OCTOBER 13, 1997

Clinton calls for united Americas

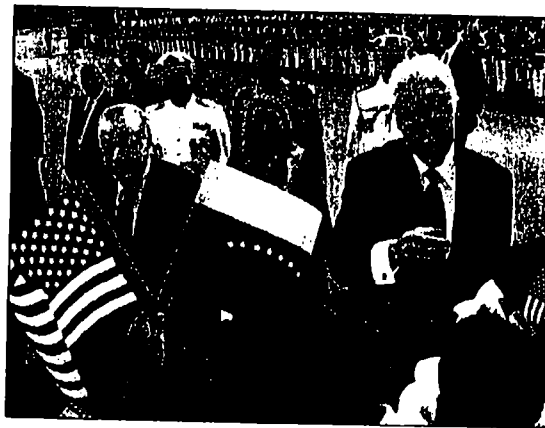
By Bill Nichols
USA TODAY

CARACAS, Venezuela — President Clinton kicked off his first visit to South America on Sunday. He began his seven-day tour with a combination of ceremony, talks with Venezuelan officials and a call for closer ties between North and South America.

In brief remarks during a welcoming rally at La Carlota Airfield, Clinton made clear the theme he would sound here and in subsequent stops in Argentina and Brazil: recognizing and strengthening Latin America's emerging democracies and market economies.

Clinton said the peoples of North and South America are "united by our concerns and by our passions."

When explorers first came to this hemisphere, he said, "There was no distinction in their minds between North and South America. It was simply the New World. Now we have an opportunity to bring the



By J. Scott Applewhite, AP
First stop: President Clinton, with Venezuelan President Rafael Caldera, left, greets schoolchildren on his arrival Sunday in Caracas.

Americas together again."

Venezuelan President Rafael Caldera, in his opening remarks, signaled his concerns about issues that continue to plague Venezuela: corruption, drug trafficking and poverty. Venezuela and the United

States, Caldera said, are united in a "commitment for a clear, crystalline liberty."

In Caracas, Clinton's only stop in Venezuela before flying to Brazil today, talks with Caldera centered on energy production, environmental con-

cerns and anti-drug efforts.

Venezuela has supplanted Saudi Arabia as the No. 1 oil supplier to the United States. It accounts for 18% of imports a year. Administration officials want to promote continued oil production in Venezuela but want to increase the use of cleaner, environmentally safer production methods.

A Venezuelan environmental group protested Clinton's visit, accusing the United States' automobile-fueled culture of destroying their nation's tropical habitat. In a letter to Clinton, Orinoco Oilwatch urged him to curb "the suicidal addiction to the hyper-consumption of oil."

Major U.S. oil companies such as Conoco, Texaco, Exxon and Mobil, have bought up prime parcels in Venezuela's oil fields, including the environmentally delicate Orinoco River delta, home to the threatened Warao Indians.

Today, Clinton signs accords with Caldera promoting ties on environmental and drug traf-

ficking issues. He then gives an open-air address that aides say will outline hopes for an increasingly democratic, interdependent and economically thriving Latin America.

Here and in Brazil and Argentina, the president's delegation will try to build momentum toward the start next year of negotiations toward creating a free-trade zone throughout Latin America by 2005.

But Clinton can expect tough questions about his "fast-track" trade proposal, which is meeting strong resistance in Congress. Latin American leaders generally see the measure, which would allow the president to negotiate trade deals that Congress could approve or reject but not amend, as essential to energizing the free-trade debate in the region.

Clinton was scheduled to arrive in Brasilia, Brazil, this evening. He and first lady Hillary Rodham Clinton were to be feted by Brazilian President Fernando Cardoso at their second state dinner in as many nights.

Clinton starts South American tour by emphasizing cooperation By William Neikirk Chicago Tribune (KRT)

CARACAS, Venezuela President Clinton began his first South American trip Sunday by declaring that "we have an opportunity to bring the Americas together again" by cooperating on trade, energy and the fight against drug trafficking and poverty.

In a weeklong visit to Venezuela, Brazil and Argentina, the president hoped to demonstrate the importance of expanded trade with the region to build more support at home for his troubled proposal for "fast-track" trade authority.

Under political siege by the fund-raising scandal at home, Clinton arrived to a much different atmosphere in Venezuela. He was greeted at the airport with a 21-gun salute, a formal military welcome and flattering words by President Rafael Caldera.

"As we stand on edge of new century in a new millennium, we are very much like the first explorers who came here centuries ago," Clinton said. "We can see a new world in the making. That is our chance and our responsibility. Let us seize it together."

In the next several days, officials said, Clinton plans to sign a series of new agreements in the three countries that would strengthen the U.S. battle against the drug trade, increase energy cooperation and call for greater educational exchanges by the United States.

Officials said drug agreements signed by Secretary of State Madeleine Albright on Sunday would step up on extraditing traffickers and greater interdiction of drug smuggling.

They said the United States had been "encouraged" by Venezuela's recent efforts to control the drug trade.

"As late as last year, we felt there was a problem in the area of certifying Venezuela as a country that was doing everything it could to counter drug trafficking, a senior administration official said.

"There's been a real turnaround," said White House press secretary Michael McCurry. Venezuela, he said, is primarily a transit point for traffickers.

Clinton's top drug aide, Gen. Barry McCaffrey, told reporters that Venezuela "sits on one of the principal drug-smuggling routes out of Columbia."

A broader trade agreement between the United States and Venezuela will be signed Monday, McCaffrey said.

The energy agreement to be signed Monday would call for cooperation between the United States and Venezuela in promoting energy efficiency and renewable energy resources.

At the same time, the United States will be seeking to expand its oil shipments from Venezuela, now its No. 1 supplier, and reduce its reliance on oil from the volatile Middle East region.

While the agreements may be modest, Clinton hopes to use them as a sign of his renewed interest in the region and to spotlight its new economic clout and trend toward democratic governments.

According to McCurry, the president told Caldera in a one-on-one meeting that he hoped Venezuela would continue to liberalize its economy "to support the hemisphere move toward free trade."

In his arrival remarks, Clinton said "every country but one (Cuba) is now a democracy. Command economies have given way to free markets and the more widespread prosperity that they bring. We tear down trade barriers and create good jobs for all our people in the Americas, North and South."

But all is not so rosy for the United States on the trade front.

Clinton's proposal for fast-track trade authority, which would enable him to negotiate new trade deals without congressional amendment, is in trouble on Capitol Hill.

Meanwhile, several countries, including Brazil and Argentina, have formed a regional trading alliance to cut their own trade deals internationally.

While the president stresses a hemispheric free-trade zone in the future, many South American nations are skeptical.

McCurry said that concern has "probably diminished" in the region about Clinton's decision in August to lift the embargo against high-tech arms sales in South America and he does not expect it to be a major topic on his trip.

After a state dinner with Caldera on Sunday night, Clinton will visit the tomb of South America liberator Simon Bolivar on Monday, make a speech to the Venezuelan people and visit U.S. energy executives before flying to Brasilia on Monday night.

He will also visit Sao Paulo and Rio de Janeiro in Brazil and Buenos Aires and the Andean resort of San Carlos de Bariloche in Argentina.

and employees By Judith Graham Chicago Tribune (KRT)

CHICAGO After nearly four years of relief from soaring health care costs, employers across the country face a significant jump in premiums for health maintenance organizations and other types of health insurance.

Next year, HMO rate hikes will be double what they were in 1997, on average. Increases for other types of health plans are expected to be even higher.

Many experts believe it's the start of an upward trend in the cost of health-care coverage, the first such development since President Clinton's reform drive was squashed in 1994.

"Health insurance costs are clearly heading up again; the question is how steeply and for how long. No one really knows yet," said Scott Ziemba, Chicago health-care practice leader for consultants Watson Wyatt Worldwide.

The mostly single-digit upturn in rates is a far cry from the double-digit increases of the late 1980s and early 1990s. But if the trend lasts for the next several years, as experts predict, important changes could be in store for employers and employees.

Companies may drop health insurance plans that cost too much, or contract with fewer plans in an effort to secure better deals. Employees may be asked to pay a larger share of health insurance expenses.

Health plans may tighten their doctor and hospital networks to better control expenses, leaving members with fewer choices. And small- and medium-size firms, which often are least able to afford rate increases, may drop health-care coverage altogether, adding to the more than 40 million Americans who are uninsured.

Heightened health insurance pressures also may give greater impetus to an option being considered by some of the largest and most active employers: banding together in a buying group to negotiate with HMOs.

a tactic that has been adopted by employers in California, St. Louis, Cleveland, Minneapolis, and other areas.

"Bringing employers and health plans to the same table, and working together on the same set of problems—health-care costs and quality—makes a lot of sense," said Dennis Nirtaut, managing director of compensation and benefits for Andersen Worldwide and a member of the Chicago Business Group on Health, which is organizing the effort. "I think it will happen here."

The current round of health insurance rate hikes range from nearly 5 percent to 8 percent on average, but some increases are reaching double-digit levels or more, depending on the market, the experience of the employer and the characteristics of the insurance plan, according to several sources.

A new survey by BT Alex. Brown Inc., a Baltimore investment firm, shows that employers expect health insurance expenses to climb an average of 5.6 percent in 1998, double the 2.8 percent increase employers anticipated in 1997.

Sherlock Co., a Pennsylvania firm that closely tracks HMOs, says the plans look forward to premium hikes of 4.6 percent for 1998, following a 2.6 percent jump in 1997. HMOs now cover almost 60 million Americans, the majority of whom are working people and their families.

Salomon Brothers, a New York investment firm, expects HMO rates to climb 5 percent to 8 percent in 1998, compared with 3 percent to 4 percent increases that went into effect this year.

Towers Perrin, a major employee benefits firm, reports that preferred provider organizations appear poised to raise rates 6 percent to 9 percent in 1998; point-of-service plans (HMO-style plans that let members go outside networks for care, at extra expense) will go up about 5 percent to 7 percent, according to Tom Kuhlman, employee benefits leader in the Chicago office.

The reasons behind the emerging trend are many. For the past several years, HMOs and other health insurers across the United States have engaged in heated market-share battles, keeping price increases flat or low to attract as many customers as possible. That strategy has significantly weakened many health plans, which now need to raise rates to regain financial strength.

Nationally, last year HMOs had a median profit margin of .009 percent, compared with .05 percent in 1995 and 3.1 percent in 1994, according to InterStudy, a Minnesota organization that gathers the most complete financial data available on the HMO industry.

At the same time, HMOs have seen their medical expenses climb, driven by two reliable engines of health-care cost increases, new medical products and technology, and ongoing demand for medical services. Medication usage, in particular, has skyrocketed, in part because more insurance programs offer good pharmaceutical

Clinton Arrives in Brazil Amid Media Firestorm (Brasilia) By William Douglas (c) 1997, Newsday

BRASILIA, Brazil President Clinton Monday night flew into a media firestorm fueled by bruised sensibilities and, perhaps, commercial rivalry.

For days, headlines in this country's newspapers have accused Americans of arrogance, adding the first touch of tension to the president's South American tour, a weeklong swing stressing hemispheric prosperity and security.

Brazil's media, and some of its lawbreakers, have been riled by two documents, a commercial guide produced by the U.S. government that called corruption here "endemic," and a pre-trip report by White House reporters for journalists traveling with Clinton that described the architecture in Brasilia as less than inspiring.

"All the newspapers and journalists in Brazil have criticized this," said Herodoto Barbeiro, news director of Central Brasileira de Noticias, a network of 24 radio stations in Brazil. "These (documents) gave a stereotype of Brazil that exaggerated the problems in Brazil."

Media outlets and government officials were enraged late last week when they discovered that the 131-page Department of Commerce guide, distributed over the Internet, contained the words "corruption is endemic to Brazilian culture."

"It is an arrogant attitude from a country that does not have the moral authority to speak of corruption," Antonio Carlos Magalhães, president of the Brazilian Senate, said last week.

After stinging press accounts and complaints to U.S. Ambassador Melvyn Levitsky, the line was stricken and an apology was issued. But that was not enough for Celso de Mello, president of Brazil's Supreme Federal Tribunal. He planned to boycott Monday night's state banquet for Clinton.

American journalists became a target of the Brazilian press over the weekend when papers published excerpts from a primer for reporters accompanying the president.

The daily *Correio Braziliense* of Brasilia decried as a grave offense the paper's description of Brasilia as a place "where concrete has solidified into architectural dogmatism, combines wide open spaces with quirky modernism that makes the city's official government complex seem strangely empty and esthetically haunting."

The briefing report, which by tradition is not for publication, also warned journalists to be mindful of crime, particularly in Sao Paulo and Rio de Janeiro.

"They made it sound like leaving the hotel to get cigarettes would be an adventure," Barbeiro said.

Riordan Roett, a professor at The Johns Hopkins School for Advanced International Studies in Washington, said the flap over the reports underscores a deeper tension between the United States and Brazil over larger issues, particularly free trade.

The United States hopes to be a dominant player in a free-trade zone expected to extend from Alaska to Argentina by 2005. But Brazil has its own idea on easing trade barriers and has formed a common market group, called Mercosur, with other Latin American countries.

"There are real policy and political differences and I don't think they will be discussed on this trip," Roett said. "Brazil, Argentina and Chile are feeling more independent. The feeling in Brasilia is that the U.S. doesn't realize what's happened in the Southern Cone countries, that the U.S. needs to wake up."

(Optional add end)

Some in Brazil already were suggesting a lowering of the fever pitch.

"The Brazilian media seem to want to create a climate of hysteria around the president's visit to the country," said the daily *Folha de Sao Paulo*.

"A trip of such little real substance, which is little more than a courtesy visit, is being treated as a prelude to a crisis in our bilateral relations," the newspaper said.

Aides suggested last week that she would disclose her decision before going to Capitol Hill Wednesday to testify before the House Judiciary Committee, an appearance scheduled months ago to discuss Justice Department operations, but one that now is certain to bring more Republican criticism of her handling of the campaign finance controversy.

But the timing of her announcement remains uncertain.

Although Monday was a government holiday and the department's headquarters were mostly deserted, Reno was in her fifth-floor office much of the day. Her aides insisted she seemed unperturbed by the capital's focus on the campaign money scandal. They said she spent several hours thumbing through a 4-inch-thick notebook her staff compiled for her appearance before the House panel Wednesday, and gave no clue as to precisely when she would divulge her critical decision on Clinton and the fund-raising investigation.

Last month, Reno invoked the Watergate-era independent counsel law to launch a 30-day preliminary inquiry of Clinton's fund-raising activities, assigning the matter to a task force of career federal prosecutors and FBI agents.

At the time, she specified the inquiry would focus on whether telephone calls made by the president from the White House violated a century-old law forbidding political fund-raising on federal property.

But Reno made clear during the weekend that the inquiry is looking beyond the president's telephone calls. The task force has grown to number more than 125 investigators who have interviewed "a very large number" of witnesses and are examining "over a million documents" while conducting "an ongoing grand jury investigation," Reno said Sunday. "This is a massive, ongoing criminal investigation that I'm going to see takes us where the evidence is," she said.

Aboard Air Force One as he flew between Caracas, Venezuela, and Brasilia, Brazil, on the second day of a Latin American tour, Clinton was asked about Reno's suggestion that her investigators may seek to question the president. "I will do anything that is necessary to get her and the Justice Department the information they need," he replied.

Clinton also said Republican criticism of Reno was "completely unwarranted."

"It would be hard to make the case that she was reluctant to follow the law," he said. "There are facts. There are standards, there are all kinds of procedures set up about how this law is supposed to operate and she ought to be left alone to implement them."

Wednesday's deadline is on the narrow question of whether Reno should advance to the next plateau specified in the much-debated statute: a 90-day investigation to determine whether the attorney general should ask a special three-judge federal court to appoint an independent counsel to pursue the investigation of Clinton's telephone calls.

Earlier this month, Reno ordered such a 90-day investigation of Vice President Al Gore's campaign fund-raising telephone calls.

During her first four years in office, Reno has asked the special court on four occasions to appoint independent counsels. Three were to investigate allegations involving members of Clinton's Cabinet, but the fourth and best-known investigation centers on the roles of Clinton and first lady Hillary Rodham Clinton in the Arkansas real estate deal known as Whitewater.

Independent counsel Kenneth Starr is continuing an investigation of events swirling around the deal dating from Clinton's days as Arkansas governor. The Clintons have denied any wrongdoing, but they have found Starr's inquiry to be an expensive distraction.

The political fund-raising inquiry took an unexpected twist earlier this month with the White House's disclosure that, contrary to what it had told Justice Department investigators, videotapes had been made of Clinton's White House coffees with campaign contributors. The first 44 of those videotapes were turned over last week; more than 100 others are scheduled to be given to congressional and Justice Department investigators as early as Tuesday.

Distributed by the Los Angeles Times-Washington Post News Service

Reno Decision Due on Clinton Inquiry (Washn) By Gaylord Shaw (c) 1997, Newsday

WASHINGTON Janet Reno is on the hot seat.

The attorney general must decide by midnight Wednesday whether to take the next step down the path toward the appointment of an independent counsel to investigate fund-raising activities of her boss President Clinton.

Clinton sent mixed signals on Latin arms sales, officials say By David LaGesse The Dallas Morning News (KRT)

WASHINGTON The Clinton administration's effort to secure closer defense ties and fighter jet sales in South America has bruised feelings and caused an embarrassing U.S. diplomatic reversal, U.S. and South American officials say.

Within days of lifting a ban on U.S. arms sales to Latin America last August, President Clinton shifted course and encouraged the Chilean government to adopt its own moratorium on buying weapons for two years.

Faced with a sharp rebuke by Chilean President Eduardo Frei, the administration reversed itself and withdrew the suggestion, U.S. and Chilean officials said.

The August initiative and September retreat proved an awkward turn in the bilateral relationship and threatened an effort by U.S. manufacturers to sell new fighter jets to Chile.

Angered at the suggestion he delay arms purchases, Frei threatened to disqualify the U.S. planes including F-16s built by Lockheed Martin in Fort Worth from competing for an upcoming contract with Chile's military, officials said.

Frei already was upset with a Clinton administration decision to give Argentina special status as a "major non-NATO ally." U.S. policymakers said the designation is largely symbolic and gives Argentina the chance to buy some excess military supplies. It does not commit U.S. forces to defend Argentina.

But the designation generated an outcry from some sectors in Chile, Argentina's neighbor and sometimes rival. It was seen by some in Argentina and many in Chile as compensation for the potential sale of U.S. jets to Chile.

When the administration withdrew Clinton's suggestion of a self-imposed moratorium, it also offered to convey the special ally status to Chile, officials said.

Clinton is expected to arrive in Argentina Wednesday as part of a week-long visit to South America, his first trip to the continent.

Officials described details of the policy reversal on the condition that they not be identified.

Clinton's special envoy to the Americas, Thomas F. "Mac" McLarty, confirmed that the administration had to overcome a "misunderstanding" with an irate Frei.

"There had been discussions of a moratorium," McLarty said. "President Frei felt they were already using considerable restraint in how they proceeded in the modernizing of their military."

A number of phone conversations, as well as meetings between government officials, helped overcome the tension, McLarty said.

Chile's defense minister, Edmundo Prez Yoma, called it "water over the dam."

"There was some misunderstanding about what exactly was meant," he said in a brief interview. "Relations with the United States are now at their best."

Still, the bilateral friction illustrates the growing complexity of U.S. relations in the region and the difficulties of strengthening friendships with weapons sales.

"This is an area that many people in government just don't understand," said Arturo Valenzuela, a Georgetown University professor and former State Department official.

The administration also lacks a comprehensive approach to promoting peace in the region, said Bernard Aronson, a senior Latin American adviser in the Bush administration.

"We keep creating new problems after we lifted the ban on arms sales," he said. "All of this is divisive and adds to regional tension."

The Chilean reversal also highlights the Clinton administration's deep ambivalence toward Latin American weapons sales, which were lifted after a debate that's still divides the administration.

Clinton's special envoy to the Americas, Thomas F. "Mac" McLarty, said the administration was "not in a position to make a decision on whether to lift the ban on arms sales to Latin America."

Clinton's decision to lift the ban on arms sales to Latin America was a "very important step," he said. "It is a step in the right direction, but it is not a final decision."

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On Aug. 1, the White House said it would lift the ban on the sale of sophisticated weapons to Latin America. President Jimmy Carter established the policy in the late 1970s.

Amid the debate over lifting the ban, Carter last spring urged Latin American countries to refrain from buying sophisticated weapons for two years. Leaders from 24 countries have endorsed the moratorium. But most of South America's wealthiest nations including Brazil, Argentina, Venezuela and Chile have not endorsed the concept.

"We have hoped President Clinton would endorse the moratorium" and urge other countries to sign on, said Robert Pastor, a Latin American specialist at the Atlanta-based Carter Center.

Chile is the only country now pursuing major arms purchases, and that reflects the unusual role of the country's military in its democracy, Pastor said.

Chile's military operates with a guaranteed income from copper sales under a constitution negotiated with Gen. Augusto Pinochet, the country's former military dictator. The constitution also left the general in command of Chile's military until 1998.

Pinochet's role in his country's affairs would have added to the Chilean sensitivity about a suggested arms moratorium, analysts said.

That sensitivity came through in an early August meeting between Frei and House Minority Leader Dick Gephardt. The Missouri Democrat visited Chile as part of a South American trip largely focused on trade issues.

At his meeting with Frei, however, Gephardt was lectured about how Clinton's letter made the Chilean president look like a war "hawk" if he did not accept the moratorium, according to several people who also attended the meeting.

U.S. officials had never seen the usually calm Frei "that agitated and angry," one meeting participant said.

Clinton reassures Brazilians on economic concerns By Kathy Lewis Dallas Morning News (KRT)

BRASILIA, Brazil President Clinton sought Tuesday to assure Brazilians that the United States supports their country's growing economic role in the hemisphere and will not push trade or environmental policies that would stunt that growth.

"I do not believe that any reasonable person can look at the world of today and imagine the world of tomorrow and believe that America can gain by someone else's economic loss," Clinton said.

Clinton devoted a considerable portion of a news conference with President Fernando Henrique Cardoso to trying to alleviate concerns over U.S. intentions in the region.

He said the United States welcomes Brazil's wider international role and is not opposed to Mercosur, the regional trade pact that also includes Argentina, Paraguay and Uruguay.

In turn, Clinton won Cardoso's agreement that comprehensive negotiations for a hemisphere-wide free trade zone should be launched at the Summit of the Americas next April in Chile. In 1994, the leaders committed to achieving that goal by 2,005.

Brazil, however, has not been anxious to proceed and would like to strengthen its regional pact first.

"We feel that what's good for Brazil is good for the United States, and what's good for the United States is good for Brazil as well," Cardoso said.

This is the first time since 1990 that a U.S. president has visited Brazil. Since President Bush's trip seven years ago, Brazil has unpeached one president, elected another, and embarked on reforms that dramatically reduced its debt and inflation rate.

Brazil, with the world's eighth-largest economy and land area larger than the continental United States, has been pursuing regional and global affairs with a greater intensity as well.

Clinton's intended message on trade, environment and education was overshadowed by other issues. Attorney General Janet Reno's investigation of the administration's handling of the Clinton and Monica Lewinsky scandal overshadowed his visit.

The president had hoped to avoid the campaign finance issue at the news conference by answering questions Monday night about the matter. But five questions dealt with it anyhow.

He also was disturbed about the unhappiness by some in Brazil over security arrangements. Media reports said the president's security detail would be too large and too expensive for the U.S. Embassy in Brasilia.

was."

Clinton also said that because of assassination attempts, security for U.S. presidents must be high, and he asked Brazilians to understand.

Cardoso said Brazilians do fully understand the need for security. But one Brazilian political leader boycotted a meeting with Clinton because he refused to go through a metal detector in his own country.

Brazilian TV reporters, sensitive to any perceived insult toward their country, even asked members of the American media if they had brought their own toilet paper and drinking water.

At the news conference, held outdoors at the modernistic Alvorada Palace, Clinton was asked about Brazil's reported desire for a permanent seat on the U.N. Security Council. Clinton said the United States supports a permanent seat for Latin America, but believes that Latin American countries should decide who holds it.

Clinton also spoke repeatedly about Brazil's growing importance.

"The United States would never knowingly make any suggestion that would undermine the growth of Brazil or any other country. It is not in our interest," said Clinton, who later flew to Sao Paulo, Brazil's industrial and economic hub.

Cardoso said it's good for Brazil that both the United States and Europe are competing for its trade, and he said Brazil will continue to be active with the Europeans. But he added that economic blocs should not be isolated fortresses.

In addition to concerns about free trade, Brazilians also have been anxious about Clinton's statements belief that developing nations must do their share in reducing emissions said to cause global warming.

"We should reduce the greenhouse gases, but in such a way as to ensure that we're not harming the interest or the development of any country, the United States, Brazil or developing countries," Cardoso said Tuesday.

Clinton said the United States can only maintain its standard of living if Brazil and other nations grow.

"If there are more good jobs for Brazilians, higher incomes, more people are brought into the social compact in this country, then you can be a stronger partner, not only for us, but for your neighbors in this continent and throughout the world," Clinton said. "So our strategy is to aggressively support the growth of the emerging economies of the world."

U.S. officials said the relationship between the United States and Brazil is good, despite the tensions and disputes related to the president's visit.

This is Brazil," said Jim Steinberg, deputy national security adviser. The Brazilians are "very proud" and "want to seem very much as equals to the United States. We're used to this."

Reno asks for more time to investigate Clinton's fund-raising calls By David Jackson The Dallas Morning News (KRT)

WASHINGTON Attorney General Janet Reno asked a three-judge panel Tuesday for more time to investigate President Clinton's White House telephone calls to campaign donors.

The "preliminary investigation" of Clinton is due to be completed by early December, when Reno must decide whether to ask the panel to submit the case to an independent counsel.

That step is far from certain, Justice Department officials said. Attorneys have questioned whether an 1883 law that bans solicitation on federal property applies to telephone calls and note that the Justice Department has never prosecuted such an offense.

In her notice to the court, Reno wrote "Because of the complexity of the factual and legal issues presented by this matter, I have been unable to determine whether there is sufficient specific and credible evidence to suggest a violation of federal criminal law. As a result, I am requesting the court to grant me an extension."

Clinton's lawyers, however, are arguing that the president's staff and the White House should be immune from investigation. They say the president's staff is not a federal entity and that the White House is not a federal property.

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interview of the president and vice president as well.

"It's a hard investigation, and it isn't done," one official said.

Former deputy White House chief of staff Harold Ickes has told investigators that Clinton called contributors as early as 1994, but from the White House residence. Clinton has said he does not recall making campaign phone calls, and pledged to cooperate with the Justice Department.

Clinton's attorney, David Kendall, said the Justice Department should take as much time as it needs.

"It will be clear that there are no grounds for the appointment of an independent counsel," Kendall said.

Meanwhile, White House officials prepared to disclose up to 90 hours of videotapes of campaign events the president attended. The videotapes appear in the wake of the administration's late release of tapes from the White House coffees, timing that angered the Justice Department and congressional Republicans.

Reno is to testify Wednesday before the House Judiciary Committee. Republican members are expected to accuse her of acting like the president's defense counsel, rather than the nation's chief law-enforcement officer.

Republicans such as Fred Thompson, of Tennessee, the chairman of a Senate campaign finance investigation, and Bob Barr, of Georgia, a member of the House Judiciary committee, have said Reno is zeroing in on the telephone calls as a way to avoid an independent counsel.

They said the Justice Department is ignoring the larger question of whether Clinton and Gore engaged in a conspiracy to subvert a variety of election laws, from foreign money to bribery for government policy.

Justice Department officials said there is no solid evidence that the president and vice presidential participated in such a conspiracy, and that to date only their phone calls have warranted a preliminary investigation.

"We follow the law, not politics," a Justice Department official said. Separately Tuesday, the Justice Department told the House Government Reform Committee it strongly opposes giving convicted Democratic fund-raisers Nora and Gene Lum immunity from prosecution.

Such a grant of immunity "would cause serious and irreparable harm to the ongoing criminal investigation" of the Lums' financial dealings, the department said in a letter to Rep. Dan Burton, R-Ind., chairman of the House Government Reform Committee. The Associated Press reported.

Burton announced last week that he would seek immunity grants in exchange for testimony from the Lums, Californians who operate a natural-gas pipeline company in Oklahoma.

Reno outlined her objections to an independent counsel for Clinton in an Oct. 3 letter to the House Judiciary Committee, a missive expected to be the main topic of Wednesday's hearing. Since signing that letter, Reno has stressed to reporters that the investigation is ongoing and future evidence might change her mind.

"If the information triggers the (independent counsel) statute, I will do so," she said.

Earlier this year, Reno rejected the idea of an independent counsel over White House phone calls. She argued they were used to raise unregulated "soft money" benefiting political parties. Evidence has since surfaced that some money went into "hard" accounts for specific candidates.

The Justice Department is engaged in three preliminary investigations: Clinton, Gore, and former Energy Secretary Hazel O'Leary.

O'Leary is being investigated over allegations that her staff arranged a meeting for Democratic fund-raiser Johnny Chung and Chinese businessmen in exchange for a charity donation. O'Leary denies the charges. The Justice Department is expected to decide by late November whether to submit that case to an independent counsel.

Some White House officials said the O'Leary case could be a "pretext" for investigating Clinton. They said the O'Leary case could be a "pretext" for investigating Clinton. They said the O'Leary case could be a "pretext" for investigating Clinton.

Clinton administration officials claim wrongdoing, but to an independent counsel, who is to open an unlimited mandate to a judge. Officials said such an appointment could tie up the president's staff for the remainder of his term.

Republicans said a longer time of investigation would ensure that Clinton's staff and the White House would be immune from investigation.

Reno Expands Investigation Into Clinton's Fund Raising (Washn) By Glenn Kessler (c) 1997, Newsday

WASHINGTON Attorney General Janet Reno, who Wednesday morning faces a grilling from Republicans on Capitol Hill over her handling of the campaign finance investigations, Tuesday moved one step closer to appointing an independent prosecutor to examine President Clinton's fund-raising phone calls.

Reno expanded the probe of Clinton's calls from an initial 30-day inquiry to a preliminary investigation, the second part of the rigid legal process governing the independent counsel statute. Reno told a special panel of the U.S. Appeals Court that her task force had not had enough time to determine whether there was specific, credible evidence that Clinton may have committed a crime that would trigger the appointment of an independent prosecutor.

Clinton, who is traveling this week in South America, was peppered with questions about the investigation during a joint news conference with Brazilian President Fernando Cardoso in Brasilia. "I know I didn't do anything wrong," Clinton told reporters. "I did everything I could to comply with the law. I feel good about it."

Little evidence has emerged that Clinton actually made fund-raising calls from the office complex of the White House. Even if such evidence turns up, the decision to proceed with an independent prosecutor will turn on a series of complex issues, including the applicability of a 114-year-old law that prohibits soliciting campaign funds on federal property, and on whether Clinton sought campaign funds known as "hard money." Funds used for generic party-building activities "soft money" appear to fall outside the federal election laws.

This phase of the inquiry can include interviews and assess whether the president intended to violate the law. Clinton has said he would consider submitting to an interview.

The Justice Department task force has until Dec. 2 to complete its investigation, the same deadline as a parallel inquiry of Vice President Al Gore's fund-raising calls. Under the law, the preliminary investigations must be completed within 90 days of receiving a congressional request for an independent prosecutor. House Judiciary Republicans sent such a letter Sept. 3.

Reno may also seek a 60-day extension at the end of the 90-day period.

Speaking with reporters on Air Force One Monday evening, Clinton suggested that he has had little contact with Reno since the inquiry began. "I have gone out of my way to have no conversation with her about this, or frankly, anything else, which I'm not sure is so good," Clinton said.

Tuesday, possibly foreshadowing Reno's appearance before the House Judiciary Committee Wednesday morning, Clinton complained about the widespread Republican criticism the attorney general has faced for her handling of the inquiry. "The thing I don't feel good about is the overt, explicit, overbearing attempt to politicize this whole process and to put pressure on more than one actor in it," Clinton said. "That's wrong. There's a law. There's a fact-finding process."

At another point, Clinton declared: "The fact-finding process should proceed with integrity; the law should be implemented without pressure either way. I am doing my part. I wish others were doing as well."

Meanwhile, the White House Tuesday night began to turn over to investigators the rest of the videotapes of Clinton's political events, officials said. All told, about 100 hours of tapes are to be turned over by the end of Wednesday.

Clinton's legal advisers told the White House last week that the FBI had asked for the tapes of Clinton's political events in the White House, months after the FBI had sought them. Clinton's legal advisers said such tapes did not exist.

Some said the tapes were in the hands of fund-raising events inside the White House, turning up the information on the possible exception of an embarrassing face of Clinton praising Charlie Fier.

The tapes are being turned over to the FBI and the Justice Department.

Clinton Apologizes to Brazil for Comments in Guidebook (Brasilia) By William Douglas (c) 1997, Newsday

BRASILIA, Brazil President Clinton apologized Tuesday for a U.S. government-produced guidebook that said corruption was endemic to the Brazilian culture.

But the apology did not satisfy about 40 protesters who chanted, "Third World exploiter Clinton go home" and "We don't want your visit get out," when he left the National Congress.

As it pulled away, Clinton's car was pelted with animal manure. White House press secretary Mike McCurry said Clinton later quipped, "I've had a lot worse thrown at me recently."

Earlier, apologizing for the guidebook, the president said, "The document was wrong and it represented an appalling error of judgment for anybody to write such a thing." At a news conference with Brazilian President Fernando Henrique Cardoso, he added: "I can only ask the Brazilian people not to infer that that is the feeling of either the government, or more importantly, the people of the United States toward Brazil."

The country, which is on the verge of economic growth, does not need votes or quarrels, it needs a policy of responsible dialogue," Chernomyrdin said. "I am not thinking in terms of intimidating anybody ... but if someone raises the issue in such a manner, the government will answer without hesitation."

Yeltsin could simply reject any resignation. Or Chernomyrdin may be bluffing, trying to raise the stakes for his Communist and nationalist foes.

Even the government's staunchest critics paint the prime minister as a capable politician, a negotiator with whom they can work. It is Chernomyrdin's deputies, Anatoly Chubais and Boris Nemtsov, most of the Duma members cannot stomach.

Should Chernomyrdin step down, Yeltsin could tap one of those two young reformers to take his place. Should the Duma then reject Yeltsin's choice three times, the president could dissolve the legislature and call for new elections.

"The constitution allows the Duma to pass a vote of no-confidence on the prime minister," lamented Duma Chairman Gennady Seleznyov, a Communist leader. "But the others can walk around with their hands in their pockets and grins on their faces. It's very easy to be deputy prime minister."

The last week or so has seen the Duma's battle with the government rage hot and run cold. After a series of boasts and threats by the Communists, the Duma turned around and pledged to work with the government on the 1998 budget.

Yeltsin wants to hold down spending and trim the deficit; the leftists want to boost subsidies, particularly to agriculture, and send more money to the military. The Duma's concession to negotiate on those issues, rather than kicking the whole budget back to Yeltsin, provided hope of avoiding the showdown looming Wednesday.

"I cannot understand how one can decide to cooperate with the government on the budget and vote no-confidence at the same time," Chubais said.

It appears, however, the Communists seem determined to do just that.

Government opponents need 226 votes from the 450 deputies to pass the no-confidence measure. A first vote is a kind of freebie, letting the Duma register its displeasure with the government but allowing both sides to avoid a true crisis.

Yet on Tuesday the government seemed eager to subdue a first, even symbolic attack.

Besides Chernomyrdin's comments, Nemtsov warned the Communists were "undermining the foundations of the country's economy." A government spokesman clipped in with a cryptic threat.

"Remember when such things like arms limitations were discussed, Star Wars and so on, there was an expression the negotiators used symmetrical response," said Igor Shabdarasulov. "So, rest assured, there will be a symmetrical response. Let us wait and see."

In South America, Clinton spreading upbeat messages about free trade, social justice By Jodi Enda Knight-Ridder Newspapers (KRT)

BRASILIA, Brazil On his first trip to South America, President Clinton is trying to spread upbeat messages about hemispheric cooperation, free trade and social justice.

Yet overshadowing his bid for good will are controversies at home and diplomatic gaffes in Brazil.

Just before he arrived, the U.S. Embassy released an investors' guide for U.S. businesses saying corruption was "endemic" in Brazil.

Then, Brazilian newspapers reported that Clinton's security detail would be armed with an "arsenal" of automatic rifles and bazookas that his entourage was advised to get typhoid shots and stay off the beach at night, and that a briefing paper to the American press

described the country as "a hotbed of terrorism."

Clinton's visit was scheduled to coincide with President Collor's

visit to the United States, but his decision to visit Brazil was

seen as a sign of his interest in the hemisphere's economic

growth. After a brief stopover in Lima, Peru, Clinton is scheduled to

visit the Amazon region and then return to Brazil for a second

visit. Clinton is expected to make a presidential visit to the

country in the near future.

Clinton's visit to Brazil is part of a larger effort to

strengthen ties between the United States and Latin America.

Clinton's visit to Brazil is also part of a larger effort to

strengthen ties between the United States and Latin America.

House

Clinton handled most of the questions with diplomatic aplomb. He didn't turn red with anger or even break a sweat unlike the suit-clad reporters baking in the heat outside the Brazilian president's mansion.

Asked how he felt about the possibility that Reno's investigation would go on another 60 days, he said: "I feel nothing about it. There is a law, and there are the facts. I know I didn't do anything wrong. I did everything I could to comply with the law."

In fact, Clinton added, "I feel good about it."

During a briefing, White House Press Secretary Mike McCurry suggested the American people would like to know what their president is doing here if only the press would report it.

For the record, Clinton is smoothing a lot of feathers, and promoting good education and free trade, the latter being a topic of dispute with Congress. Any free trade treaty that extended to South America would be in the best interests of both Brazil and the United States, he said.

First in Venezuela, then in three Brazilian cities and, later this week in Argentina, Clinton is assuring South Americans that their cousins to the north do care about them and that cooperation can improve lives throughout the Western Hemisphere.

(EDITORS: BEGIN OPTIONAL TRIM)

Clinton himself shifted the focus to campaign finance Monday when, hoping to head off questions at a televised news conference, he spoke to a small group of reporters on Air Force One.

As for Brazilian news reporters, they are obsessed with real and perceived insults to their country. At one point, a Brazilian television reporter took to interviewing his U.S. counterparts about whether they brought their own toilet paper and drinking water. (The answers: No and no.)

While most Brazilian reporters asked the leaders about policy issues, such as trade, the environment and Brazil's chance of getting a permanent seat on the United Nations Security Council, one tackled the touchy subject of U.S. views toward her country.

"Mr. President," she said to Clinton, "your visit was preceded by diplomatic turmoil." Referring to the statement about "endemic" corruption, she said Brazilians "felt that they had been badly mistreated."

Clinton seized the opportunity to return to one of the prime purposes of his trip: good will.

"The document was wrong and it represented an appalling error of judgment for anybody to write such a thing," he said. "It has been decisively rejected by every American authority."

"I assure you that no Brazilian could have been any more upset about it than I was."

Other officials said the State Department altered the description of corruption from "endemic" to "persistent."

As for his security, Clinton noted, American presidents' gravest problems historically have occurred in the United States.

Clearly, in these days, some problems travel.

Clinton uses his line-item veto to cut projects in a \$248 billion defense bill By David Hess and Michael D. Towle Knight-Ridder Newspapers (KRT)

WASHINGTON President Clinton dodged a political storm Tuesday by using his new line-item veto powers to cut a modest \$144 million in programs from a \$247.7 billion defense spending bill.

Clinton cut just 13 of the more than 750 programs lawmakers added to the Defense Department's budget for the fiscal year that began Oct. 1, a fraction of what members on both sides of the aisle had feared he would pare.

At a news conference in Brazil Tuesday, Clinton agreed that his vetoes were "quite restrained."

The lightness of his move surprised even congressional critics who complained that Clinton was "cutting the defense budget by more than \$25 billion from a \$248 billion bill."

It was a modest but not as this week, and considerably more consistent with the spirit of the line-item veto than his initial vetoes of the military construction bill, said Tom Riffe, a spokesman for Senate Appropriations Committee Chairman Ted Stevens, R-Alaska.

Stevens was so perturbed by last week's vetoes that he called a committee hearing to warn the president that Congress stood ready to take action. "If the president continues to veto line items, we will have to take action," Stevens said.

Clinton's vetoes were the first since 1928 when President Calvin Coolidge used the power to cut \$10 million from a \$1.5 billion

Alvorada Palace, with emus frolicking on the grounds, both leaders said that there is no conflict over Clinton's call for a hemisphere-wide free-trade zone and Brazil's membership in a South American regional trade group called Mercosur.

Brazil has indicated it wants to go slow in expanding free trade throughout the Americas, even as Mercosur cuts its own trade deals with the rest of the world. But rather than argue about the issue on a state visit, Clinton said he has no trouble with a regional trade group as long as the U.S. can trade with it.

One of Clinton's missions is to focus U.S. attention on a long-neglected region and to show how increased trade will create jobs in America. He hoped to use the trip to build public support for the "fast-track" trade negotiating authority now before Congress, so he could sign new free-trade deals.

The two presidents also signed several agreements expanding cooperation in energy development, drug trafficking, education, environmental research and space exploration. The U.S. put up \$10 million to help improve conservation of the Amazon.

But most of the news has dealt with a controversy created by a U.S. Commerce Department report calling corruption in Brazil "endemic." Brazilians complained that the word suggested corruption was part of their culture, and the report was quickly toned down to read "widespread."

Clinton said Tuesday, "I regret very much that it happened ... I assure you that no Brazilian could have been any more upset about it than I was."

Brazilians have also criticized the heavy security that follows the president, especially the authority demanded by the Secret Service to brandish assault weapons when Clinton visits a Rio de Janeiro shantytown Wednesday.

"We've never had problems with our presidents' security in a foreign country but we've had enough problems at home over the last 35 years and ... I hope you will at least understand that," Clinton said.

On global warming, Clinton said he will come up with a "credible plan" to reduce so-called greenhouse gases to present at a Dec. 6 conference in Japan. "Right now, it may be a lot easier to sell it to the environmentalists and to the business community than to sell it to the Congress, but I'll do my best."

When a reporter asked him whether he found it hard pushing energy conservation and the environment when Americans waste so much energy, the president agreed that "we've got a lot to do on our own account," but so do many other countries in the world.

He said China should "choose a different energy course" to improve the health of Chinese children. If he had had his way, the questions also would have taken a different course, White House officials said.

Reno extends Justice probe of Clinton's fund-raising By Naftali Bendavid Chicago Tribune KRT

WASHINGTON Amid a furious controversy over her handling of the campaign finance scandal, Attorney General Janet Reno announced Tuesday she is extending the Justice Department investigation of President Clinton's fundraising activities.

The action, which could lead to the appointment of an independent counsel, comes as Republicans are loudly castigating Reno even demanding her resignation for running what they say is a slipshod investigation that is overly protective of the president.

Reno's decision Tuesday is not likely to calm the storm.

Republicans have wasted no time in blasting the decision as little more than show, and Reno is expected to face tough questioning about her actions when she testifies Wednesday morning before the House Judiciary Committee, chaired by Rep. Henry Hyde, R-Ill.

Clinton's lawyers are expected to file a motion to dismiss the investigation, arguing that the Justice Department's investigation is a "fishing expedition" and that the president has the right to be free from "unwarranted and unnecessary" investigations. They also are expected to seek the appointment of an independent counsel.

Clinton's lawyers also are expected to argue that Republicans are using the fundraising issue to score political points.

The Justice Department's investigation is the first of its kind since the

The White House on Wednesday is expected to begin turning over to congressional and Justice Department investigators some 100 hours of additional videotapes showing Clinton's meetings with contributors at the White House and elsewhere. Clinton called the tapes "the same old stuff" and said they would be boring to anyone who had attended the coffee.

"I'm not worried about it," he said. As she pursues questions about Clinton's role in Democratic Party fundraising, Reno finds herself in a dilemma: If she does not ultimately request an independent counsel, Republicans are likely to accuse her of protecting Clinton. If she does, she may appear to be caving in to GOP pressure.

Thirty days ago, Reno began the formal process of reviewing the president's actions to decide whether to seek the appointment of an independent counsel. Tuesday's announcement means she has decided to extend that review for another 60 days.

Ordinarily, that would indicate Reno has found specific, credible evidence to warrant further investigation. But in this case, Reno said she simply could not complete her examination in 30 days.

"Because of the complexity of the factual and legal issues presented by this matter, I have been unable to determine whether there is sufficient specific and credible evidence to suggest a violation of federal law," Reno reported to a federal court.

Clinton's lawyer, David Kendall, played down the significance of Reno's decision.

"Today's announcement is hardly surprising," Kendall said in a prepared statement. "It's important for the department to take whatever time is necessary to complete a thorough investigation."

He added, "At the conclusion of such an inquiry, however, it will be clear that there are no grounds for the appointment of an independent counsel."

Reno is exploring similar allegations of improper fund raising against Vice President Gore.

In both cases, the attorney general is focusing on whether fundraising calls were made from the White House in violation of a law that prohibits political solicitation in government buildings.

Gore has acknowledged making such calls, and Clinton has said he does not remember if he did or not.

Republicans charge that by concentrating only on the phone calls out of the numerous allegations of Democratic fundraising abuses, Reno has laid the ground for clearing Clinton and Gore while ignoring the most serious accusations.

"The focuses of their efforts are so narrow and technical," Barr said of Justice Department investigators. "They are certainly not trying to find a pattern."

After nearly a year of silence in the face of harsh criticism and, increasingly, ridicule, Reno has in recent days begun mounting a forceful public defense of her investigation.

On NBC's Meet the Press Sunday, Reno accused her opponents of "name-calling" and added pointedly, "I don't follow innuendo. I don't follow shrill accusations."

The tension grew after the White House produced videotapes of controversial White House meetings between Clinton and Democratic donors months after the Justice Department and Senate Republicans first asked for them. Republicans were furious at the delay. Even Reno pronounced herself "mad" at the White House.

Reno will appear Wednesday before the House Judiciary Committee to defend her handling of the fundraising investigation, especially her slowness to request an independent counsel.

Republicans will stress that then-Atty. Gen. Edwin Meese quickly sought an independent counsel in the Iran-contra matter, in contrast to Reno's alleged foot-dragging.

Democrats will try to embarrass Republicans by showing that many of them have made numerous fundraising phone calls from their offices, despite excoriating Clinton and Gore for doing the same thing. Despite all the criticism, Clinton's fundraising has raised more than \$100 million, most of it from private donors, and he has no intention of giving up power.

"I think it's probably about as tempestuous a time as we've had in a long time," said Princeton presidential scholar Fred Greenstein. "It's like a great feather bed. The more you punch it, the more it yields."

Former Rep. Mickey Edwards, R-Okla., agrees that the scandal will have little effect. But he says that's only because Democrats have done a better job of fundraising in the past.

Even in Brazil, Clinton finds himself not far from discomforts of home By William Neikirk Chicago Tribune (KRT)

BRASILIA, Brazil No matter how far President Clinton travels, home is never far away.

Sometimes that can be frustrating, even embarrassing, for a president who would prefer to talk about such topics as hemispheric trade, global warming, and peace and harmony between the U.S. and Latin America.

At a joint press conference Tuesday with Brazilian President Fernando Henrique Cardoso, he found himself answering questions about the fund-raising investigation, his personal relationship with Attorney General Janet Reno, the line-item veto and the energy-wasting habits of Americans.

He also wound up on the defensive in apologizing for the problems his security requirements have created on his trip and for a report by his Commerce Department that called Brazilian corruption "endemic."

Clinton attempted to preclude fund-raising questions at the Cardoso press conference by answering them Monday night on Air Force One. But the first question Tuesday was about Reno's decision to extend for up to 60 days the investigation into Clinton's role in the fundraising scandal.

Cardoso seemed both bewildered and amused at the probing queries. "No one is asking me these touchy questions," he said.

Clinton seemed nervous and frustrated by the questions. When a reporter asked whether such queries embarrassed him in a foreign country, the president said he couldn't control the questions, but added, "I think other people sometimes in other countries wonder what it's all about. ... I can't be embarrassed about how you decide to do your job."

If White House officials had any thought that Clinton could escape domestic concerns by traveling to Venezuela, Brazil and Argentina for a week, they have been wrong. No longer does foreign travel keep a president's problems at bay, if it ever did.

A White House official said the focus on scandal and domestic concerns is part of what he called the "gotcha" media culture in the U.S. He added that Clinton and Cardoso achieved more in repairing U.S.-Brazilian relations "than has been done in a long, long time."

At the same time, Clinton didn't hesitate to defer foreign policy for a moment and exercise his domestic powers. He decided to use his line-item veto against 13 projects in the defense appropriations bill, saving \$144 million in fiscal 1998, in another challenge to Congress' control over the federal purse.

He acknowledged that many members of Congress "wonder whether they did the right thing (in approving the line-item veto), now that I'm exercising it. But I'd like to remind you that, again, I have deferred, in great measure, to Congress" by allowing 750 projects to go forward.

One of the projects vetoed is money for the SR-71 spy plane, which the president said would not make a "significant contribution" to military capability.

The emphasis on domestic issues detracted from a Clinton-Cardoso attempt to finesse tensions over trade and other issues that have created friction in recent days.

At a news conference on the grounds of Brazil's modernistic Alvorada Palace, with emus frolicking on the grounds, both leaders said that there is no conflict over Clinton's call for a hemisphere-wide free-trade zone and Brazil's membership in a South American regional trade group called Mercosur.

Brazil has indicated it wants to go slow in expanding free trade throughout the Americas, even as Mercosur cuts its own trade deals with the rest of the world. But rather than argue about the issue on a state-to-state basis, he said he has no objection to a regional trade group.

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He said China should "choose a different energy course" to improve the health of Chinese children. If he had had his way, the questions also would have taken a different course, White House officials said.

Clinton's Trip to Brazil Turns Toward the U.S. By William Neikirk, Chicago Tribune

BRASILIA, Brazil--Oct. 15--No matter how far President Clinton travels, home is never far away.

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Traveling Clinton can't skirt problems

Reporters keep up scandal inquiry

By Warren P. Strobel
THE WASHINGTON TIMES

AI

BRASILIA, Brazil — When President Bush visited South America seven years ago, he had to contend with Saddam Hussein's occupation of Kuwait, a military uprising in Argentina just before he arrived and a shouting match with an Argentine legislator.

President Clinton should be so lucky.

Mr. Clinton's swing through South America is not yet half over, but it has been dogged at every step by problems of his own making back home.

The president was peppered with questions on the campaign fund-raising investigation during yesterday's press conference with Brazilian President Fernando Henrique Cardoso — ranging from his relations with Attorney General Janet Reno to whether he had viewed videotapes of White House coffees with contributors.

"I don't think we should discuss it here," he said at one point, reflecting his displeasure at the focus on his domestic political troubles at a time when he was trying to promote better relations in the Western Hemisphere.

While scandal-related questions from the White House press corps have become routine on Mr. Clinton's trips abroad, two developments combined to make this trip particularly sticky.

One was the belated turning over to congressional investigators of videotapes of White House coffees earlier this month. The other was Miss Reno's expected decision, formally announced just hours after Mr. Clinton's press conference yesterday, to extend a probe into fund-raising telephone calls by the president.

Knowing this, the White House engaged in some news manage-

ment on Monday night. Mr. Clinton made himself available — at length — to the small group of reporters traveling with him on Air Force One. After that, Press Secretary Michael McCurry announced that the president would take no questions on the subject at today's press conference.

CLINTON

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American reporters asked five scandal-related questions — of the eight questions U.S. reporters were permitted.

"That clearly didn't work," Mr. McCurry said yesterday, conceding defeat.

At one point during yesterday's press conference, the president was even asked whether the barrage of questions on his ethics was an embarrassment to him, or to the United States. He threw the question back at reporters.

"That's a decision for you," he said. "You have to decide what questions you're going to ask. I can't be embarrassed about how you decide to do your job."

Mr. Clinton's moods ranged from expectation (at the first question on the subject) to annoyance (at the second one, on his relations with Miss Reno). By the fourth and fifth questions, he fell back on the briefest repetition of his replies on Air Force One the previous night.

The president's comments reflect the constant tension between what reporters see as important and the good-news messages any White House strains to get across to the public.

In this instance, by visiting South America, Mr. Clinton hoped to build a case domestically for how much the region has changed and how — from trade to the environment and the war on drugs — South America is increasingly important to the United States' economy and security.

"The American people will be interested in what the president is

The president was peppered with questions on the campaign fund-raising investigation.

doing" in South America, and should have the chance to hear and read about it, Mr. McCurry said. "It would be frustrating if they don't."

Mr. Clinton wants to send a signal of American interest in the region to the countries he is visiting, of course. And in South America, where questions of political ethics often have no power to stir the masses, the president's troubles seem to have little effect.

Brazilians, Venezuelans and Argentines simply aren't interested, and local reporters never ask about it.

"I think other people sometimes in other countries wonder what it's all about," Mr. Clinton said yesterday.

Sen. Christopher J. Dodd, Connecticut Democrat, who is part of Mr. Clinton's official delegation, said the subject of the president's political standing at home never came up during his meetings with Brazilian legislators. Mr. Dodd, who has a long-standing interest in Latin America, was also general chairman of the Democratic National Committee during the period now under investigation.

And every country has its own politics. Standing next to Mr. Clinton, Mr. Cardoso was cruising along until a Brazilian journalist asked him about problems with the country's bureaucracy.

"I was so very pleased because the touchiest issues are always being brought up for President Clinton," Mr. Cardoso said. "No one is asking me these touchy questions. I was so pleased up until now."

The Washington Times

WEDNESDAY OCTOBER 15, 1997

POLITICS & POLICY

President Abroad: After Attacking Bush's Travel, Clinton Becomes Another Globe-Hopping Chief

By JAMIE CALMES

Staff Reporter of THE WALL STREET JOURNAL

BRASILIA—He's a travelin' man.

President Clinton's weeklong, three-nation South America tour this week is the first of what could be as many as eight foreign trips in the next year. In his second term, the candidate who won office blasting his predecessor for putting foreign affairs ahead of home affairs is himself increasingly looking abroad as his domestic initiatives have shrunk to bite size, and as he undergoes inquiries at home into his political and personal activities.

Even before his second term began, Mr. Clinton nearly matched President Bush's globe-trotting. In Mr. Bush's term from 1989 through January 1993, the Republican president made 25 trips to 60 countries, according to State Department records. Mr. Clinton took 20 trips to 51 countries in his first term.

His visits to Venezuela, Brazil and Argentina are Mr. Clinton's fifth foreign foray this year, not counting the economic summit with foreign leaders that he hosted in Denver in June. One more trip is planned next month to Vancouver, British Columbia, for the Asian-Pacific Economic Cooperation summit. Already for 1998, trips are planned or possible to India, Pakistan and Bangladesh; Chile; Britain and elsewhere in Europe; Africa; and perhaps China, for the first visit by a U.S. president since the 1989 Tiananmen Square massacre.

Change Since 1992 Campaign

Clinton advisers say the president's travels are aimed mainly to promote trade, not to deflect attention away from investigations into such issues as campaign fund raising and Whitewater. But as Mr. Clinton's frequent-flier miles build, so does the pique of the old Bush team who recall his campaign jabs against Mr. Bush's international focus. Back then, candidate Clinton declared, "It's time for us to have a president who cares more about Littleton, N.H., than about Liechtenstein, more about Manchester than Micronesia."

In 1992, President Clinton was critical of President Bush's travel. But then, in 1992, he thought independent counsels were a wonderful thing," says Marlin Fitzwater, formerly Mr. Bush's White House spokesman.

"Presidents in trouble always like to travel," Mr. Fitzwater adds. "The crowds are pleasant, the hosts are great, and it makes you feel like a president again."

Mr. Clinton's trip this week illustrates how travel abroad can be important for prestige reasons. In the advance notices of foreign observers on each stop, it has been much commented on that Mr. Clinton has never been to South America and let a full term go by without visiting the continent. The U.S. president's presence, finally, is reason enough to welcome the visit, say even those critics, who nevertheless doubt

Just Showing Up Helps

Mr. Clinton yesterday in Brazil argued the significance of such travel isn't always obvious. Sometimes, he said, people ask "Well, why do they spend all that money and do that foreign trip?" when "there didn't seem to be any great, earth-shaking, specific agreement." The main reason, he said, is "we have to increase understanding; we have to increase sensitivity... even subtle shifts in our position can send a different message to those down in the governmental hierarchies."

In countries that don't normally command a lot of U.S. attention, a presidential visit alone can be a loud and useful statement of concern and friendship. "In places where you haven't been or don't normally go, the Woody Allen rule applies: Ninety percent of life is just showing up," says Richard Haass, a former Bush foreign-policy adviser now at the Brookings Institution. But, he adds, in places such as China and the Middle East, where the U.S. faces real policy problems, presidents are expected to show genuine progress when they travel.

The president's shift from domestic toward foreign affairs hasn't escaped notice overseas. In Venezuela, at the outset of his South America visit, columnist Alan J. Vieregut wrote in the *Daily Journal* in Caracas: "For a man who ran his first campaign on a platform focusing on 'national affairs,' President Clinton has been transformed over the years into a person of special talents for international affairs."

Foreign, Domestic Overlap

Clinton spokesman Joe Lockhart says "it's easy" to explain the increasing global attention of a president whose original campaign slogan was "Putting People First"—American people, that is. "Our economic future is increasingly tied to foreign markets, and President Clinton has always understood that," he says. "Much of his foreign travel has as much to do with domestic economics as with what you'd call traditional foreign policy."

In the absence of war or crisis, presidents abroad have always emphasized the domestic advantages of free trade with their host countries, and Mr. Clinton's South America sojourn is no exception. In Brazil, President Fernando Henrique Cardoso greeted Mr. Clinton on arrival as the "head of state of our principal trading partner," and alluded to "the many new business and investment opportunities Brazil is now offering its partners."

Mr. Clinton, in turn, told reporters that his visit is important in his struggle with Congress over "fast track," his proposal that Congress renew his authority to negotiate trade pacts without congressional amendments. "We made a better case for fast track just by being down here—just by seeing the enormous economic potential and how the Latin Americans can use things that we have to sell in ways that

domestic-oriented chief executives whose administrations came to be heavily foreign-focused—Presidents Franklin Roosevelt, Johnson, Carter and even Reagan. Mr. Bush, however, traveled the opposite route: He was expected from the start to be a globe-trotter, given his resume as Central Intelligence Agency director, ambassador to China and vice president. The Persian Gulf War in early 1991 sealed that fate. Only in the wake of that war, with the U.S. in recession, was he forced by political opponents to stick close to home.

The turning point for Mr. Bush, as it happens, was what should have been a

triumphal address to a joint session of Congress at the Gulf War's end, in March 1991. In hardly mentioning domestic woes—as critics, and not only Democrats, noted—he failed to turn his international success to advantage for a domestic agenda.

As the attacks persisted in 1992, particularly from Mr. Clinton, Mr. Bush's reaction is evident in the travel records. After traveling out of the country six to eight times a year in 1989, 1990 and 1991—to a total of 47 countries or dependencies—in 1992, before the election, Mr. Bush made just three trips.

Argentina Still Grappling With Oppressive Past

By Anthony Faiola
Washington Post Foreign Service

BUENOS AIRES, Oct. 14—The way the former Argentine navy officer tells it, he was picked up in a car last month by men bent on teaching him a lesson for breaking a military code of silence. They used knives to carve his face with the initials of journalists to whom he had related details about atrocities committed in the "dirty war" of the 1970s and 1980s, when an estimated 9,000 civilians were killed or "disappeared."

The attack on Adolfo Scilingo, being investigated under intense media coverage, has not been linked to Argentine authorities, as Scilingo has alleged it should be. But the incident—along with several others, including the high-profile murder of a news photographer earlier this year—has intensified the debate in Argentina over corruption and violence 14 years after this nation shed the yoke of a brutal military dictatorship and embarked on the road to democracy.

As President Clinton begins a three-day tour here Wednesday, he will find significant gains have been made under Argentine democracy. President Carlos Menem, who came to power in 1989, has ended hyper-inflation and opened the Argentine economy to unprecedented levels of foreign investment. Indeed, this nation of 35 million, with the highest standard of living in South America, has pursued privatization and a liberal, free-market economy in the 1990s more vigorously than any other country in Latin America.

But Clinton also will find that Argentina under Menem is still grappling with its past. Charges of police, military, judicial and government corruption—including severe threats on freedom of the press—continue to haunt Argentina. They have become a central theme in the run-up to congressional elections scheduled for later this month.

For the United States, the situation in Argentina is particularly complex. Clinton's visit, including "personal time" with Menem in a posh Andean resort, is being viewed here and throughout South America as the culmination of a shift in relations that has turned Argentina, with a long history of anti-U.S. sentiments, into Washington's closest ally in the region.

Clinton has notified Congress of his intention to grant Argentina "non-NATO ally status," a designation reserved for the United States' closest partners, including Israel, Jordan, Egypt and South Korea. Although the measure is largely symbolic, experts say it represents a stamp of approval and preferential treatment for Argentina—something that has angered other countries in the region.

The United States views the measure as a way to reward Menem, who has backed Washington consistently and sent Argentine troops to join the allies in the Persian Gulf War. But human rights experts are questioning Clinton's decision to make friends with Buenos Aires. Although it has never been proven that Menem has violated the law, his administration's control of the judicial system, his statements against freedom of the press and his lack of willingness to systematically clean up the military and police should be enough for the United States to refrain from gestures of official support, human rights officials say.

"From our point of view, this relationship is premature," said Jose Miguel Vivanco, executive director of Human Rights Watch/Americas. "There is still a poor record in Argentina on the concrete issues of human rights."

Menem and military leaders, however, have disagreed sharply with such statements. The current army commander, Gen. Martin Balza, has issued strong statements of support for the Argentine people for past atrocities—far more than most militaries have done in South America.

Menem argues that respect for human rights in Argentina is enjoying an all-time high, as is evidenced by open criticism by the media of his administration. Menem told reporters earlier this week that "what I want to transmit

and Clinton will be aware of this, is that this must be one of the most democratic countries on the Earth, where there is the most freedom, and human rights are greatly respected."

However, local human rights officials and his political opponents continue to say that Menem has been reluctant to stir the hornets' nests of corruption that remain in the military and police forces. In 1990, Menem pardoned the leaders of the dirty war, including Gen. Jorge Rafael Videla and Adm. Emilio Massera, after they had served brief prison terms in the 1980s, on grounds that he was closing a dark chapter in Argentina's past. Since then, however, his critics say that chapter has been anything but closed.

"The military is weaker, yes," said Martin Abregu, executive director of the Center of Legal and Social Studies in Buenos Aires, which maintains a list of current members of the military suspected of atrocities during the dirty war. "But that doesn't mean they've changed."

In Argentina, a new alliance of two unlikely partners—the center-right Radical Party and the left-wing Front for a Country in Solidarity—has vowed to work toward rooting out the old torturers in the military if they win a majority in the Oct. 26th congressional elections. They also have said they would extradite Argentine military officers wanted in Spain, France, Sweden and other countries for the murders of Europeans during the dirty war, something the Menem government has refused to do.

The new Alliance, which polls show is leading or gaining on Menem's Peronists in many provinces, also has said it would set up a corruption committee to investigate the charges against Menem's administration.

"Menem is being advised by a bunch of Frankensteins," Carlos "Chacho" Alvarez, a Menem opponent and a leader of the new Alliance, told reporters recently. "Corruption is everywhere, and it's not being fought."

Some of the most serious charges of organized violence and official bullying here have centered on freedom of the press, which, sources say, Clinton will address during his visit. International civil rights groups have chided Menem for what they see as his incitement to action by issuing thinly veiled threats of physical retaliation against reporters looking into government corruption.

One journalists' group here has counted almost 900 reported aggressive incidents against journalists, including beatings in the streets and telephone threats, during Menem's administration. In the most explosive case that has generated massive public support for the press in Argentina, an investigative photographer, Jose Luis Cabezas, who was probing corruption in the Buenos Aires Provincial Police Department, was shot to death after being abducted and handcuffed earlier this year. His car was driven into a ditch in a resort town on the outskirts of Buenos Aires and torched with his body in it—an old calling card of the dirty war atrocities.

A well-known businessman, Alfredo Yabran, who allegedly has underworld ties and whom local press reports have connected to Menem's administration, has been questioned about the crime. Menem's justice minister, Elias Jassan, was forced to resign last summer after he lied about his connections to Yabran.

The Scilingo case has now generated public fervor again. The public has little sympathy for the former navy officer who was the first to admit he took part in throwing political opponents to their death from military aircraft over the River de la Plata during the dirty war. But the slaying of Scilingo in a Madrid hotel after surrendering to Spanish authorities prosecuting Argentine military leaders in absentia for the killing of their citizens during the dictatorship, has renewed calls for rooting out the shadowy figures in the Argentine power structure who have yet to be punished for their crimes.

Clinton Lauds Brazilian Progress

Reporters Focus on U.S. Fund-Raising Issue

By John F. Harris
Washington Post Staff Writer

BRASILIA, Oct. 14—President Clinton carried a message of celebration and contrition to Brazilians today, assuring them that the United States is delighted, not threatened, by their country's recent economic ascendancy and apologizing for a recent U.S. government statement that the country is afflicted by "endemic corruption."

Far from fearing Brazil's progress, the United States wants to benefit from it, Clinton said, as he and Brazilian President Fernando Henrique Cardoso announced that the two nations will begin negotiations at next year's Summit of the Americas conference in Chile to establish a hemispheric free-trade zone by early next century.

Even as Clinton labored to soothe decades-old fears in Brazil about U.S. dominance and insensitivity, he and his aides strove, with decidedly mixed results, to keep his week-long visit to South America from being eclipsed by the controversy back home over his political fund-raising. As U.S. reporters traveling with him asked him about it again and again, Clinton's evident irritation grew and his answers shrank.

The two themes of the day were on vivid display at a sweltering outdoor news conference held by Clinton and Cardoso in a grove of trees outside the capital city's Alvorada Palace. Brazilian reporters pressed Clinton about whether the United States is trying to suppress South America's efforts to achieve stronger economic clout through a regional trading group known as Mercosur. He declared that nothing could be further from the case.

He was also questioned on whether White House advance teams had been overbearing in their security arrangements before his arrival. Clinton said he hoped this was not the case, but pleaded that the history of presidential assassinations in the United States makes Americans "hyper-sensitive about security."

There was only one incident to make the president's security detail nervous today. About three dozen leftist protesters threw manure at his motorcade. Asked later to comment, White House press secretary M. J. McCurry said Clinton was "not upset" and that the protesters were "a small group."

And the Brazilians pressed Clinton about a recent assessment written by an embassy official here and posted on a Commerce Department computer home page that businesses trying to work here should be alert to "endemic corruption." This last question was inevitable, since the issue generated controversy in the Brazilian media prior to Clinton's arrival.

"The document was wrong and it represented an appalling error of judgment for anybody to write such a thing," Clinton said. "It has been decisively rejected by every American authority, beginning with the ambassador here now. And it has been excised from the document."

The new advisory to businesses warns that there is "persistent" corruption, but does not suggest that it is intrinsic to the culture.

While Clinton took the hectoring from Brazilians in stride, he seemed to enjoy his sparring with U.S. reporters far less. Clinton is regularly dragged back to domestic matters while he is jetting around the world trying to talk about affairs of state. But White House aides, acknowledging that Clinton's political and legal problems at home are creating a distraction abroad, took special efforts to deflect questions today.

On Monday night, Clinton answered questions about the belated discovery of videotapes of White House coffees while flying here on Air Force One, and aides warned reporters not to ask such questions again today in front of the Brazilians, saying Clinton would refuse to answer.

The warnings went unheeded, as five of seven questions from U.S. reporters were about the controversy, including Attorney General Janet Reno's decision to extend a Justice Department review of whether to appoint an independent counsel in the case. Clinton did not refuse to answer, but his statements became progressively more abrupt. White House aides said such questions offend local hosts and detract from the issues Clinton is trying to raise abroad, but reporters noted that this is often their only chance to ask Clinton about major news of the day.

Once today, Clinton was asked if he finds it embarrassing for either himself or the country when domestic controversies arise abroad. "Well, I can't be embarrassed by other people's judgment," Clinton said, adding that, "I think people in other countries wonder what it's all about."

Despite the media skepticism about U.S. motives in Brazil, Cardoso struck an ebullient note about relations between the two nations. He said he shares Clinton's interest in expanding trade, as well as his concern about how to limit climate warming, greenhouse

gases through a global treaty, the subject of an international conference in Japan this December.

"President Clinton," Cardoso said, "holds the view that I think is quite proper vis-a-vis climate change. He talks about shared responsibility. ... We should reduce the greenhouse gases, but in such a way as to ensure that we're not harming the interests or the development of any country, the United States, Brazil, or developing countries."

Clinton and Cardoso signed agreements today on environmental protection and cooperation on educational ventures, including U.S. assistance in

wiring Brazilian schools for the Internet. The environmental agreement includes provisions for exchange of information about clean-burning energy technologies, as well as an additional \$10 million in U.S. aid to an existing program through the Group of Seven nations to preserve the rapidly receding Brazilian rain forest.

FOR MORE INFORMATION

To learn more about the purpose of President Clinton's South American trip, click on the above symbol on the front page of The Post's Web site at www.washingtonpost.com

The Washington Post

WEDNESDAY, OCTOBER 15, 1997

U.S. Respects Brazil, Clinton Assures Latin Giant

By JAMES BENNET

BRASÍLIA, Oct. 14 — President Clinton had a simple message for Brazil today, and he delivered it over and over, in several different ways: The United States takes this country seriously. Really. It doesn't want to dictate relations in the hemisphere, but just to do more business.

Appearing at a joint news conference here with the Brazilian President, Fernando Henrique Cardoso, Mr. Clinton tried repeatedly to dispel longstanding Brazilian suspicions of American attitudes. In answer to a Brazilian journalist's question, he said that he did not feel threatened by the emergence of Brazil as a hemispheric powerhouse.

"I actually support the emergence of countries to a greater role of influence and responsibilities, as long as they share our basic values," he said, citing commitments to democracy, open trade and environmental protection.

This is the first visit of his Presidency to Brazil, and Mr. Clinton appeared anxious to play catch-up. He and his aides have repeatedly noted that the European Union is rushing in to capitalize on Brazil's economy.

But Mr. Clinton did not only play the supplicant. He gently nudged Brazil toward joining an effort to reduce greenhouse gases. As nations prepare for an international conference on global warming in December, a central dispute is whether developing countries should share the burden of cutting emissions when developed ones have enjoyed most of the benefits of profligately polluting.

Still, while he said that "we must all participate" in reducing such gases, Mr. Clinton emphasized that he did not expect Brazil's efforts to interfere with its economic growth. "The United States would never knowingly make any suggestion that would undermine the growth of Brazil or any other country," he said.

For his part, Mr. Cardoso repeatedly praised his relations with Mr.

Clinton and Brazil's with the United States, updating the American saw about General Motors: "We feel what's good for Brazil is good for the United States, and what's good for the United States is good for Brazil as well."

But he made clear that Brazil would continue expanding trade with all comers, whether or not Mr. Clinton ultimately wins so-called fast-track authority from Congress to conduct trade negotiations. "If there is going to be this sort of a policy or not is the United States' problem," Mr. Cardoso said.

Not all Brazilians were as welcoming as Mr. Cardoso, however. A handful of protesters here pelted the President's limousine with manure.

Mr. Clinton, bowing to a point of Brazilian pride, made the clearest statement to date that the United States recognizes the importance of Mercosur, a regional trade bloc in which Brazil is the biggest member. "I support Mercosur," Mr. Clinton said, adding that any new free-trade zone would be "consistent with Mercosur and the leadership and role of Brazil."

Mr. Clinton said he expected Brazil to sell more to Europe. "I don't feel threatened by it, I just want to make sure we're fully competing," he said. "And if we don't fully compete, it will be our fault, not yours and Europe's." But he took a dig at the Europeans, noting that the United States had lower tariffs than the European Union.

The two leaders said today that, three years after Mr. Clinton won agreement from Latin American leaders for a hemispheric free trade zone by 2005, the two countries would finally begin negotiations toward that goal next year.

But Mr. Cardoso and other Brazilian officials indicated that they wished to move slowly in lowering some barriers to foreign competitors. "We are not prepared to go for a new round of tariff reduction commitments by 2000," said Pedro Malana, the Finance Minister.

The New York Times

WEDNESDAY, OCTOBER 15, 1997

Brazilians Wary of U.S. Trade Pact

Businesses Fear Dropped Barriers Could Damage Recovering Economy

By Anthony Faiola
Washington Post Foreign Service

SAO PAULO, Brazil, Oct. 15—His companies may make stuffed teddy bears and baby dolls, but Synesio Batista da Costa is anything but warm and fuzzy on the idea of rushing into a free trade agreement with the United States.

Trade barriers, Batista insists, are not something to be lifted apart like so many Lego blocks. Take, for example, the Brazilian toy industry. In 1994, American companies almost did it in, as import taxes on Barbies and Barney's from the United States fell to an all-time low. More than 520 domestic toy factories closed within 24 months, and 15,000 workers lost their jobs.

Today, with tariffs back up to a whopping 63 percent on toy imports, employment in toy factories across Brazil has gone back up by 5,000 workers.

"We don't want a U.S. economic invasion, at least not until we are in a position to compete," said Batista, president of the Brazilian Association of Toy Makers, after listening to President Clinton give a speech here today to key business leaders.

In Sao Paulo, a pivotal stop on Clinton's week-long South American tour, the U.S. president pressed his controversial agenda to expand hemispheric free trade from Canada, the United States and Mexico into the rest of the region. But here, in the industrial heart of Latin America, Clinton's dream of a Free Trade Area of the Americas is now more feared than anticipated, especially among the politically powerful Brazilian business sector.

Even as U.S. lawmakers and labor unions wrangle over the idea back home, saying it will cost thousands of U.S. jobs, South Americans also are arguing about it. Many say that rush-

ing ahead with free trade could destroy the significant but still fragile gains under liberal economic reforms made throughout the region in the 1990s.

Brazil in particular, as the powerhouse of Latin America with half its economic output—and without whose cooperation a hemisphere-wide trading bloc is impossible—is in no hurry to tie the trade knot with the Giant of the North. As a result, Clinton is discovering that the difficulty of convincing skeptics back home may pale in comparison to the task of selling his idea here, where many are viewing the U.S. position as a throwback to the days of Yankee bullying.

"We're not ready yet for it, and we don't want it forced upon us," said Roberto Macedo, president of the Electronics Manufacturing Association of Brazil, which represents makers of televisions, stereos, photocopiers and other electronic goods. "The U.S. is trying to herd us into this thing like the buffaloes in the [Wild West], and just like those buffaloes, if we allow it, we will be heading for extinction."

At the Summit of the Americas in Miami in 1994, leaders from throughout the hemisphere, including Clinton and Brazilian President Fernando Henrique Cardoso, agreed to work toward forming a Free Trade Area of the Americas by 2005, dropping many of the protectionist taxes that make imported products more expensive. During meetings in Brasilia this week, Clinton and Cardoso agreed to develop a framework for negotiations during the second Americas summit in Santiago, Chile, next year.

But lawmakers and business leaders here are growing cautious, saying such a deal is possible only if they are convinced that the Brazilian economy can unquestionably benefit. More pointedly, officials here have been stridently opposed to the U.S. push to

drop some trade barriers much earlier, perhaps by 2001.

The simple argument is that Brazil is not ready, especially as it is coping with a growing trade deficit and an evolving economy. Indeed, now is a sensitive period for Brazil, which, thanks to Cardoso's 1994 "Real Plan," finds itself on a major but fragile upswing after more than a decade of economic stagnation and hyper-inflation.

Cardoso's plan, which pegged the local currency, the real, to the dollar and opened Brazil to foreign investment, has ended hyper-inflation and sparked new consumer spending. Durable good sales are soaring, mostly as result of increased buying by the poor.

But Brazilian companies, in many cases, are still not as lean as their American counterparts. It may take several years before they finish modernizing to a point of global competitiveness. Even those companies now ready for competition are heavily taxed by the Brazilian state, making it impossible, they say, for them to compete in a free-trade environment.

Although tax reforms are in the works, the concept has languished in congressional debate, and there is little consensus on how quickly those reforms will be implemented.

"Look, I'm ready to go head-to-head with the U.S.," said Batista, the toy maker. "We're just as competitive as [the Americans] on the factory floor. But with the kind of taxes we have to pay—35 percent on every toy—the U.S. would still have too unfair an advantage against us. No one would ever buy a Brazilian toy."

There are others who argue the Darwin theory of business—if they can't compete, let them die. Or at least adapt. Julio Francisco Semeghini Neto, president of Prodesp, a Sao Paulo computer company, says that his company did the latter—adapt.

Once a maker of computer hard-

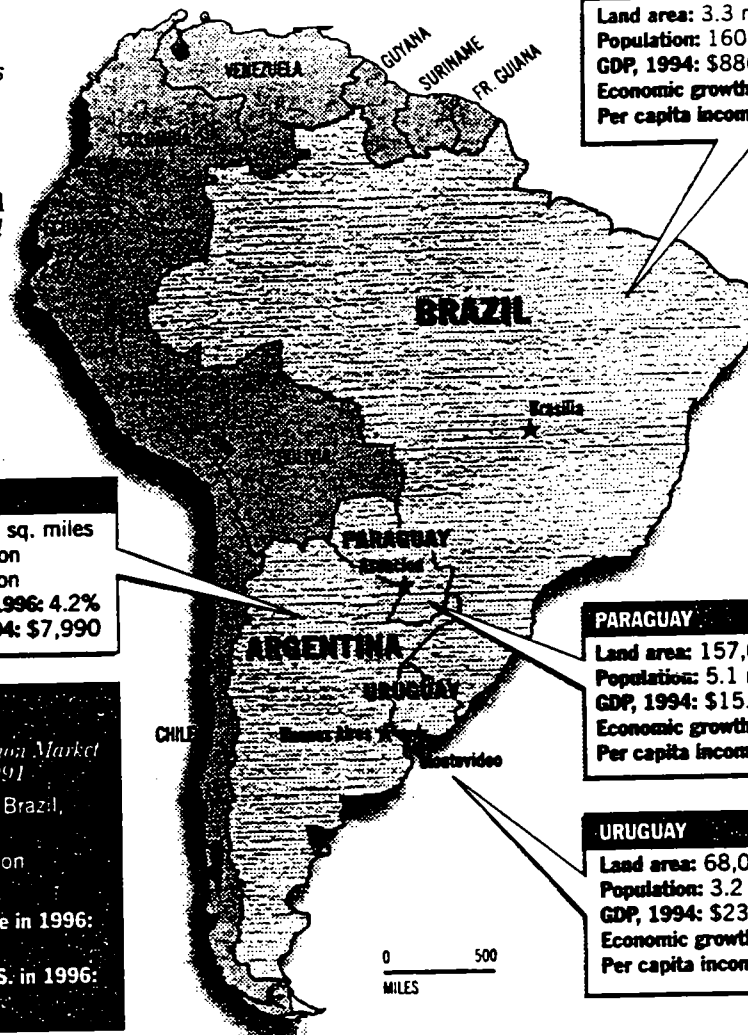
The Washington Post

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GIANT OF THE SOUTH

Brazil is leery of expanding free trade in the hemisphere because its industries may not be able to compete with the giant of the north—the United States and its NAFTA partners Canada and Mexico. Brazil is the giant of South America and dominates its own trading bloc, Mercosur.



SOURCES: World Almanac, Commission for Latin America and the Caribbean

BY BRAD WYE—THE WASHINGTON POST

ware, his company could not compete with American computer manufacturers when tariffs initially dropped in 1991. In response, his company closed a 400-person factory and focused on high-tech services, including installing and managing computer systems.

"We've been able to make up for most of the lost positions," said Neto, whose company employs 1,700 peo-

ple. "And we are still a strong, competitive company."

Some of the opposition in Brazil is based on trade posturing. If and when serious negotiations start on a Free Trade Area of the Americas, the Brazilians want to be sure the United States does not think they are overly eager to strike an agreement.

But, experts say, the reluctance

here also is based on fears that new competition from the United States may disrupt the Brazilian economy and come between regional partners in Mercosur—a South American version of the European Union that Brazil dominates. In recent years, it has blossomed into one of the world's trading blocs in terms of the volume in dollars of trade.

The Washington Post
THURSDAY, OCTOBER 16, 1997

Clinton Sees Two Sides Of Brazil

Model School Pulls Young From Poverty

By John F. Harris
Washington Post Staff Writer

RIO DE JANEIRO, Oct. 15—President Clinton has spent this week in South America preaching a sunny vision of trade and education as the keys to a bright new continent of wealth and opportunity. This afternoon, he ventured into a place that has seen precious little of either, and he acknowledged in blunt terms that reality can be more complicated than the vision.

The setting was Rio's Mangueira community, where the presidential limousine passed rows of dreary shacks and ramshackle tenements before arriving at a school where Clinton assured children growing up in poverty that a world of high-tech riches awaits. But this time his optimism was mixed with admonition.

"It is wrong for only a few to reap the benefits of the wonderful changes going on while the many remain mired in poverty," he declared, in a nation historically riven by some of the continent's starkest inequalities. "Those who have will do better by giving a hand up to those who deserve their chance, too."

This was a day when Clinton saw first-hand the sharp angles of Brazilian life.

He started the day in an air-conditioned auditorium in Sao Paulo, addressing a well-coiffed mix of Brazilian and U.S. businessmen assembled by the chamber of commerce. There, he extolled the "astonishing accomplishment" of Brazil's economic revival in the past five years.

Then he came to Rio and its Mangueira neighborhood, where he stood on a sweltering outdoor stage, warning that a child's "great gift from God, the power to dream ... can be lost through poverty, relentless deprivation, the daily defeat of hope."

See CLINTON, A24, Col. 2

CLINTON, From A21

The stop promised to be the most exotic of Clinton's trip to South America, where his schedule has mostly been filled with meetings with government leaders and traditional speeches. While Clinton's remarks here hit some sober notes, the mood of the day was ebullient, and at times seemed a little like a campaign rally.

He and First Lady Hillary Rodham Clinton shared the stage with the most famous Brazilian of all—the soccer legend Pele, now the government's minister of sport. And when Clinton finished speaking he plunged into the crowd of children who were wearing pastel pink-and-green sports uniforms.

These are the colors of the Mangueira School, which Brazilians are promoting as a successful experiment in quelling juvenile delinquency and lifting children out of squalor. Mangueira, while poor, is far from the most downtrodden place in this city. Brazilians say it is a place with special resonance in their culture, a wellspring of artistic achievement that has a reputation like Harlem's in the 1920s.

The neighborhood, for instance, is the place where Brazilian samba music was invented. Jazzy, drum-dominated samba rhythms blared from loudspeakers today.

"If I didn't come here, I'd probably be a beggar, because without school I would be nothing," said a 14-year-old student, Jose Rodrigues.

Clinton's message at the school was an echo of one he utters often at home—the splendors of a world linked by better education and technological innovations such as the Internet. A computer at the school was linked by the Internet with its sister school, which is in Northern Virginia. Clinton and Brazilian students exchanged typed messages with students at Prince William County's Hylton High School; the computers' mini-cams allowed people at both places to see each other.

At Hylton, junior Sarah Marr, 16, and Brazilian exchange student Luis Macedo, 16, sat at the keyboard, corresponding with their Rio peers, lauding technology, bragging about the Orioles and Redskins, and asking Clinton if he liked Brazil. Clinton leaned over the keyboard to respond—and was suddenly subject to the world of teenagers.

"He's a slow typer," a girl in the back of the room noted.

But in due course the message went out. "I'm having a wonderful time," he wrote. "I wish all of you could visit Brazil."

The Mangueira School is a project jointly supported by the government and private companies, including the Brazilian branch of Xerox. More a community center than a regular school, it emphasizes athletics and has on-site health-care facilities in addition to a vocational training program. Pele, who helped in its founding, called it one of Brazil's "best examples of social concern and social progress."

The Clinton administration has said the government of Brazilian President Fernando Henrique Cardoso, a former socialist, deserves credit for stabilizing the economy in a way that has reduced the number of Brazil's poor people by 13 million. But that leaves an estimated 40 million still living in poverty—out of a population of 160 million.

"We must do more, and we must be honest with our children," Clinton said. "We know that education and technology alone will not abolish poverty and inequality. But they do give people what they need to lift themselves up, to join the emerging global society and to make the most of their own lives."

The White House national security adviser, Samuel R. "Sandy" Berger, said this message has meaning in the United States as well, particularly in Clinton's uphill battle in Congress to win "fast-track" authority to negotiate free-trade agreements.

"The opponents of fast-track in many ways are opposing trade, and they say really that you have to make a choice between either dealing with the inequities of our society or dealing with open markets and expanding trade," Berger said. "What the president has been saying over these past weeks and months ... is that we don't have the luxury of that choice."

Staff writer Ann O'Hanlon in Prince William County contributed to this report.

The Washington Post

THURSDAY, OCTOBER 16, 1997

Jewish Leaders Place Hope in Meeting With Clinton (Buenos Aires) By Jonathan Peterson and Sebastian Rotella (c) 1997, Los Angeles Times

BUENOS AIRES, Argentina Three years after a terrorist bomb killed his daughter and 85 others in one of the bloodiest anti-Semitic attacks since the Holocaust, Luis Czerwinski is still hunting for justice Thursday, he will ask the help of the most powerful man in the world.

The Argentine accountant already has told his story to foreign leaders: During U.S. congressional hearings on terrorism, he moved lawmakers to tears with the tale of the death of his 21-year-old daughter, Paola, in the carnage at a Jewish community center here in 1994.

Thursday, behind closed doors, he will plead his case personally to President Clinton. "We don't want our dead to die twice: once because of the bomb, a second time because of indifference," Czerwinski, a dignified 53-year-old with tired eyes, said in an interview. "That will be my message to the president."

In different forms, a cry for justice has long echoed in South America, a region where the super-rich elite and the masses remain divided by a social and economic chasm, where fledgling democracies still struggle to maintain control over rogue police and sophisticated criminals, where the rule of law sometimes has aching exceptions.

As the U.S. president has jetted around the continent this week, offering sunny visions of a more prosperous future, he has often alluded to this yearning. In Venezuela, he applauded growing international cooperation to fight drug traffickers, who corrupt police and politicians. In Brazil on Wednesday, he visited a desperately poor shantytown and called it a "betrayal" when only a few "reap the benefits" of economic reforms that have swept the Americas. To business leaders in Sao Paulo, he described the gap between rich and poor as "the age-old curse of Latin America" and an undercurrent of all modern economies.

Although Argentina has the continent's highest standard of living, Thursday's meeting in Buenos Aires stands out in Clinton's largely uncontroversial weeklong schedule in a way that can hardly thrill his hosts: By sitting down with Jewish leaders and relatives of the victims, he will cast a spotlight on two terrorist acts that continue to embarrass the government of President Carlos Menem and raise harrowing questions about links between Middle Eastern terrorists and police officials.

The only suspects arrested in the 1994 bombing at the community center are four police officials. Two years earlier, 29 people were killed in a bombing at Israel's embassy here, and the lack of progress in that case raises suspicions that the attackers were aided or protected by law enforcement.

Thursday's meeting, which was included in Clinton's schedule after repeated requests from within Argentina and the United States, adds a discordant note to a visit designed as a celebration of a growing U.S.-Argentine alliance. Indeed, Menem himself has yet to meet with victims' family members, a fact ruefully recited by their advocates though Argentina's ambassador to the United States said he recently tried to set up a meeting and received no response from the relatives.

In a Sept. 29 letter urging Clinton to focus on the bombings during the trip, eight U.S. senators declared: "By raising this issue, both in private meetings and in public statements, you would show the government of Argentina that combating terrorism is an American priority. We urge you to show that the United States stands with the survivors and their relatives."

Administration officials maintain that Clinton already was sensitive to the unsolved bombings, which underscore shared security concerns about terrorism within the Western Hemisphere. "It is clearly a sensitive matter," said one high-ranking U.S. official. "But it is one within the larger issue of the president's trip."

White House aides on Wednesday remained uncertain whether Clinton would address the bombings specifically in his public remarks or would limit himself to a broader condemnation of terrorism. In any case, one official added, "The fact that he's having this meeting is itself a statement."

It is the fervent hope of family members, along with their sympathizers in Argentina and the United States, that the statement will somehow illuminate an investigative trail that has remained dark.

In the community center case, a dogged investigative magistrate last year charged four alleged accomplices, a high-ranking commander and three officers of the police of Buenos Aires province, a force with a brutal, scandal-plagued history. They are accused of providing the car used as a vehicle bomb.

Investigators suspect that the Hezbollah terrorist group and Iranian spies were the masterminds. But some Jewish leaders and other critics citing vanishing evidence, dubious witnesses allegedly coached by

police and other oddities, believe there has been a larger cover, the role of Argentine accomplices.

The government is protecting the killers," Laura Ginsberg, a biologist whose husband was killed in the blast, declared this week.

Until there is a political decision to lift that protection, neither case will be solved, and there will be fertile ground for a third attack."

Jewish leaders say Clinton can offer more than moral and symbolic support by freeing up technical and investigative resources of U.S. law enforcement to assist in the case. Police here made important progress in another high-profile murder case after the FBI loaned them a computerized system for tracing phone calls.

And Jewish leaders who met with Menem on Tuesday said they believe the FBI and CIA have information on the bombings that has not yet been shared with Argentine investigators.

Meanwhile, Czerwinski hopes to tell Clinton about the agony and absurdity of his experience. His diminutive, bubbly daughter, who rejected the family profession of accounting and studied law, rarely went to the community center. But in a twist of fate, she was at the center on the day she died because her parents asked her to help with a big auditing project.

Paola went downstairs to the lobby to meet a delivery man bringing coffee just as the explosives-laden van crashed into the front entrance and demolishing the six-story building.

Her mother survived because she had gone to the rear of the building to use a fax machine.

"What can I ask of Clinton?" Czerwinski said. "What can I ask of the world? What happened to us already happened. We ask that everything be done so that it doesn't happen to anyone else."

Strong Mayoral Control Over Schools Earns Praise at Forum (Detroit) By Jim Newton (c) 1997, Los Angeles Times

DETROIT Bolstered by the reported progress of schools in Boston and Chicago, several of the United States' big-city mayors Wednesday touted strong mayoral control over education as the most promising way to turn around troubled school districts.

"I think the revolutions taking place in Chicago and Boston are the most important thing happening in education since I've been involved," Los Angeles Mayor Richard Riordan told delegates at the first-of-its-kind summit conference of school superintendents and mayors. Those cities, the mayor added, have "put power and accountability together, what some people call ownership."

The educational experiments under way in Boston and Chicago give city chief executives broad authority to set school budgets, hire and fire top education officials and intervene in a broad range of educational issues. Riordan has no such powers and has not sought any.

Among the delegates was Los Angeles Unified School District Superintendent Ruben Zacarias, who praised Riordan's efforts on behalf of school children but later dismissed the Chicago and Boston models as largely irrelevant to Los Angeles.

Richard M. Daley, Chicago's pugnacious mayor and heir to his father's name and job, said the Illinois Legislature's decision to turn the city's schools over to him gave him the power he needed to enact rapid, overdue change.

"Someone has to have responsibility," he said. "Someone has to make decisions. ... Very frankly, I wanted the responsibility."

According to Daley's chief executive officer for education, that city's equivalent of a school superintendent, since the 1995 city takeover, Chicago's schools have raised test scores, decreased dropout rates, invested in job training and halted the practice of "social promotion," in which students are advanced from grade to grade without mastering the skills that should be required at each level.

Daley and his education CEO agreed that much of the credit for those gains is the result of clear lines of authority and stern accountability. Among other things, 150 Chicago schools have been placed on probation for poor academic performance, once on probation, highly regarded principals and teachers from elsewhere in the district are brought in to help a school rebound, Daley said.

Those messages, tough discipline merged with easily scrutinized accountability, are central themes of Riordan's oft-repeated management ideas.

Still, Riordan refused to be drawn into a discussion of whether the Chicago approach would work in Los Angeles. He laughed off questions on that topic, instead tossing them to Daley, who stood at Riordan's elbow during an impromptu news conference.

The Chicago mayor was not as shy. Big governments and big school

In Brazil, Clinton Urges the Rich to Share Gains of Free Trade

By JAMES BENNET

RIO DE JANEIRO, Oct. 15 — Trying to reassure the poor in Brazil and the Democrats in Congress about his hopes for free trade, President Clinton visited a school and sports complex in a slum here today to issue a stark warning about the potential social damage of open markets.

"It is wrong for only a few to reap the benefits of the wonderful changes going on while the many remain mired in poverty," Mr. Clinton said. "That is a betrayal of our values of individual integrity and equal opportunity."

On his first trip through Latin America, President Clinton has been advocating a sort of enlightened capitalism, under which businesses, recognizing that increased wages and improved education are in their interests, would work with governments to make good on what he calls the "social compact."

As he seeks increased power from Congress to negotiate trade deals, Mr. Clinton is mindful of Democrats' concerns that, in the hemispheric free-trade zone he longs for, American wages could fall while working and environmental conditions in Latin America could deteriorate.

In a speech this morning to the American Chamber of Commerce and other business people in São Paulo, Mr. Clinton took on such fears by urging his audience to help "bridge the gap between the haves and have-nots."

"The age-old curse of Latin America — the constant undercurrent of all advanced economies of the last 20 years — has got to be dealt with more seriously not only by government, but by people in the private sector working in partnership with government," he said. "We have to give everyone who will work for it a place in the future we are trying to build."

Borrowing the language of those who oppose increasing his freedom to negotiate trade treaties, Mr. Clinton said he believed in "insisting on worker protection so that trade enhances working conditions and living standards instead of undermining them."

Mr. Clinton's aides have complained that reporters have paid more attention to the fund-raising investigations back home than to Mr. Clinton's arguments for freer trade.

But in his airport greetings, speeches and toasts, Mr. Clinton has doggedly pounded away at his case on trade.

This afternoon Mr. Clinton illustrated his argument for public-private partnerships with his visit to the Mangueira school, which offers schooling, sports training and health care to 2,000 children. The school has benefited from the support of Pelé, the soccer star and Brazilian Minister of Sports, who also spoke here today. But it has also benefited from hundreds of thousands of dollars from the Xerox Corporation.

At the school, Mr. Clinton delivered an unusually explicit corporate plug. "Xerox is a good citizen of Brazil and a good citizen of the United States," he said.

Indeed, the event seemed at times like a rally for Xerox. Hundreds of children wore pink or white gym shirts advertising Xerox, and an English-language banner in easy camera range of the President's podium proclaimed: "Ten years ago Xerox believed in this dream."

The school may fit Mr. Clinton's vision for the new economy, but it is an isolated example in this country of 160 million. As Mr. Clinton's critics on trade are quick to point out, Fernando Henrique Cardoso, Brazil's reform-minded President, has barely dented the rampant corruption and disparities of wealth here, or mitigated labor conditions that constitute virtual slavery in some parts of the country.

The New York Times

THURSDAY, OCTOBER 16, 1997

Russian parliament backs off, delays no-confidence vote on Yeltsin By Colin McMahon

Chicago Tribune (KRT)

MOSCOW After a day of harsh rhetoric, legislative maneuvering and a last-minute appeal from President Boris Yeltsin, Russia's lower house of parliament stepped back Wednesday from a no-confidence vote that the government warned might carry dire consequences. A week ago, the Communists who dominate the Duma were predicting a landslide condemnation of the government of Prime Minister Viktor Chernomyrdin. But momentum soon began to shift, and by Wednesday evening those same Communists appeared to be flinching from political cold feet.

Rather than risk a defeat that seemed increasingly likely, they pushed through a delay of the no-confidence vote. Now scheduled for next Wednesday, it may wind up being cast aside altogether.

The delay constitutes a victory for the government, which played good cop-bad cop with the Duma as the vote approached. Yeltsin aides hinted broadly that he might dissolve the Duma and call new elections, and they warned legislators not to jeopardize the fragile beginnings of an economic recovery. Chernomyrdin also said he would resign immediately if the measure passed, clearing the way for appointment of one of his deputy prime ministers, who are anathema to the Communists.

At the same time, Chernomyrdin cajoled the opposition lawmakers with promises to negotiate key issues before the Duma, including the 1998 budget and a new tax code. The final carrot was offered by Yeltsin, just before the Duma was set to vote. He telephoned Duma chairman Gennady Seleznevov and asked him to relay to the floor a plea "for the sake of calm in Russia."

"Don't put me in a difficult position," Yeltsin told the Communist leader. "I guarantee that the government will draw conclusions from criticism. I do not want confrontation. I do not want new actions."

The plea for peace worked, though the no-confidence effort may have failed anyway. With the Communists and their allies at least a dozen votes shy of the 226 needed in the 450-member Duma, the power to make or break the measure rested with the liberal Yabloko faction.

Yabloko deputies and their leader, presidential aspirant Grigory Yavlinsky, have little in common with the Communists. Where the Communists want to slow if not reverse Yeltsin's economic reforms, Yabloko wants them to go deeper and faster.

Objecting to the reasoning and rhetoric behind the Communists' no-confidence motion, Yabloko deputies came up with one of their own. That left Yabloko supporting its measure and not that of the Communists, and vice versa. Given the standoff, both motions neared dead.

"I think there is a chance of the Communists withdrawing their motion," said Alexander Shokhin, head of the Duma's pro-government faction. "If they agree with Yabloko on a compromise they would have a

good chance of winning a no-confidence vote together, but frankly I believe the soft option will prevail."

After a week of harsh words that hit their nadir Wednesday with Communist Party leader Gennady Zyuganov saying that Yeltsin's policies "smacked of genocide," anything soft coming from the Duma would be a relief to the Kremlin.

KNIGHT-RIDDER

Clinton turns on the charm in Brazilian slums By Christopher Marquis and Katherine Ellison Knight Ridder Newspapers

RIO DE JANEIRO One TV announcer confessed he could barely hold back tears. Another gushed that President Clinton deserved a "nota 10" — a perfect score.

Clinton, who couldn't seem to get a break in the first half of his journey through Brazil, turned a corner Wednesday by doing what he does best: turning on the charm.

A day after leaving Brasilia, where his motorcade was pelted with manure, Clinton touched down in Rio and set to work. Visibly enjoying himself, he climbed into bleachers and mugged for photos with kids, bounced a soccer ball on his knee and caught a "high five" from soccer hero Pele.

Clinton had come to one of Brazil's largest slums Wednesday to highlight a central theme of his three-nation tour: that countries throughout the hemisphere must work together to improve the failing public education systems that keep too many mired in misery.

Addressing members of a community center in Mangueira, a shantytown that blankets several of Rio's hills, Clinton praised their school-and-sports program for providing youth with an escape route. "Every child enters this world with a great gift from God: the power to dream," Clinton said. "But that gift can be lost through poverty, relentless deprivation, the daily defeat of hope."

The comfortable, Clinton said, "have no greater responsibility than to nourish that power to dream, with education for the children of Mangueira, Brazil, the United States, all the Americas. For it is the dreams of our children that will shape our lives in a new century, in a new millennium."

The speech, which Clinton intoned like a sermon on a patch of artificial turf bounded by railroad tracks, highways and power lines, highlighted the fact that Latin America's recent economic turnaround has yet to lift many citizens from poverty.

Emphasizing the importance of education, Clinton identified a passion shared by his Brazilian host, President Fernando Henrique Cardoso. While Clinton has boasted of making the biggest new investment in education since 1965, Cardoso, a university professor, has earmarked a portion of the expected earnings from Brazil's massive privatization project to improve public schools.

The two governments agreed to a "partnership for education" in which the United States will help Brazil develop standardized testing of its public schools' performance. U.S. and Brazilian classrooms will be linked by computer, and a commission will be set up to oversee a new student exchange program and promote private-sector investment in schools.

"World-class education is necessary to the economic well-being of our nations, vital for maintaining the fairness that holds societies together and essential for fulfilling the most basic needs of the human spirit," Clinton said. "In one sentence: We do not have a single child to waste."

Clinton's performance Wednesday appeared to win over much of a media corps that had been patently hostile. A climate of indignation had mounted over the size and intrusiveness of his security detail, which demanded that trains passing the site where Clinton spoke be halted for four hours. There was even resentment over the fact that Clinton's team had flown in its own mineral water.

But once Clinton touched down in Rio, he directed his snaking motorcade off the beaten path. As hundreds of police sealed off the pitted streets of Mangueira, dozens of U.S. vans and buses made their way past families peeking out of cardboard and metal lean-tos in the shadow of an overpass.

The motorcade stopped at a sports complex known as the "Olympic Village," the centerpiece of a 10-year-old community youth program. Funded with an annual contribution of \$600,000 from the Xerox Corp., the overall project includes vocational training, internships and job-placement help.

Recognized by the United Nations as a model for developing countries, the project has raised local school attendance from less than 40 percent to nearly 100 percent, reduced crime in the immediate area and recently sent its first graduate to college.

"We are living here a pioneer experiment that has worked," said Francisco Carvalho, a director of the center.

"If I didn't come here I would probably become a beggar," said Josie Rodrigues, a 14-year-old student with eight brothers and sisters. "Without school, I could do nothing."

Asked how she hopes to use her education, she replied: "Become a

Meddoff cannot be seen on the tape.

The House Judiciary Committee played one tape a Feb. 19, 1996, dinner at the Hay-Adams Hotel organized by Huang. Clinton told his guests he has known Huang a "long time."

And when he told me this event was going to unfold as it has tonight, I wasn't quite sure I believed him," Clinton said. "But he has never told me anything that didn't come to pass."

Rep. Bob Barr, R-Ga., said the tape suggests "a larger picture... a scheme to defraud."

During the hearing, committee Republicans attacked what they called the plodding nature of the Justice Department investigation, including Reno's admission that the task force learned of some leads from press accounts.

Reno said her staff won't seek indictments until it has cases that can win convictions and stand up on appeal. Reno said she could not detail the task force's work because of grand jury secrecy rules.

"I cannot tell you what the strategy is, but I can tell you there is a strategy," Reno said.

Judiciary Committee chairman Henry Hyde, R-Ill., scheduled the hearing after sending Reno a public letter listing allegations against the White House that included bribery in exchange for campaign contributions.

Reno has authorized three "preliminary investigations" of items raised in the letter. Two involve White House phone calls made by Clinton and Vice President Al Gore.

The third investigation is of former Energy Secretary Hazel O'Leary, charged with setting up a meeting for Chung in exchange for a contribution to her favorite charity.

O'Leary has denied the charge.

Reno is expected to decide by early December whether to seek an independent counsel for any or all of these cases.

Republicans questioned whether outsiders can have full confidence in a Reno Justice Department probe of the Clinton White House. Hyde has cited polls showing most people believe an independent counsel is warranted, though he said polls should not affect the actual investigation.

Mexicans Say Ruling Party Denied Storm Aid to Opposition Areas By Dianne Solis and Alfredo Corchado, The Dallas Morning News

SAN JOSE CHACALAPA, Mexico--Oct. 16--A week has passed since Hurricane Pauline's floodwaters and ripping winds killed at least 250 people in the Pacific Coast states of Oaxaca and Guerrero.

Assigning the blame has now begun.

While the ruling Institutional Revolutionary Party isn't responsible for tempests of nature, a debate is raging in Mexico centering on the extent that the PRI -- along with its endemic corruption and self-serving favoritism -- can be blamed for the lack of sufficient infrastructure, paved roads and proper home foundations.

Here in this once-bucolic Oaxacan village of 1,500 coffee-bean pickers, Evelio Cruz Reyes was storming mad as he took names of Hurricane Pauline victims who were bypassed for aid.

The 45-year-old elementary schoolteacher said he watched as ruling party functionaries passed through town earlier this week with a truckload of clothing and food and systematically asked who voted for the PRI and who didn't. Opposition supporters who didn't get aid were put on Cruz's growing list.

"The PRI still can't get over losing the July 6 elections, and now they are playing politics with the tragedy of human lives," snarled Cruz, referring to the historic midterm elections in which the ruling party lost control of the lower house of Congress for the first time in seven decades.

Even when aid was given, it came with a political plug about balloting in September for the governorship -- one of 10 statehouse races next year for the once-indomitable PRI. "Next election, remember the PRI stood by you," one relief worker said to victims in the village of El Coco.

So angry are Mexicans that President Ernesto Zedillo is on the offensive, urging political parties to leave politics aside and focus on the task of repairing homes and lives.

Notably, the 45-year-old economist-president has made two visits each to Guerrero and Oaxaca since the hurricane first punned the coast Oct. 8. He even put the Mexican military in charge of the 67 emergency shelters in Acapulco, something welcomed by residents sick of PRI favoritism.

Other Mexicans are taking harsh looks at the portion of tax revenues to flow back to Oaxaca and Guerrero, two striking but backward states.

Even before the Oct. 8 disaster, opposition parties were placing the issue high on the agenda when they took office six weeks ago in Congress. Opposition parties charge that the federal government has long taken 80 percent of tax revenues and only given back 20 percent.

The federal government disagrees. "The 80 percent goes back to states in different development programs," said a presidential spokesman. Nevertheless, he said that the government has been studying new formulas to get more funds to the states that state administrations would control directly.

Both the center-right National Action Party and the leftist Party of the Democratic Revolution, or PRD, have proposed that states and municipalities receive more money, possibly in five percent annual increases.

Part of the spotty infrastructure lies in the fact that, historically, Mexican resorts have been pet projects of presidents, as in the case of now-deceased President Miguel Aleman, who in the 1940s pushed for the creation of Acapulco. Similarly, in 1982, while vacationing off the coast of Oaxaca, then-President Jose Lopez Portillo liked the area so much he ordered Fonatur, a tourism development agency, to build the resort known as Huatulco, Oaxaca.

While tourism flourished, little was done to prepare Huatulco for the infrastructure needs of the influx of workers. In the Huatulco area, many took up land and built their own community, including Crucero, where most of the 2,000 residents work in hotels and restaurants. The recent storm wiped houses off their flimsy foundations.

"Let's be blunt about this," said Rene Neponucena civic organizer in Crucero. "These companies need cheap labor to wash dishes, make beds and greet tourists. All we're asking for, if not training for the workers, is at least decent housing."

In Guerrero state, the lack of infrastructure is readily apparent. Acapulco had staged a mild tourism comeback with its lore as a playpen of movie stars from Hollywood's past, but urban planning is sorely missing. About 72 percent of the state's revenue is generated by Acapulco.

For example, shanties were allowed to be constructed on the banks of the "Rio Camarones" in exchange for ruling party votes, residents said. Shortly before dawn Oct. 9, when Acapulco residents were asleep, torrential rains fell, swelling the river until it swept away the shanties. Many young children perished when caught in the currents.

Some people said they believe that state officials didn't want to alarm residents about a hurricane. Therefore, the state wasn't more aggressive in its warnings. But others charge that the state didn't want to make a "manifesto of legal irregularities" in the planning of the beach resort, home to 1.5 million residents.

The spokesman for Guerrero Gov. Angel Aguirre said that it was too early to assess blame for the unorganized relief effort, and that the pressing issue is to help victims.

As in Oaxaca, some Acapulco neighborhoods received more help than others, depending on their support for the PRI.

"We have a government that is interested in securing votes by offering water, electricity and land," said Pablo Morales, organization secretary for the PRD in Acapulco. "Pauline left a thousand truths in its wake about how this city is run."

Two neighborhoods in Acapulco's south side tell the story, residents said. El Mirador -- suspected of voting for the PRD in last July's election -- received no help despite the destruction to homes. Even before the storm, El Mirador had no potable water, sewers or electricity. An adjacent neighborhood -- dubbed literally "the neighborhood of the PRI" -- was given relief supplies and a shelter despite the fact that damage was minimal. It has long had running water, electricity and some paved streets.

The PRI neighborhood leader, Saul Quinones, summed up the difference in a few words: "Only the PRI knows how to negotiate with the government."

But Quinones, himself, was accused by residents of hoarding relief supplies. He denied the charges.

And for all the fanfare about the "dawn of democracy" in Mexico's impoverished south, "traces of the past still haunt us," said Isidro Reyes, a rescue worker in San Jose Chacalapa.

Oaxaca has long been a paradise of archaeology sites, whimsical folk art and pristine beaches. To poor residents in these villages life's pleasures are measured by victories against the humiliations of local party bosses.

Since the hurricane, many here said they think they've lost the fight. Earlier this week, Isabel Hernandez nervously paced what was left of her mud-soaked village, waiting for word on her missing husband.

Alfredo Corchado reported from Oaxaca and Dianne Solis reported from Mexico City. Staff writer Laurence Iliff, in Acapulco, contributed to this report.

Susan Molinari defends her performance on CBS' 'Sunday Morning By Jennifer Weiner Knight Ridder Newspapers (KRT)

You can take the girl out of Washington, but you can't take Washington out of the girl

Four weeks into her new job, as co-anchor of CBS News Saturday Morning, former Republican congresswoman Susan Molinari still sounds like a politician, studiously avoiding yeses or no's, speaking mostly in sound-bites, and spin, spin, spin.

"It's going great!" she said. "We do look at the show as a work in progress. Every week, we try to find our strengths and build on them."

If you listen to the critics, though, those strengths are few, and the building isn't happening fast enough.

Early reviews have rated her performance, alongside veteran reporter Russ Mitchell, from bad to lousy to worse. "Molinari's Debut One More Thing to Apologize For," read a headline in New York Newsday. "It looked like amateur hour," wrote the Denver Post's critic. New York Daily News critic David Bianculli faulted her for not telling how she arrived at a conclusion about would-be ambassador William Weld; USA Today's Matt Roush criticized her "shrill, hurried delivery," and "fan-mag sighs" over Michael Douglas.

"Look, the honest truth is, we'd love to have great reviews all the time. But first shows are first shows," offered Molinari, speaking by telephone from Staten Island, as her 18-month-old daughter Susan Lily, yes, the same one paraded before the cameras as a newborn at the '96 Republican convention, cooed in the background. "I had a whole bunch of people saying, 'She'll never know how to speak in public,' or 'She'll never pass significant legislation.' There will always be critics in life... but you can't be afraid to take chances."

CBS took a big chance in hiring the representative from Staten Island to co-anchor a brand-new news program. Critics howled, and anonymous CBS employees sniped: How can someone who's made her name as partisan hop over the fence, with no time off and a few days' training, and do objective journalism?

Simple, says Molinari. All journalists are engaged in the world. They all care. They all have opinions. It's just that she happened to share hers with an audience of millions as the convention's keynote speaker.

"I was not surprised at the skepticism, or the eyebrow-raising. Could she be unbiased? I think that's understandable.... There was a level of hostility that took me by surprise."

But I would submit that there's no one in journalism who doesn't have a political opinion. Ninety-nine percent do a very good job of making sure you're not aware of it. All I'm saying is, give me that chance. In most cases, I'll be more careful than most people."

Molinari acknowledges that she's still learning the ropes, still working to slow down her speech, to time her words to the pictures on-screen. "It's harder than I thought it would be," she said. "People in TV really do a great job of making this job look easy. Just being in front of a camera wasn't that hard. I'd done a significant amount of that. But in Congress, when you're on TV, you don't have to worry about time, about reading off the TelePrompTer."

How's the show doing? CBS President Andrew Lack has said that it's getting better every week.

And the forgotten man, co-anchor Mitchell, says that, sure, he also had concerns. "What are they doing? A political show? Is this going to be 'Crossfire'?"

But he, like Gessner, feels reassured. They'd hired someone who was smart, a quick study with a great personality."

And, by the way, Molinari's not the only one with political experience. Mitchell was student council president at Steger Junior High School, in St. Louis, Mo., in 1972.

The high point of my tenure was... well, I don't remember, to be quite honest. It was such an eventful year!"

Panama press controversy ends with a win for freedom By Tim Johnson Knight Ridder Newspapers (KRT)

BOGOTA, Colombia Chalk one up for freedom of expression in Latin America. Gustavo Gorriti, a feisty associate newspaper director, won his battle against the government of Panama on Wednesday, and will not be deported to his native Peru.

Gorriti will be allowed to continue working in Panama as an editor, apparently because U.S. first lady Hillary Rodham Clinton intervened on his behalf last week.

This is the end of the conflict," Gorriti said in a telephone interview. "This is a triumph for press freedom in Panama and in the

hemisphere."

Gorriti had irritated Panamanian President Ernesto Perez Balladares almost from the moment he assumed his post as La Prensa's associate director last year and began a series of hard-hitting investigations.

In August, the government refused to renew Gorriti's work permit and ordered him to leave by Aug. 28. Gorriti refused. On Sept. 19, authorities issued a deportation order.

But condemnation from press-freedom and human-rights groups quickly swamped Panama. During trips abroad, as far away as Argentina, Perez Balladares was peppered with questions about Gorriti from local journalists. "The government didn't quite understand the political price that they would have to pay for this. It slowly sank in," said Joel Simon, the Americas program coordinator for the New York-based Committee to Protect Journalists.

Last week, Perez Balladares took a new look at the tally sheet on the Gorriti affair, apparently with White House prodding. Hillary Clinton was in Panama for a hemispheric meeting of first ladies.

"Hillary Clinton spoke to the Panamanian government," Gorriti said. "I don't have the absolute certainty that it was directly with Perez Balladares. I only assume so."

Under the deal struck Wednesday between Perez Balladares and La Prensa President Juan Alberto Arias, the government agreed to let Gorriti remain and to seek revocation of a 1978 law stifling press freedoms that dates from the era of former strongman Omar Torrijos.

The face-saving aspect of this for the Panamanian government is that La Prensa must give (Gorriti) a title other than what he has now," said Anne Manuel, deputy director of Human Rights Watch/Americas.

DALLAS MORNING NEWS

Clinton tours poor, prosperous areas of Brazil By Kathy Lewis The Dallas Morning News (KRT)

RIO DE JANEIRO, Brazil President Clinton traveled the worlds of the haves and the have-nots Wednesday, seeing two very different Brazils in the span of a day.

Clinton kicked a soccer ball with superstar Pele at a "favela," or poor neighborhood, in Rio de Janeiro. A carnival band kept a samba beat going for the schoolchildren who sat in near 100-degree heat to see the U.S. president.

Rows of tiny houses jammed side by side dotted the hillside behind him. Blocks away, his motorcade passed homeless squatters huddled outside scrap board shelters under a bridge.

Hours earlier in Sao Paulo, dark-suited multilingual business executives heard the crooning sounds of Frank Sinatra's taped voice as they waited for Clinton in the comfort of an air-conditioned hall.

There he called Sao Paulo, one of the world's largest cities, the economic engine of Brazil and spoke of the benefits open trade can bring to the hemisphere.

But he also addressed what many have said is the No. 1 problem in the hemisphere: the wide gap between rich and poor. "Even as we seize these possibilities, we must also work even harder to bridge the gap between the haves and the have-nots," he said.

Clinton called income disparity the "age-old curse of Latin America" and the "constant undercurrent" of all advanced economies. He said that governments, businesses and community organizations must deal with it more seriously.

As he has traveled in South America, Clinton has been carrying the message that globalization is inevitable and that nations must be prepared to carry out their "social contract" to make sure segments of their population are not left behind.

It is wrong for only a few to reap the benefits of the wonderful changes going on while the many remain mired in poverty," he told the schoolchildren in Rio.

It is unusual for U.S. presidents to travel to poor neighborhoods in foreign countries. Most hosts want to show off their finest when American presidents come calling, and few are willing to have the accompanying world spotlight focused on problem areas.

But in Brazil the twin agendas of Clinton and Fernando Cardoso, the Brazilian president, converged.

Cardoso, a university professor who spent part of his adult life in exile, has worked on economic reforms and now is turning increasing attention to education in a nation where only 24 percent of the population makes it to the eighth grade.

In his second term, Clinton is making education standards at home a prime goal. That, U.S. officials said, is an issue where Brazil actually leads the United States.

U.S. officials have said Latin America spends as much on education as Asia, but puts its resources in university education rather than primary and secondary education.

Clinton's visit to the Manguera School was designed in part to draw attention to Cardoso's efforts to emphasize grade school and high school education and the contribution corporations can make. Profits from Brazil's privatization program are going to education, the only money that is not targeted to the national debt.

Thomas "Mack" McLarty, Clinton's special envoy to the Americas, said Cardoso welcomed the presidential visit to one of Rio's poor communities.

"They are very proud of this school," McLarty said.

He said Cardoso has a passion for education, and an agenda similar to Clinton's 1992 "putting people first" campaign theme. In that presidential race, Clinton called for reducing the overall size of the government but spending more on worker training, education and several other areas.

Brazilian officials said 13 million citizens have come out of poverty since economic reforms, instituted when Cardoso was finance minister, were undertaken.

"We are living the best moment of the last 30 years," said Emerson Kapaz, secretary of state for Sao Paulo.

But the gap between rich and poor, he said, remains the nation's top problem.

The state of Sao Paulo has an economic output that is almost the size of Argentina's. The city of Sao Paulo's economic output is larger than that of all of Chile. The city, with its European-influenced architecture, is not immune to urban problems and poverty, but officials said it boasts the finest universities, medical centers and museums in the nation.

Less than an hour's plane ride away is Rio, a cultural capital that not only has spectacular beaches but also large slums.

Clinton did not travel to the worst area in the city, but he nonetheless visited a poor neighborhood where black smoke pumps out of buildings and clotheslines stretch out windows.

Schoolchildren in pink-and-lime soccer outfits awaited him at the Vila Olimpica da Manguera, a sports and educational complex that primarily is financed by Xerox. It also offers health-care services and an apprentice program.

"Those who have will do better by giving a hand up to those who deserve their chance too," Clinton said.

During a classroom visit, Clinton got on the Internet with several Brazilian students who exchanged messages with students in Virginia.

"I know it is not easy for young people like you to sit in the hot sun and listen to an older person like me give a speech. I will try to be brief," Clinton said. Indeed, many of the students did become restless during the policy speech and may have missed his concluding message. "In one sentence: We do not have a single child to waste," he said.

But they cheered when Clinton came over to sit with them and sign autographs.

And afterward, a 14-year-old told about coming from a family of eight brothers and sisters. "If I didn't come here, I think I'd probably be a beggar," gymnast Jose Rodrigues said.

Clinton congratulates anti-landmine Nobel winner by letter, not phone **By Susan Feeney** **The Dallas Morning News (KRT)**

WASHINGTON President Clinton, who regularly telephones his congratulations to all manner of sports figures and achievers, decided against calling the anti-landmine organizer who last week won the Nobel Peace Prize.

He wrote her a letter instead, White House officials said on Wednesday.

Jody Williams, the Vermont-based coordinator for the International Campaign to Ban Landmines, used the media spotlight from the award to criticize Clinton's decision not to sign the international mine-ban treaty this December. The president cited security concerns.

Williams has said she was looking forward to speaking with Clinton, but White House aides this week expressed their irritation with her remarks.

"I think she made clear her strong views," said press secretary Mike McCurn, who was traveling with the president in South America. "It was clear the president wasn't going to change those views, and she wasn't going to change the president's views, but the president did want to congratulate her, so he sent her a letter."

White House officials refused to release a copy of the letter Wednesday. They said it was not clear that Williams had received it.

Williams, who was in meetings in Washington on Wednesday, apparently has not received the letter, one of her aides said.

The president regularly picks up the phone to call the locker room of Super Bowl winners, college and other championship teams. In August, he telephoned the WNBA champion Houston Comets.

In recent years, he has called Pearl Harbor survivors, astronaut Shannon Lucid, the Don Imus radio show and World War I veteran Gateano Maggio of Tampa on the occasion of his 100th Birthday.

GOP criticize Reno's decision against independent counsel for Clinton's fund raising **By David Jackson** **The Dallas Morning News (KRT)**

WASHINGTON Armed with 100 hours of new White House videotapes, congressional Republicans attacked Attorney General Janet Reno on Wednesday for shunning an independent counsel investigation of President Clinton's fund raising.

Reno gave as good as she got, telling the House Judiciary Committee that evidence to date does not justify an independent counsel, and that her investigators do not have an inherent conflict of interest.

The sharpest exchange during the daylong hearing came over a newly released tape in which Clinton praises Democratic fund-raiser John Huang, saying "he has never told me anything that didn't come to pass."

"I think that this is new and credible evidence that the president at least had knowledge of Huang's activities," said Rep. James Sensenbrenner, R-Wis.

Reno said that Clinton's remark was not an approval of fund-raising from illegal foreign sources. "To suggest that is to engage in the rumor and innuendo that we try to avoid in the Department of Justice," she said.

Replied Sensenbrenner: "Madame Attorney General, that's the kind of thing that is destroying your credibility, because the tape speaks for itself."

In her opening statement, Reno said that if people don't like her work, she can always go home to Miami.

"Now that we've got a World Series team, that has some merit, too," she said, saluting the National League baseball champion Florida Marlins.

Reno also told the committee that she would get FBI director Louis Freeh to concur before she dropped any line of inquiry in the campaign finance probe.

"Director Freeh and I will jointly approve any investigation's close-out before it is closed out," Reno said.

Freeh and other FBI officials have supported the appointment of an independent counsel to handle the campaign finance matter for several months, law enforcement officials said.

At the other end of Pennsylvania Avenue, White House officials released video clips from 158 political events during Clinton's first four years in office.

Justice Department and congressional investigators had demanded tapes from any campaign event covered by the White House Communications Agency after the administration discovered tapes from 44 White House campaign coffees two weeks ago.

In a sense, the tapes are highlights of the fund-raising flap that has dogged Clinton's second term. They record Clinton encounters with Huang and other Democratic Party fund-raisers under investigation, including Yah Lin "Charlie" Trie, Pauline Kanchanalak and Johnny Chung.

White House officials said the tapes do not show Clinton condoning illegal foreign fund-raising or selling policy in exchange for a contribution.

"These tapes confirm what we have always said, that these events were legal and appropriate," White House special counsel Lanny Davis said.

The White House submitted tapes to the Justice Department campaign finance task force, as well as the Senate and House committees that are conducting campaign finance hearings. Officials with those agencies said they are just beginning their analysis.

The events range from a Democratic National Committee reception at the White House on Jan. 21, 1993, the day after Clinton took office, through Dec. 7, 1996.

There is a tape of an Oct. 22, 1996, Miami event in which Florida businessman R. Warren Meddoff told Clinton that an associate from Richardson, Texas, was willing to contribute \$5 million. The associate, William Morgan, said he was only interested in making tax-deductible contributions to Democratic Party causes such as education and environment and in the end made no contributions.

Strong U.S.-Argentina may be threatened by change in government By Katherine Ellison and Andrea Mandel-Campbell

BUENOS AIRES, Argentina In no other country and at no other time in memory have a nation's top officials called their U.S. ties "carnal." In Argentina, however, "carnal" is the catchword.

Ever since President Carlos Menem took office in 1989, this nation of 34 million has moved steadily closer to the United States in military matters, trade and investment.

President Clinton's meeting with Menem Thursday will showcase the extraordinary warmth of the bilateral relations, enhanced by the affinity between two master politicians from neglected corners of their countries, who have both been dogged by scandals involving women and money.

Foreign Minister Guido di Tella coined the now widespread use of "carnal" to describe those relations, but U.S. officials have also been effusive.

Argentina has become our most reliable ally in the entire hemisphere in regard to security issues," Thomas McLarty, Clinton's special envoy to Latin America, said last week.

Once a bastion of anti-U.S. sentiment, it stayed neutral until almost the last minute of World War II. Argentina was the first Latin nation to send troops to the Persian Gulf War, and has been Clinton's most aggressive partner in condemning the government of Cuban President Fidel Castro. Just last week, in what di Tella called "a gesture of solidarity," Menem's government said it would welcome about a dozen Cuban rafters who have stayed in U.S. camps at Guantanamo Bay since 1994.

To reward such loyalty, the U.S. Congress, during Clinton's stay here, is expected to declare Argentina a "major non-NATO ally," a distinction shared by Israel, Japan, Egypt and South Korea. That will give the government special rights to buy surplus U.S. military equipment including trucks, jeeps and uniforms, but no major weapons.

On the economic front, the United States has become Argentina's single largest foreign investor, while booming bilateral trade is expected to grow as much as 40 percent this year.

The turnabout has increased prosperity for some parts of Argentine society. Yet as unemployment has grown in part due to Menem's government cutbacks and official corruption scandals have multiplied, Argentines annoyed at their own government have turned their anger on the United States.

The tension is growing as Menem comes to a crossroads: in midterm congressional elections Oct. 26, the president's Peronist Party is expected to lose its congressional majority to a newly united opposition.

The Alliance, the name of the merger between the Radical Civic Union and Frepaso parties, favors stronger relations with neighboring Brazil and less emphasis on U.S. ties. Argentina and Brazil are the two major members of Mercosur, the Common Market of the southern Cone, and commerce between them has been growing briskly.

"What is needed is a totally independent foreign policy," said Antonio Villalba, a Frepaso legislator. "This new partnership with the U.S. isn't necessary and could complicate relations with third countries."

"Argentine policy is one of complete submission," complained Loreal Gorini, a member of Congress for Izquierda Unida, a leftist coalition. "The Argentine Foreign Ministry acts like an office of the U.S. State Department."

The Izquierda Unida has planned a protest for Thursday evening outside the Rural Society in Buenos Aires, where Clinton and 650 other guests are expected to dine. The slogan: "Clinton No. Che guevara Yes."

The more mainstream Alliance initially opposed Clinton's visit, which members argued would give Menem a political boost on the eve of the election. To mollify them, Clinton scheduled a meeting with Alliance leaders including the popular Graciela Fernandez Meide, who lost a son during the Argentine military's Dirty War against suspected leftists in the 1970s, and former president Raul Alfonsín. Meide and Alfonsín are likely to remind Clinton that the opposition doesn't share Menem's pro-U.S. outlook on Cuba, nor would they be inclined to send troops to a U.S. war.

And in contrast to what Menem is expected to do, they will probably emphasize the new importance of Argentina's links with Brazil.

The issues that matter between United States, Argentina Knight Ridder Newspapers (KRT)

BUENOS AIRES, Argentina Here are the major issues between the United States and Argentina:

Trade and investment: United States is the single largest foreign investor in Argentina, adding an average of \$2 billion in new direct investments every year. Trade has grown from \$2 billion in 1990 to just under \$7 billion last year.

Patent protection: U.S. government and industry say loopholes in Argentina's patent laws permit Argentine pharmaceutical companies to copy patented U.S. products. President Carlos Menem backs legislation for more effective intellectual-property protection, but Argentina's Congress opposes it.

Drugs: Argentina faces a "growing problem in the flow of drugs transiting its territory," according to a U.S. State Department report. U.S. government welcomes a stronger counter-narcotics role by the Argentine military, a controversial development in Argentina.

Terrorism: Two attacks against Jewish targets in Buenos Aires remain unsolved: A car bomb killed 87 people at the Jewish-Argentine community center in July 1994 and the bombing of the Israeli Embassy killed 29 people in May 1992. U.S. Jewish groups and members of Congress have joined with Argentines in demanding that Argentina's government work harder to solve both crimes.

White House tapes reveal no evidence to incriminate Clinton By Robert A. Rankin Knight-Ridder Newspapers (KRT)

WASHINGTON Sixty newly released videotapes of President Clinton meeting with campaign donors showed no smoking guns, but several scenes illustrated why such events raise public concerns.

In one scene, filmed June 3, 1996, at a dinner for about 20 big donors to the Democratic Party, an unidentified man asks Clinton to endorse publicly a billion-dollar oil pipeline project that Chevron Corp. is trying to build from Bulgaria to Greece. Clinton is shown to noncommittally, then turn away to another guest.

To critics, the scene could be said to illustrate how big-money donors win special access to the president, the better to push for special favors. To Clinton defenders, the same scene could be said to show that he turns a deaf ear to such special pleas: Clinton never has endorsed the project, White House officials said.

In a second scene, Johnny Chung, a Democratic fund-raiser and longtime Clinton acquaintance, introduces seven Asian men to the president in the Oval Office following his weekly radio address on March 12, 1995. As the tape showed he had done earlier that day with dozens of other visitors, White House staffers and their friends, mostly Clinton poses for photos with each of the visiting Asians individually, and with them as a group. He also accepts a gift from them: a small stone sculpture that he places on his desk.

It later turns out that the Asian men were executives from industries owned partly by the Chinese government, and that the National Security Council had warned White House staffers not to admit Chung because they feared he was a self-interested "hustler."

But Clinton let him in anyway, greeting Chung warmly: "Hello, Johnny, how are you? Good to see you. How you doing?"

Clinton later ordered the photos to not be released to prevent the Chinese businessmen from exploiting their private moment with the president for commercial purposes. The businessmen never got their photos. But the episode illustrates what critics see as the exposure of the presidency to potential degradation because of Clinton's relentless pursuit of campaign donations to finance his 1996 re-election.

Chung had tried to take advantage of that: in March 1995 he had handed Hillary Rodham Clinton's chief of staff a \$50,000 check, and he also rounded up \$366,000 in other donations, all of which the Democratic Party returned because it could not verify the money's true source. But such efforts help explain Chung's access to the Oval Office.

More than anything else, Clinton's pursuit of campaign donations throughout his presidency is the story that emerges from the 60 latest videotapes. The White House turned them over belatedly in response to requests from investigators at the Senate, House and Justice Department. Each is probing allegations that Clinton and the Democrats may have broken campaign-finance laws.

The White House surrendered 44 tapes last weekend, and 60 more Tuesday night and Wednesday. That should be all, said White House aides, who added that the chance remains that more may yet turn up.

The tapes reveal nothing new, but they do put a video image on events long known. That gives television something new to work with.

Clinton tells children in Rio's biggest slums that hope is on the way

By William Neikirk
Chicago Tribune (KRT)

RIO DE JANEIRO, Brazil. Liviane Silva, 15, wants to be an actress one day in a world far away from the two-room wooden shack where she lives with her seven brothers and sisters in one of the city's worst slums.

Life can be hard amid the squalor in her drug-ridden neighborhood, but she has hope that one day she will achieve her goal. On Wednesday at her walled-off model school in the heart of one of Rio's biggest slums, she heard President Clinton say the words that she has lived by.

"We do not have a single child to waste," Clinton said in a message aimed at many of the deprived, poverty-ridden children of Brazil and South America. "Every child enters this world with a great gift from God — the power to dream."

Clinton called for a more equal distribution of wealth in the region and placed his faith in the power of education to do it. Globalization is a fact of economic life, he said, and governments must put more money and effort into improving the minds of children in the information age.

"It is wrong for only a few to reap the benefits of the wonderful changes going on while the many remain mired in poverty," he said.

"This is a betrayal of our values of individual integrity and equal opportunity. And, in the end, it will erode faith in democracy and free markets."

At one time, such talk might have been deemed heresy in Brazil. But the White House said things are changing quickly in South America as democracy and free markets take hold. In a land of school dropouts, Clinton indicated hope is on the way.

Liviane, who says she takes acting lessons at her school, smiled at Clinton's remarks. "I believe the president," she said. "He's a very important person. There is a good possibility that it could happen."

Such optimism in the face of abject poverty and often-thwarted dreams may seem surprising, but many students at Manguiera School, a model institution financed heavily by private money, have an upbeat outlook, even though only 24 percent of Brazilian children reach eighth-grade.

Clinton joined hands with Pele, the famed Brazilian soccer star, to raise the hopes and expectations of children in Brazil and South America that they, too, can rise from poverty through learning.

"I urge you to encourage such (education) projects throughout the world," said Pele, now a government official. "This is the only way to eliminate poverty." In addition to the school, the compound has job-training programs and a sports program to train young athletes for the Olympics.

Across the railroad tracks from the school, people stood on the top of their shacks to catch a glimpse of Clinton delivering his message on the school's soccer field. Despite the nervousness of Secret Service agents, there were no incidents. A solitary sign on a house behind Clinton read, "Go back to U.S.A."

The presidential motorcade made its way through some of Rio's worst neighborhoods, but the crowds seemed small and largely apathetic about his visit. It has been that way all week.

U.S. officials are hopeful that educational reform efforts in South America, particularly in Brazil and Argentina, will have a big payoff in the future in eliminating the massive gap between rich and poor. Most of the wealth in both countries is held by a handful of people.

To turn that around, an administration official said, Brazilian President Fernando Henrique Cardoso is attempting to direct more of the money spent on educating the elite at universities into elementary and secondary schools.

One teacher, Adair Machado, who teaches first- and second-grade, said that while education may not eliminate poverty, "it is a basis for everything." Of Clinton's message, she said, "I like it. I hope it will come true."

Erick Mauricio, 15, a strapping youth wearing a soccer shirt, said he lived in a poor neighborhood nearby but hoped to be a soccer star like Pele one day. "The school is giving me opportunity," he said. "The teachers are very good. I've got to study a lot."

As part of his efforts to achieve free trade throughout the hemisphere, Clinton has coupled his open-market message with the need for a new social contract in South America to close the gap in incomes and to allow more people to share in the benefits of economic growth.

"Globalization creates winners and losers," said Samuel Berger,

Clinton's national security adviser. "A rising tide does not lift all boats equally." He said Clinton's strategy is to open up markets to create overall greater wealth, while promoting education to help close the gap between the rich and poor.

Clinton told the students that their dreams can be lost through "poverty, relentless deprivation, the daily defeat of hope" and said it is the responsibility of politicians and other leaders to make sure it doesn't happen.

The president kicked a soccer ball around with Pele, now the country's minister of education and youth, after his speech. Encouraged by the former soccer great, Clinton kicked a goal past a young goalie who didn't appear to make a great effort to block it.

Before departing Rio, he used a helicopter to tour the city's most famous landmark, the Christ the Redeemer statue, and lunched along Copacabana beach at a hotel. Outside the hotel, some 20 protesters chanted, "Yankee parasite get out of Brazil."

Earlier, the president spoke to business leaders in Sao Paulo, the financial capital of the country, and made another pitch for congressional approval of his power to negotiate free trade agreements, so-called fast-track legislation.

"Which nations will do best in the global economy?" he asked. "The nations with the globe inside their borders." Clinton is pressing for a free-trade zone from Alaska to Argentina but needs fast-track authority to achieve his goal.

Clinton, in Brazil, Calls for More Equal Distribution of Wealth

By William Neikirk, Chicago Tribune

RIO DE JANEIRO—Oct. 16—Liviane Silva, 15, wants to be an actress one day in a world far away from the two-room wooden shack where she lives with her seven brothers and sisters in one of the city's worst slums.

Life can be hard amid the squalor in her drug-ridden neighborhood, but she has hope that one day she will achieve her goal. On Wednesday at her walled-off model school in the heart of one of Rio's biggest slums, she heard President Clinton say the words that she has lived by.

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"I urge you to encourage such (education) projects throughout the world," said Pele, now a government official. "This is the only way to eliminate poverty." In addition to the school, the compound has job-training programs and a sports program to train young athletes for the Olympics. Across the railroad tracks from the school, people stood on the top of their shacks to catch a glimpse of Clinton delivering his message on the school's soccer field. Despite the nervousness of Secret Service agents, there were no incidents. A solitary sign on a house behind Clinton read, "Go back to U.S.A."

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Extending helping hand across the hemisphere

Last week, I went to Panama, and this week, I am accompanying Bill on his state visits to Venezuela, Brazil and Argentina. Since I firmly believe relationships between the United States and Latin America are critical to the entire hemisphere's future peace, I wish every American could be on these trips with us.

Then, Americans could see for themselves how what happens thousands of miles south of our border affects our lives at home.

Venezuela, for example, is our biggest supplier of oil — and home to some of the best players in major league baseball. Brazil, with more than 160 million people, is a multiracial democracy struggling with some of the same problems we face. Argentina has joined with us in U.N. peacekeeping operations around the world, from Haiti to Bosnia.

And Panamanians and Americans are working to define our partnership after the Panama Canal reverts to Panama on Dec. 31, 1999. The United States is the principal beneficiary of the goods that travel through the canal, which allows ships to cross between the Pacific and Atlantic oceans without sailing around the tip of South America. In fact, at the Miraflores Locks, canal officials permitted me to open a set of locks for a 33,000-ton South Korean container ship on its way from Savannah, Ga., to Long Beach, Calif.

Building the canal was essential to improving opportunities for people all over the Americas. As daunting as that task was, we face what may be an even harder challenge today. Instead of mountains, we seek to move hearts, to change old attitudes, to banish hunger and disease, to educate all our children, and to empower the women of our hemisphere to participate fully in the life of our nations.

Empowering women to make the most of their God-given promise was one of the main themes of the seventh annual Conference of Spouses of Heads of State and Governments of the Americas I attended in Panama City. Each year since the 1994 Summit of the Americas in Miami, we have tried to shine a spotlight on — and take action to address — some of the most important issues facing women and children in our hemisphere: primary education, eradicating measles, maternal mortality, family planning and women's political participation.

A few years ago, Faustina Nunez and her friends acted on their dream to make the most of their abilities. They started a business growing plants and seedlings to sell in the cities of Panama and to the government's reforestation programs. Their neighbors laughed at the idea. "They said that our nursery was going to fail, that this was something the men did, not women," she told me and Panama's first lady, Dora Perez-Ballardares, when we visited the 5-acre nursery in Chica, a small hilltop village at the edge of the tropical forest.

But Faustina and her partners, who called themselves the Association for Gender, Nature and Progress, were not discouraged. Within two years, the women had sold enough orchids, medicinal plants and seedlings to expand their business. They had provided seedlings to reclaim 48 acres of the deforested Altos de Campana National Park. And most importantly for them, where before they had worked for free on their husbands' vegetable farms, they were now able to contribute to the family finances, to bring in extra income to buy books and school clothes for their children.

"We grew and grew, and our community was able to see that we were playing an important role," Faustina said. "We were a society of strong-willed women, and we were not going to step back."

Part of the work Faustina and her partners are accomplishing is helping reforest the land around the grand Panama Canal. When I flew over the canal in a U.S. Army helicopter, I saw one of the world's engineering marvels and a tribute both to technological innovation and human fortitude. But I also saw some of the damage man has caused to Panama's rich tropical forest in the canal watershed.

Acres of thick, green forest tapered off into barren land dotted by tall yellow grasses, naked trees and fields abandoned by poor farmers who had moved on to clear more land. Over the past 40 years, slash-and-burn agriculture has reduced Panama's forests by half, causing soil erosion and depleting much of the fresh water supply the canal depends on to function smoothly.

Faustina, her partners and other women are part of a joint effort by Panama and the United States to turn this situation around.

Our cooperation isn't limited to this. Americans and Panamanians are also working on a multinational counternarcotics center that would monitor, track and stop drugs coming north. Just as men of imagination, talent and perseverance sought to connect the oceans in an earlier time, today, men and women of good will and vision are working together, within and across borders, to solve today's problems.

School in Rio slum setting for Clinton pitch for education

President touts benefits of globalization

By Warren P. Strobel
THE WASHINGTON TIMES

RIO DE JANEIRO — Bill Clinton, who has long fancied himself the education president, yesterday took his belief in the power of learning to one of the poorest neighborhoods of this Brazilian city.

The president traveled by motorcade to a model school in Mangueira, one of Rio's impoverished favelas, or slums, where he watched, open-mouthed, as four students sitting in front of personal computers exchanged messages and live video images of themselves with counterparts at a high school in Woodbridge, Va.

"President Clinton, we would like to send greetings from the C.D. Hylton High School," flashed a message from the students back in Virginia.

Having made his point about the global village's arrival, Mr. Clinton stepped outside to a small soccer field, accompanied by another symbol of globalization — former soccer star Pele, whose play helped spread the sport's popularity worldwide.

Addressing the enthusiastic crowd of students, Mr. Clinton said there is nothing that can be done to stop globalization, but he added that world leaders must find a way to make sure the poorest are not left behind.

"It is wrong for only a few to reap the benefits of the wonderful changes going on, while the many remain mired in poverty," he said.

National Security Adviser Samuel R. "Sandy" Berger said economic reforms like those of Brazilian President Fernando Henrique Cardoso and Carlos Menem in Argentina have curbed hyperinflation, stabilized economies and, in Brazil's case, lifted 13 million people out of poverty.

"It is wrong for only a few to reap the benefits of ... changes going on, while the many remain mired in poverty."

— President Clinton

"There still is enormous poverty here," Mr. Berger said. "But I think you have a leadership now dedicated to economic programs that are creating wealth, growth and jobs."

The students welcomed the president and first lady Hillary Rodham Clinton, but it was not clear as they sat in the wilting heat how much they took in of his broader message.

The school, Villa Olimpica, was begun 10 years ago with help from Xerox Corp., which contributes \$600,000 annually, and has been adopted by Pele. More than 1,000 students attend classes and sports programs there each year, and the school has helped reduce crime and delinquency in surrounding Mangueira.

"If I didn't come here, I think I would probably be a beggar," said 14-year-old Jose Rodrigues, as she balanced her 4-year-old niece on one arm.

Mr. Cardoso has made education a priority. He has increased teachers' salaries and installed 50,000 TV sets to help train teachers in remote areas of this massive nation.

Miss Rodrigues, an eighth-grader, is among the 30 percent of students who make it that far. The national literacy rate is 20 percent.

Mr. Clinton's plans to stop at Mangueira highlighted some of the

frictions that remain between the United States and Brazil, and that have shown up in occasional angry protests during his two-day stay in the country.

Proud Brazilians bristled at the Secret Service insistence that it bring high-powered weaponry into the neighborhood's winding alleyways and at other of the U.S. president's security requirements.

But U.S. officials denied reports that the U.S. Embassy had asked the government of Brazil to suspend train service on the tracks that run right past the soccer field and even to suspend daylight-saving time. In both cases, they said, U.S. diplomats had merely inquired into the schedules. Brazil, which has different seasons than the United States, varies the date on which it switches to daylight-saving time.

Miss Rodrigues said she had heard of the controversy but did not blame Mr. Clinton and his entourage.

As drummers and dancers trimmed in green, pink and white swayed to samba music, Mr. Clinton stepped onto the soccer field and, with encouragement from Pele, kicked the ball into a goal. The young goalie did not appear to try very hard to stop it.

Mr. Clinton then left for a helicopter tour, circling twice around Corcovado, the famed statue of Christ that sits on a bluff overlooking the city.

The president, who began his day with a speech to businessmen in Sao Paulo, arrived last night in Buenos Aires.

The Washington Times
THURSDAY, OCTOBER 16, 1997



President Clinton gets his kicks with soccer legend Pelé during a visit to a model school in an impoverished neighborhood of Rio de Janeiro. AP

The Washington Times
THURSDAY, OCTOBER 16, 1997

Trade barriers, erected in fear, hurt U.S. workers

OUR VIEW Change is inevitable, as the president and the Federal Reserve chairman both pointed out this week.

Globalization. Love it or hate it, it's irreversible.

That's the message delivered a continent apart this week by President Clinton in Brazil and Fed Chairman Alan Greenspan in Washington. Both attacked the same problem — fear of change in doing business globally. But change already is here.

U.S. business already exports \$50 billion to Latin American nations, despite tariffs in those countries five times those set here.

Multinational businesses traverse the globe with their investments. A big winner: the United States. It rakes in more foreign investment than any other nation, largely because it boasts the lowest barriers.

Individual investors likewise are globe-trotting. One example: Mutual funds for foreign stocks available in the USA have jumped from 20 in 1987 to more than 400. Their assets have climbed from less than \$10 billion to more than \$130 billion.

Labor and environmental groups want to slow this flight down. They've called on Congress to reject President Clinton's request for fast-track negotiating authority. Such authority calls for Congress to vote yes or no on trade treaties but not to amend them. Other countries won't negotiate with presidents without it.

Some countries want new controls on outside investments so money can't flee during hard times.

Such protectionism, Clinton and Greenspan noted, solves nothing.

Investors look to international stocks to diversify their portfolios and protect against a domestic economic downturn. But they won't put money where they can't get it out. So investment controls just leave a country strapped for cash.

Consumers, on the other hand, have only so much to spend. If they must pay more for clothes, they may lack money for a more energy-efficient refrigerator. Trade barriers pick their pockets by reducing im-

Who's investing in U.S.

International direct investment here has increased by 40% since 1994, nearly matching U.S. investment abroad in the past three years. Here's where the money has come from (in millions):

Country	1994	1995	1996
Brazil	8,076	20,446	18,929
Germany	7,144	10,229	16,283
Japan	6,238	6,591	11,930
France	3,881	4,500	10,928
Canada	4,960	7,080	5,670
Netherlands	-3,174	-1,789	8,225
Australia	1,101	504	2,129
All countries	46,995	69,414	78,828

Where the U.S. invests

Direct investment by U.S. companies and individuals abroad dropped back in 1996 after rising sharply in 1995. Here's where U.S. investment dollars are going:

Country	1994	1995	1996
Brazil	7,127	3,515	18,310
Netherlands	6,331	8,420	7,140
Germany	6,780	8,436	6,875
France	2,586	5,726	5,221
Australia	32	6,460	3,789
Brazil	3,517	4,899	3,064
Mexico	3,674	2,955	2,747
All countries	68,272	85,115	65,560

Source: Bureau of Economic Analysis

port competition that keeps prices low.

And workers lose, too. Businesses engaged in trade are usually the most efficient. So their wages average 15% higher than those not involved in international trade. Without foreign markets, those high-wage jobs disappear.

Indeed, the global economy has served the USA well. It has spurred the stock market boom. It has allowed a combination of 2.5% inflation with less than 5% unemployment, an impossible thought in 1990.

There are some losers. But government can help them best, as Clinton told his Sao Paulo audience, by improving education and training for all workers.

As Greenspan said, "We cannot turn back the clock on technology — and we should not try to do so."

America needs to embrace change because there is no place to hide from it.

WASHINGTON

In Brazil, Clinton reaches out to both sides of society

President Clinton, speaking in contrasting rich and poor areas of Brazil, emphatically argued that global economics and free trade can go hand-in-hand with social justice.



Getting their kicks: President Clinton and Pele outside Rio school

"We must work harder to bridge the gap between haves and have-nots," he told 2,000 business leaders in Sao Paulo, Brazil's financial center.

In Rio de Janeiro, with its teeming board-shack slums and drug-infested shantytowns, Clinton visited Mangueira, a community center and public school that moved hundreds of students into high-wage jobs and has given thousands a chance at a better life.

Clinton then kicked a soccer ball around with Brazil's legendary star Pele, a supporter of the school, and booted a goal past a youngster who had clearly been told one doesn't block the president's shot.

Clinton flew on to Argentina for the final three days of his seven-day South American trip.

— Bill Nichols

CIA BUDGET: Ending 50 years of secrecy, the CIA revealed that the nation's intelligence bill was \$26.6 billion last year. That's the total for the 13 intelligence groups that include the CIA, National Reconnaissance Office and the Defense Intelligence Agency. Officials didn't give a breakdown by agency. CIA Director George Tenet said officials will decide each year whether to disclose the total intelligence budget. The 1998 figure hasn't been released. The total spending for intelligence is less than the \$36 billion for transportation or \$34 billion for health and human services, not including Social Security.

LINE-ITEM VETO: Budget officials say President Clinton might lose line-item veto authority next year if the budget is balanced. The law requires that any money saved by a line-item veto be used to reduce the deficit, so if there's no deficit, there's no line-item veto authority. "We tend to believe that's the case," said Larry Haas of the Office of Management and Budget. Budget forecasts do not call for a balanced budget until 2002, but budget director Franklin Raines expects the books to balance before then. Lower spending and a greater revenues from a stronger-than-expected economy cut the deficit for the year that ended Sept. 30 from an original expectation of about \$125 billion to less than \$30 billion, according to the latest White House estimate. The Congressional Budget Office expects the final figure, which will be announced in about a week, to be just \$23 billion.

TEAMSTERS ELECTION: Assistant Attorney General John Keeney met stiff opposition when he told a House hearing that Congress should reverse itself and pay for a second Teamsters election. A court-appointed election monitor overturned Teamsters President Ron Carey's reelection in 1996 because of campaign finance irregularities. Republicans complained that the election oversight was sloppy and shouldn't be funded again.

POLITICS: Statesmanship, scandal and the struggle for succession will mark the last phase of the Clinton presidency, former close aide George Stephanopoulos told a Newsweek lunch in New York. Clinton won't abandon his opposition to banning land mines because he really believes it would put troops at risk, Stephanopoulos said. He said Vice President Gore will be the Democratic nominee in 2000 "but it won't be easy," and of 21 possible GOP candidates on the horizon, Dan Quayle has "the single best chance." Colin Powell won't run, Stephanopoulos said, but would have won against Clinton. The election, he said, will be about three big societal divisions: economic, racial and generational.



Stephanopoulos: Gore to be nominee

— Jeannie Williams
► Sen. Dirk Kempthorne, R-Idaho, said he will run for governor rather than seek a second term. Republican Gov. Phil Batt is retiring next year. Republican Congressman Michael Crapo is expected to seek the Senate seat.

► In another sign that Sen. Edward Kennedy, D-Mass., will seek re-election in 2000, his campaign is again accepting donations from political action committees. Kennedy gave up PAC money in his 1994 run.

ALSO . . .

► **IRS WITNESS AUDITED:** Just two weeks after Delaware contractor Tom Savage told a Senate hearing the IRS was trying to demand \$50,000 that Justice Department lawyers agree he doesn't owe, Savage got an IRS audit notice. "They're harassing me," he said Wednesday. An IRS spokesman said the agency doesn't use audits to retaliate.

► **NO VETO:** After using his line-item veto power to kill 51 projects in two defense bills, President Clinton left intact a \$2.2 billion bill to fund Congress' operations next year.

Written by Paul Leavitt with staff and wire reports

N.Y. to challenge Clinton on use of veto

By William M. Welch
USA TODAY

New York officials plan to announce today that they are filing a lawsuit challenging President Clinton's use of the line-item veto, setting up what could become a landmark test of the president's new power.

New York City Mayor Rudy Giuliani and Sen. Daniel Patrick Moynihan, D-N.Y., are expected to announce the legal action, triggered by Clinton's veto in August of a provision that would boost New York's share of Medicaid payments.

The suit would follow the collapse of negotiations last week between Clinton adminis-

tration officials and New Yorkers over a compromise, said Kenneth Raske, president of the Greater New York Hospital Association.

In an earlier suit, a federal judge voided the line-item veto law, ruling it represents an unconstitutional delegation of power by Congress. But the Supreme Court rejected the case on a technicality, saying the members of Congress who filed the suit had not been hurt.

New York officials contend Clinton's action could deny the state as much as \$2.6 billion.

Clinton faces another deadline today for using his line-item veto power, this time on a Treasury Department spending bill.



Giuliani: Medicaid payments at issue

In Trade Battle This Year, Some Big Guns Are Still Missing

By BOB DAVIS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — In the year's biggest trade war, some of the most powerful combatants are missing in action.

Ross Perot is in Dallas sitting out the fight over President Clinton's request for "fast-track" trade authority. Patrick Buchanan is at home writing newspaper articles and many environmental and conservative antitrade activists are disengaged. On the other side, even the government of Chile, which would be the first country invited to negotiate a free-trade pact under fast-track, is hardly mounting a campaign.

Why the desertions? The reasons range from fatigue over past trade battles to reassessments of priorities. "You have to hold down a job," says Mr. Buchanan, the columnist and TV commentator who tirelessly fought past trade deals while running for the GOP presidential nomination. "I can't do this [antitrade evangelizing] part time."

With fewer forces fighting over trade, the role of labor, which argues that fast-track deals cost U.S. jobs, is amplified. Fast track is the expedited process Congress uses to approve trade pacts; lawmakers agree to vote yes or no on a trade deal, but not to amend it.

Labor Leads the Fight

A defeat of fast track would be a monumental victory for labor, which has spent heavily on advertisements opposing it, threatened to withhold campaign funds from Democratic lawmakers who vote for the trade measure and dispatched activists to lobby their local lawmakers. But labor's central position also makes the fast-track opposition vulnerable to attack as a single-issue protectionist group — a front for the AFL-CIO — rather than a broad coalition opposed on principle to trade liberalization.

During the fight over the North American Free Trade Agreement, President Clinton attacked labor's "roughshod, muscle-bound" tactics in opposing the pact. Thus far, the administration has maintained peaceful relations with labor, a big contributor to Democratic candidates, and has tried to turn the European Union, of all things, into the enemy. The EU, the president warns, will move ahead of the U.S. in South America unless the U.S. starts negotiating trade deals there.

But if that approach falls flat, labor may be the next target. "Italy eating our lunch in Paraguay isn't a very convincing argument," says Thea Lee, an AFL-CIO trade economist.

The fight over fast track is a fight over the future of trade liberalization. Without fast-track authority, which expired in early 1994, foreign nations won't negotiate seriously with the U.S. for fear that Congress will rewrite their agreements. Halting fast track would halt NAFTA expansion

and the administration's grandiose plans for giant free-trade zones in South America and Asia.

So why isn't Mr. Perot, who warned that NAFTA's "giant sucking sound" would pull jobs south of the border, campaigning against a measure that would create future NAFTAs? As always, the motives of the Texas billionaire are inscrutable. But Pat Choate, who was Mr. Perot's choice for vice president on the Reform Party ticket, says Mr. Perot is keeping mum so Clintonites can't target him as the enemy. "He won't be there for the administration to beat on," says Mr. Choate. Mr. Perot isn't slated to speak publicly until a Reform Party convention in Kansas City starting on Halloween.

Mr. Buchanan, the other big star of the antitrade constellation, has been blasting fast track journalistically — although sparingly. He has written four antifast-track newspaper columns since July and devoted a single "Crossfire" TV show to the subject.

But fast track lacks the menacing quality of the creation of the World Trade Organization in Geneva in 1994, which Mr. Buchanan portrayed as a power grab by international bureaucrats. Out of pragmatism, he says, he and his sister, Bay Buchanan, aren't trying to build a grassroots campaign on the right against fast-track, as they did against the WTO. "We don't have the resources, and there's not enough interest to build up a firestorm," he explains.

That is all to the good, contends Ms. Lee, the AFL-CIO trade economist, who says Messrs. Perot and Buchanan detract from the union message of spreading labor rights abroad. "We're trying to build a progressive, international coalition," she says. "We don't want to be seen as anti-foreign."

Green Opposition Splinters

But labor's position has clearly been hurt by lukewarm support from environmental groups. Their demands in the past for environmental safeguards in trade deals have helped unions argue that trade opponents are concerned with more than protecting union jobs. But while Sierra Club and Audubon Society field workers have joined forces with labor, groups such as the Natural Resources Defense Council and the Environmental Defense Fund are trying to work with the White House on issues they consider more important than fast-track: global warming and environmental regulations.

"We are allocating internal resources and political chits as best we can," explains John Audley, a trade analyst at the National Wildlife Federation. His group formally opposes fast track, but is negotiating with the administration over interpretations it can support.

"Of course, we'll work with them,"

says U.S. Trade Representative Charlene Barshefsky.

Lori Wallach, trade coordinator for Public Citizen, a consumer group opposed to fast track that tries to build broad coalitions, says labor is far from isolated. Wildlife and forest activists, conservative Christians and family farm supporters have joined with labor in rallies outside the capital.

On the other side, the moderate Democratic Leadership Council is launching an advertising campaign aimed at persuading Democrats to support trade liberalization.

Foreign Governments Opt Out

Nevertheless, support for fast track remains confined largely to business and the administration with no support, as in past trade fights, from foreign governments.

During the battle over NAFTA, which was approved in November 1993, the Mexican government and business groups spent about \$15 million a year promoting the pact. With Chile scheduled to be the first nation to use fast-track to join NAFTA, the government there was expected to follow Mexico's big-spending example. Early on, that's what happened. In 1993 and 1994, Chile hired high-priced Washington lobbyists at the law firm of Akin, Gump, Strauss, Hauer & Feld and planned a \$500,000 public-relations campaign organized by another Washington firm, which is now named Bozell, Sawyer, Miller Group.

At the same time, the U.S. Chamber of Commerce in Santiago set up a "free trade promotion unit" headed by a travel agent and Nippon Airways Santiago representative. She coordinated congressional visits to Chile and visits by Chamber executives to Washington. The Chamber closed the unit last year, despairing of the possibilities for quick progress on Chile joining NAFTA.

Now, the Chileans, who were first promised a free-trade pact during the Reagan administration, are fed up with the Washington scene and are cutting deals with other nations. According to foreign lobbying records at the Justice Department, Chile spent just \$141,604.72 during the past year burnishing its image and following fast track through its two registered agents, the law firm of Weil, Gotshal & Manges, and Edelman Public Relations Worldwide. By Washington lobbyists' standards, that's pocket change.

Chile's lawyer in Washington, Charles Roh, negotiated the NAFTA agreement for the U.S. and saw how Mexico's high-profile campaign backfired by making Mexican money an issue. "They came to the conclusion that it wouldn't be productive to act in the same way," he says.

—Jonathan Friedland in Buenos Aires contributed to this article.

THE WALL STREET JOURNAL

THURSDAY, OCTOBER 16, 1997

If Clinton Doesn't Get 'Fast Track' Now, He'll Never Get It, Commerce Chief Says

By JACKIE CALMES

Staff Reporter of THE WALL STREET JOURNAL

RIO DE JANEIRO — If Congress doesn't renew "fast-track" trade authority this fall, President Clinton will have lost that chance for the remainder of his presidency and, with it, the ability to negotiate strategic trade agreements, Commerce Secretary William Daley warned.

"If not this year, then not until 2001," said Mr. Daley, who managed Mr. Clinton's hard-won 1993 campaign for congressional approval of the North American Free Trade Agreement. He is among the high-level White House officials traveling with the president on an eight-day, three-nation trip through South America. A major objective of the visit is to whip up Latin American and U.S. support for free trade throughout the hemisphere.

Mr. Daley's statement reflects the political pressures against a trade proposal that is vigorously opposed by organized labor, which, in turn, influences many Democrats and some Republicans. The Clinton trade proposal would allow him to seek congressional approval of future trade pacts without lawmakers' amendments — a bargaining prerequisite for U.S. trading partners who don't want Congress to tamper with any deal.

In 1998, Mr. Daley said, the political crosscurrents of a congressional election year "would make it way too difficult" to win passage. "Nobody would want to touch it," he said.

That would remain true in 1999, he added, as politicking for the 2000 presidential election began. Now, three years before the election, a subplot of the current debate is the rivalry between potential Democratic candidates in 2000, Vice President Al Gore and House Minority Leader Richard Gephardt of Missouri. Mr. Gephardt, who is leading the opposition to the pact, will participate in an anti-fast-track rally on Wall Street today.

Also traveling with Mr. Clinton is GOP Rep. David Dreier of California, an ardent free-trader who says GOP House leaders want to see Mr. Clinton demonstrate that he can deliver more Democratic votes before they schedule a vote on the matter. Other lawmakers with Mr. Clinton in Venezuela, Brazil and Argentina this week are Democratic Reps. James McDermott of Washington, who committed last week to support the fast-track plan, and Nydia Velazquez of New York and Ruben Hinojosa of Texas, two undecided Hispanic lawmakers.

"We've heard from a lot of members. It's just the politics that are killing us, not the policy," Mr. Daley said.

Mr. Clinton's national security adviser, Samuel Berger, yesterday reiterated the administration line that the president is merely asking for power accorded other presidents in the past two decades. "If they're bad trade deals, then Congress ought to vote them down. If they're good trade deals, then Congress shouldn't vote them down," Mr. Berger said. "But they shouldn't deprive this president of a power past presidents enjoyed."

Throughout the trip, Mr. Clinton, who was to go on to Buenos Aires last night, has stressed the economic and social benefits of free trade, as well as the obligation of all nations and their businesses to protect workers and the environment, reflecting the demands of fast-track foes back home.

Meanwhile, Mr. Clinton's Rio appearance yesterday illustrated just how far Brazil has to go to "bridge the gap between the haves and the have-nots," as he put it to U.S. and South American business leaders earlier in the day in Sao Paulo. His Rio motorcade passed slums of wretched squalor, with hovels of corrugated metal and scrap wood.

In one of the city's less desperate neighborhoods, Mr. Clinton, along with soccer star Pele, spoke to enthusiastic children at Mangueira School, a sports and academic complex for as many as 7,000 local students that is supported by Xerox Corp. In "the new economy" that is emerging globally, he said, "it is wrong for only a few to reap the benefits of the wonderful changes going on while the many remain mired in poverty."

U.S. Budget for Spying Comes In From the Cold

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — The Central Intelligence Agency disclosed its worst-kept secret, announcing yesterday that the annual national intelligence budget is \$26.6 billion.

The disclosure was made in response to a lawsuit filed by the Federation of American Scientists demanding declassification and came a year after both President Clinton and then-CIA Director John Deutch said it wouldn't harm national security.

Since its founding 50 years ago, the CIA has insisted on secrecy for its spending figures to conceal both its capabilities and weaknesses from the nation's enemies. But most people acquainted with the workings of the spy community have known — give or take a billion dollars — how much is being spent.

The \$26.6 billion for fiscal 1997, which ended Sept. 30, includes the budgets of the CIA, the National Security Agency, the National Reconnaissance Office, the Defense Intelligence Agency and about a dozen other agencies. Overall spending has declined by more than \$5 billion since the end of the Cold War.

CIA Director George Tenet said he would strongly oppose the disclosure of more specific budgetary details. He also said that even the aggregate budget might again be classified if "such disclosures could cause harm to the national security by showing trends over time."



President Clinton compliments the architecture of an Argentine government building as he confers with President Carlos Saul Menem in Buenos Aires yesterday.

Clinton hails Argentina ties, calls it 'major' military ally

By Warren P. Strobel
THE WASHINGTON TIMES

BUENOS AIRES — President Clinton and Argentine President Carlos Saul Menem yesterday hailed what they said is a new era of close relations, highlighted by Washington's decision to name Argentina as a special military ally.

Mr. Clinton lavished praise on Argentina for its shift from a succession of military juntas to a civilian-run government that sends peacekeepers around the world.

"Our alliance of values goes beyond our efforts against threats to peace and security, but it begins there," he said as he laid a wreath at a monument to Gen. Jose Francisco de San Martin, who liberated what is now Argentina from Spanish rule in 1816.

Argentina's new designation as a "major non-NATO military ally" has brought expressions of concern from elsewhere in South America. But Mr. Clinton's visit here is a boost for Mr. Menem, who has allied his foreign policy with that of the United States.

The Argentine leader faces a test in the Oct. 26 election for the lower house of parliament in which, polls say, his party may lose its majority. To show his neutrality, Mr. Clinton met later, at a Buenos Aires hotel with five political opposition leaders, including former President Raul Alfonsin.

Authorities kept away protesters wearing "Get Out, Clinton" T-shirts.

Last night, police dispersed 50 youths who disrupted an otherwise peaceful march organized by left-wing parties to the downtown site of a state dinner in Mr. Clinton's honor. The youths, their faces covered with bandannas, threw rocks and Molotov cocktails at windows of banks and stores, lit fires, and fought with police. Neighbors extinguished the fires.

In between the meetings and a formal state dinner last night, Mr. Clinton participated in a live electronic "town hall" that linked Buenos Aires, Los Angeles and Miami. Promoters said the program, carried over the Spanish-language Univision TV network, had a potential audience of 500 million people.

The president took knowledgeable, and at times critical, questions from an audience of 300 young people on U.S. policy

regarding drugs, trade, Cuba, immigration and many other topics.

An embarrassing moment came when one of the hosts, Maria Elena Salinas, asked him about his fund-raising problems, and likened them to political corruption well known elsewhere in the hemisphere. A clearly annoyed Mr. Clinton replied: "It's true that I tried to win re-election, and it's true that I asked people to support me."

Mr. Clinton scheduled the intercontinental "Voices of the Future" program to highlight how fast the Western Hemisphere is evolving. But his agenda with Mr. Menem showed not everything has changed.

The president pressed the Argentine leader on concerns over threats to the freedom of the newly aggressive Argentine press.

Along with its expanded scope to report in Argentine society, the press here has "experienced a proportionate rise in hostility and threats," according to a report last year by the New York-based Committee to Protect Journalists. Mr. Menem, the report said, has used lawsuits as a weapon against the media and called journalists "traitors" for reporting on how poor Buenos Aires residents grilled cats for food.

But aides suggested Mr. Clinton raised the issue only in broad terms, proposing to strengthen the Organization of American States' ability to deal with the problem.

The president also met with Jewish community leaders and families of victims of the 1992 bombing of the Israeli Embassy and a similar 1994 attack on the main Jewish community center here.

The Clinton administration's decision to designate Argentina as a special military ally has rankled neighboring Chile, leading some analysts to predict the move could destabilize this relatively peaceful hemisphere.

But U.S. officials said the title "major non-NATO military ally," held by such nations as Australia, Israel and South Korea, is little more than symbolic in this case.

While it entitles Argentina to increased cooperation in training and research, officials said it is mostly a statement that the bad old days — when strongman Juan Peron supported the Axis powers in World War II.

Clinton Put On the Spot, On Camera

Young Questioners Probe U.S. Policy

By John F. Harris
Washington Post Staff Writer

BUENOS AIRES, Oct. 16—Facing a sometimes skeptical audience of young adults from 14 Latin American nations, President Clinton defended himself today against criticism that the United States is fueling "a new arms race" in South America and warned that it would be a "terrible mistake" if Congress does not give him expanded power to negotiate free-trade agreements.

At a TV studio here, Clinton played host to an unusual "hemispheric town hall," as promoters billed it, answering questions from one audience in the studio and two others in studios in Los Angeles and Miami. The event, carried live in many Latin nations, was intended to celebrate what Clinton called a welcome new harmony between the United States and the nations to its south, but he repeatedly found himself challenged on U.S. policies.

Clinton is waging an intense lobbying campaign to win "fast-track" authority on trade agreements, which would mean that Congress would be restricted to yes or no votes and could not seek changes in the accords. If the United States doesn't go along, Clinton

said, it will be unable to prosper fully from Latin America's recent economic growth, and nations in Asia and Europe will fill the void.

He also addressed two recent national security decisions that have drawn little attention in the United States but have inspired considerable controversy in South America's "southern cone." One is the administration's waiver of a restriction on military sales to Chile, which is in the market for F-16 fighter jets. It also agreed to give Argentina a status as a "non-NATO military ally," which has caused alarm in neighboring Brazil and Chile.

Clinton said both decisions reflected well on South America's progress from decades of military rule to democracy and free markets. He said he wanted to reward Argentina, a brutal dictatorship in the early 1980s, for reforming its military and participating in numerous international peacekeeping missions. Chile's recent reforms, he added, made the old military ban unjustified.

Clinton's reception took a violent turn tonight, however, during a leftist protest against his visit when a small group of students smashed the windows of foreign banks and tossed in molotov cocktails.

A Reuters correspondent said a few dozen youths wearing red scarves on their faces daubed banks with anti-Clinton graffiti and slogans after smashing windows and throwing firebombs that soon burned out.

Earlier in the day, Clinton met with Argentine President Carlos Menem. White House aides said Clinton pressed Menem on protecting press freedoms, an issue on which he has been severely criticized.

Clinton also met with families of victims of an unsolved terrorist bombing of a Jewish synagogue here. Clinton promised U.S. assistance to Argentine law enforcers.

The Washington Post

FRIDAY, OCTOBER 17, 1997

REACHING OUT TO ARGENTINES



BY ALEJANDRO KAMINETZKY/LA NACION VIA ASSOCIATED PRESS

First lady Hillary Rodham Clinton greets an audience of Argentina's leading women, who cheered her speech in Buenos Aires calling for female empowerment and for better access to "quality health care—especially family planning and reproductive health services." Story on Page A31. **A1**

The Washington Post
FRIDAY, OCTOBER 17, 1997

Striking a Feminist Chord

Argentine Women Cheer First Lady's Family-Planning Views

By John F. Harris and Anthony Faiola
Washington Post Staff Writers

First lady Hillary Rodham Clinton delivered a broad discourse on feminism to a crowd of some of Argentina's best-educated and best-connected women today, telling her audience that "access to quality health care—especially family planning and reproductive health services—is crucial to advancing the progress of women."

That line, which drew the most sustained applause of her speech, clearly struck a chord in a nation that is more than 90 percent Roman Catholic and where abortion laws, while among the most liberal in Latin America, are much more restrictive than in the United States or Western Europe.

Clinton did not spell out her view that access to reproductive health services includes a right to an abortion. She said, rather, that one reason for better family planning information is that both maternal death and abortions will drop.

Speaking at the historic Colon Theater, an opera house in the heart of Buenos Aires, Clinton denounced domestic violence "as one of the most serious and underreported human rights violations in the Americas." And she warned of a coarsening "consumer culture" that "does its best, in my country and yours, to objectify women and make girls believe that only their appearances—not their hearts, minds or souls—are important."

This last statement also hit home in Argentina, where rates of anorexia and bulimia are three times higher than in the United States, and where experts say the overall level of eating disorders is among the highest in the world, especially among teenage girls.

Some were delighted at the first lady's blunt remarks. By the end of the speech, said Liliana Tojo, 34, a lawyer with the Buenos Aires-based Council for Gender Studies, "it became clear that Hillary is a radical feminist, and we welcome that here."

Another woman, who said she deeply admires Clinton, seemed a bit flustered nonetheless by some of her subject matter. "I was surprised" by her mention of family planning, said Luz Etchemendigaray, an attorney and president of the University Women of Buenos Aires. "It's a very delicate subject... It's against the position of the church."

On the fifth day of a week-long tour of South America, this was a day when both President

See CLINTON, A36, Col. 1

CLINTON, From A31

Clinton and Hillary Clinton turned away from the usual routine of state visits in favor of a broader role. In separate appearances, both offered themselves as cultural commentators and voices of modernity for the Americas.

President Clinton spoke with young people at a "hemispheric town meeting," conducted at television studios here, in Los Angeles and in Miami. But his upbeat message of two continents, north and south, coming closer together under the influence of trade and technology steered away, for the most part, from confrontation.

Women's rights in Argentina have been expanded during 14 years of democracy, but issues such as sex education and birth control remain thorny and, for most politicians, too hot to touch.

New policies here have improved the climate for women, and Argentine society now is considered liberal when compared with other South American countries such as Chile, where divorce is still illegal, and Peru, where until recently a rapist could escape prosecution by offering

to marry his victim.

Argentina, in fact, is one of the few South American countries where abortion is legal—only in instances of rape, to save the life of the mother or when the mother is mentally incapacitated.

Also, by Argentine law, 33 percent of the Congress must be made up of female legislators.

Yet Argentine politicians, both male and female, have shied away from championing issues that Hillary Clinton discussed today, for fear of angering the powerful Catholic Church hierarchy here, which is one of the most conservative in the region.

Until recently, Argentine law mandated that the president must be Roman Catholic, and the church still influences politics here in profound ways.

While contraception is nothing taboo in cosmopolitan Buenos Aires, it is still widely disapproved of by a more conservative rural populace.

A Catholic Church representative declined comment on Hillary Clinton's speech, but other conservatives were not so reticent.

"It is not good for her to talk about issues important to the church in Argentina," said Carlos Ibarguren, vice president of the Society for the Defense of Family Traditions here. "We are a God-fearing people here, and we adhere to what the church says on these issues. That is final."

The speech was made more startling considering its venue, the celebrated Colon Theater, considered one of the world's leading opera houses, a place where many famous singers, including Maria Callas, have performed.

It is rare that the theater is used for political speeches, and Hillary Clinton was the first woman since former Argentine president Isabel Peron to deliver a discourse from the Colon's famous gilded halls.

But before Hillary Clinton's speech, her presenters recalled another outspoken first lady—Eva Peron, the famed wife of president Juan Peron—crediting her with the "transformation of the civil life of millions of women" in Argentina.

Argentine feminists reacted to Hillary Clinton's speech by tossing out abortion rights leaflets like confetti. Marsha Berry, the first lady's spokesman, said Clinton believes women should have the right to an abortion, but wants the procedure to be rare.

In her speech, Clinton touted a maternity hospital that promotes family planning in Salvador da Bahia, a city in Brazil, which she visited two years ago. The hospital's information to poor women about contraception and prenatal care, she said, helped reduce abortions, population growth and infant mortality.

Hillary Clinton is often more outspoken when abroad. Last year in Australia, she noted that some people at home would prefer that she "put a bag over my head" to avoid controversy.

Increasingly, however, she is raising her profile at home, after two years of muting her voice—which some voters find divisive—during her husband's reelection campaign. Last month in California, for instance, she shared the stage with her husband during a round table on education.

The Washington Post

FRIDAY, OCTOBER 17, 1997

How to Avoid a Panama Canal Traffic Jam

The Panama Canal's transition from U.S. to Panamanian administration is approaching a conclusion, with the final turnover set for Dec. 31, 1999. Since 1990, Panama has been appointing the canal's chief executive officer, and its work force is now more than 90% Panamanian. Last year, the canal set a record of almost 14,000 ship transits, up from an annual average of 12,500 transits in the early 1990s.

Nicolas Ardito Barletta, general administrator of the Interoceanic Regional Authority—set up to boost canal development—has repeatedly promised Panamanians that the canal will make their country the Singapore of the Western

The Americas

By Stephen Schwartz

Hemisphere. But Panama faces major hurdles in getting this newly acquired set of assets into shape. The Panama Canal must be transformed from a utility to a productive resource.

Some of these obstacles are technological, involving canal capacity, maintenance and service to vessels. Others are political and administrative, reflecting Panama's status as a developing nation.

Potential problems have been admitted, notably by Fernando Manfredo, the Panamanian director of a conference on the canal's future held in Panama at mid-September. Mr. Manfredo, who had participated in negotiations over the canal's transfer, was widely quoted as averring that "the record of Latin American governments running enterprises is not very good." He also said that the future of the canal cannot be separated from Panamanian politics, particularly the attainment of full democracy.

It is therefore unsurprising that a ma-

jority of Panamanians, according to a Gallup poll, doubt that their government will be ready to administer the canal once its full sovereignty is established.

The list of challenges before Panama's leaders is long. Capacity remains the main problem. More and bigger ships moving many more containers require a fast and sophisticated upgrading of the overall canal complex. A \$1 billion program to boost canal capacity by 20% has been planned, but the conference heard warnings that even with that expansion, ship traffic will be seriously backed up by 2010. Construction of a third set of locks, proposed by European experts to allow larger ships to transit the facility, would cost between \$7 billion and \$10 billion.

The Gaillard-Culebra Cut, the choke-point of the canal, requires constant dredging, a fixed liability from the beginning. Also, the canal's internal boat and train system requires new equipment. Who will foot the bills? Traditionally, the canal's expenses were paid by the U.S. government. But once Panama takes over complete control, it will also shoulder complete financial responsibility. And Panama cannot afford the costs it faces without major changes in policy and attitude.

While many North Americans would look askance at promises of efficient infrastructure maintenance in Latin countries, the main issue in Panama isn't lack of technical expertise. It is worry over continued interference in canal management from a political system plagued with the classic policy problems of excessive statism, a centralist bureaucracy, bribery and abuse of personal political influence.

Panama's democratically elected president, Ernesto Perez Balladares, has been accused of interference with the canal's new administration to benefit members of his family and political clique. Four of his relatives have been nominated to the canal's top board. President Balladares's

Revolutionary Democratic Party also supported dictators Omar Torrijos and Manuel Antonio Noriega, both of whom treated government as a personal treasure chest.

The best answer to Panama's problems is a rigorous privatization of the entire canal zone. Some important, if limited, measures have been taken in this direction. In the last two years, the ports of Cristobal, on the Caribbean, and Balboa, on the Pacific coast, have been privatized. A container-hauling rail line between Cristobal and Balboa, which has also been privatized, is scheduled to be rebuilt by a

Privatization should include the canal operation, the zone territories and the entire infrastructure inherited by Panama.

U.S. rail company, Kansas City Southern Industries.

In addition, a container port has operated as a joint U.S.-Panama enterprise at the port of Manzanillo, on the Caribbean side of Panama, since 1994. Privatization of the waterworks and power companies is also under way.

But these steps are too small and hesitant, demonstrating that Panama is feeling its way, a luxury its people cannot afford. Privatization should include the canal operation, the zone territories and the entire infrastructure inherited by Panama—buildings, roads, hospitals, etc. The privatizations that have taken place so far are not only too limited in scope, they have also exposed institutional weaknesses. The giant Hong Kong port operator Hutchison Whampoa has become embroiled in a fight over allegedly twice-sold land, intended for a new terminal, that reflects Panama's persistent need for prop-

erty laws that will fully assure its reliability as a place for direct investment.

(Hutchison has also attracted criticism from Americans who claim the firm is too cozy with Beijing, and who fear a Chinese takeover of the canal. But these fears belong in the realm of paranoia, not policy.)

Above all, Panama and its canal need policies that create wealth, not offshore bank accounts and artificially protected jobs. Canal improvement can and should be paid for through investment by private foreign container shipping firms. Expecting canal revenues to function as a pyramid scheme to pay the development and maintenance bills in the short term is unwise.

Instead of pushing for full-fledged privatization of the canal zone, Mr. Barletta proposes elaborate government plans for its development and conservation. This is a mistake. The authority's main task must be to free these properties from its control. If Panama has somewhere to look for lessons in this regard, it is right at home, with the examples of the Colon Free Trade Zone and the Panama City banking center, both of which have been extremely successful in attracting global partners. Mr. Barletta himself created the banking center.

In an interview earlier this year, Mr. Barletta averred that privatization is the key to Panama's future. "The Panamanian ports in public hands, as of last year, were obsolete by international standards, needing tremendous amounts of investment to improve them and bring them up to par," he said. "You need private investment, private technology and private markets to develop ports to their utmost capacity. I think Panama has made the right decision by privatizing its ports." Mr. Barletta should stick by the free-market economics he preaches.

Mr. Schwartz is author of "Brotherhood of the Sea: A History of the Sailors' Union of the Pacific" (Transaction Books, 1986)

WASHINGTON

Clinton says democracy needs youths of Americas

President Clinton, in Argentina and nearing the end of a three-country Latin American trip, focused Thursday on young leaders of the region, urging them to cement the democratic reforms that have transformed the area into an economic powerhouse. The highlight was a televised town meeting aired throughout the hemisphere in which 300 young leaders from countries across the Americas took part, including studio audiences in Miami and Los Angeles. Organizers said it reached as many as 500 million viewers.

Argentine authorities used water cannon late Thursday to quell a large anti-American demonstration near a state dinner in Buenos Aires. Earlier, as Clinton and his entourage flew from Brazil to Argentina, Rep. David Dreier, R-Calif., and Secretary of State Madeleine Albright practiced the tango in an aisle of Air Force One. The president and first lady Hillary Rodham Clinton later went to a smoky nightclub where tango dancers swirled around the stage, but the Clintons didn't dance. "No. Not up to the standards I saw," Clinton explained later. The Clintons return to Washington early Sunday after a brief holiday in Bariloche, a resort city in the Argentine Andes.

— Bill Nichols



McKinney: Facing 20 charges

ARMY SEX TRIAL: As Army Sgt. Maj. Gene McKinney pleaded innocent to 20 charges of sexual misconduct, his lawyer criticized the Army for replacing McKinney as sergeant major of the Army. "That's tantamount to presumption of guilt," lawyer Charles Gittins said of the decision Monday by Gen. Dennis Reimer, Army chief of staff, to remove McKinney as the top enlisted soldier. Gittins said it could prejudice potential Army jurors and amounts to "unlawful command influence," in which superior officers try to influence those lower in their chain of command. McKinney's court-martial will begin Jan. 6 at Fort Belvoir in suburban Virginia, just across the Potomac River from Washington.

— Andrea Stone

GORE GIFTS QUESTIONED: Vice President Gore denies a TIME/CNN report that links government contract awards to two companies to \$50,000 donations by each of the firms to a memorial fund in memory of Gore's sister. Gore spokeswoman Ginny Terzano called the report "absolutely baseless" and offensive. Molten Metal Technology Inc. gave \$50,000 two days before the Energy Department raised the company's research funding to \$10 million from \$1 million, the report said. On the day the contract was expanded, Molten sent the Democratic National Committee \$15,000, the report said. It said Lockheed Martin Corp.'s gifts to the Gore memorial in 1995 and 1997 were made within months of the Energy Department extending the company's management contracts at the Oak Ridge National Laboratory. Both companies say the gifts weren't linked to the contracts. The House Commerce Committee released documents Thursday to refute White House assertions that the Molten contract was based solely on the merits. One shows that an independent Energy Department review found the Molten technology could cause an explosion and has "no significant advantage" over others.

ELECTION CHALLENGE: Sen. Mary Landrieu, D-La., is seeking government reimbursement of \$333,000 to \$455,000 in legal fees and other expenses to defend her November election against voter-fraud accusations. She de-

feated Republican Woody Jenkins by 5,788 votes out of 1.7 million cast. The Senate Rules Committee found evidence of "irregularities and isolated incidences of fraud" but nothing sufficient to overturn the result. Landrieu and her campaign committee weren't implicated in wrongdoing, but she said the investigation "put me under significant financial pressure and left me deeply in debt."

DRUG TRADE: A Colombia-based drug cartel operating in New York City worried more about robberies by rivals than being busted by police or federal agents, a former top official of the organization told a House Judiciary subcommittee. The man, identified only as "Mr. Rodriguez" wore a black hood and testified through an interpreter identified as "Mrs. Clancy." The witness said the Medellin cartel got bogus U.S. visas for \$5,000 each by bribing U.S. Embassy workers in Colombia.

One potent weapon against the cartel, he said, is extradition because Colombian traffickers fear U.S. punishments.

TROOP WITHDRAWAL: Defense Secretary William Cohen said reports that he and Secretary of State Madeleine Albright disagree over when U.S. troops will leave Bosnia are "greatly exaggerated." Cohen has repeatedly argued for withdrawal by the June target date set by NATO. Albright reportedly favors a continued deployment.

Clinton vetoes retirement provision

President Clinton used his line-item veto pen for a fourth time as New York officials filed a suit to strike down his new power as unconstitutional. The latest line-item veto eliminates a provision in a Treasury Department spending bill to allow some federal workers to switch retirement programs, which would cost the government \$8 million this year and \$854 million over five years.

Clinton is expected veto up to 15 items today from a \$20.7 billion spending bill for water and energy programs.

Sen. John McCain, R-Ariz., criticized Clinton for being "unduly influenced by political considerations" and too timid in blocking wasteful spending, particularly items added by congressional leaders in House-Senate conferences after the bills were debated and approved.

New York City Mayor Rudy Giuliani, meanwhile, filed a suit in federal court in Washington challenging Clinton's first use of the veto power last August, when he struck a Medicaid provision benefiting New York. The suit contends the line-item veto law passed by Congress unconstitutionally shifts power over taxes and spending from Congress to the president.

Sen. Daniel P. Moynihan, D-N.Y., is joining in the suit because the Supreme Court threw out a similar suit by members of Congress on grounds they had not been hurt by the president's use of the veto.

— William M. Welch

Written by Paul Leavitt with staff and wire reports



By Robert Groux, Reuters

Rodriguez: Former drug cartel member, with interpreter, is sworn in at House subcommittee hearing.



McCain: Calls president too timid

Radio talkers to fight domestic violence

15-hour discussion to air in English and in Spanish

By Jill Lawrence
USA TODAY

WASHINGTON — Think talk radio and you think Rush Limbaugh, Oliver North, G. Gordon Liddy, Don Imus or Howard Stern.

But about 25 million listeners will experience another side of talk radio Monday when more than a dozen hosts broadcast from a domestic violence conference here and devote their shows to the subject.

From 5 a.m. to 8 p.m., in English and Spanish, on hundreds of stations from New York to Sacramento to Mexico City and overseas on Voice of America, the talk will be of victims and batterers, of economics and emotions, of how to escape seemingly hopeless cycles of abuse.

"It's going to be a very serious day of discussion," says Michael Harrison, editor of *Talkers* magazine and an organizer

of the radio event.

The shows will originate at the Washington headquarters of the Inter-American Development Bank, which is co-sponsoring a conference Monday and Tuesday on violence in the home. Speakers include first lady Hillary Rodham Clinton; former congresswoman Patricia Schroeder, chairman of the Boston-based Institute for Civil Society; and experts on domestic violence in the United States and Latin America.

While radio talkers often congregate at political conventions, this is believed to be the first issue-oriented conclave and the first to bring together English and Spanish-speaking stars of the radio waves.

The hosts range from liberal to conservative and include both men and women. They were invited because they dis-



USA TODAY
Schroeder: Heads anti-violence group



Agence France-Presse
Clinton: Conference participant

played particular interest in the issue and particular empathy for the problem on the air, says Harrison.

The conference and talkathon are part of a cluster of events connected with National Domestic Violence Awareness Month. A march on the National Mall on Saturday will feature 1,500 life-size wooden figures of women murdered by domestic abusers. The U.S. Public Health Service holds a meeting on Monday to discuss how nurses can help stop and prevent abuse.

About 243,000 people were victims of domestic violence in 1994, the Justice Department

said in a study of hospital emergency rooms released last August. The figure, four times higher than earlier, less precise estimates, suggests the problem is "seriously under-reported," the department said.

The top draw among Monday's radio talkers is clinical psychologist Joy Browne, heard on 300 stations by 8.5 million people.

To women who say they stay with abusive men for love, she asks, "If you won the lottery tomorrow, would you stay or go? They say 'I'd go.' It's not love. It's economic dependency."

Alan Stock, a psychotherapist before he became a morning drive-time host at Sacramento's KSTE radio, describes himself as "a conservative disgusted by the level of domestic violence in this area."

By moving the show to Washington, he said, "we're hoping to be able to bring a lot more awareness to our audience." His 70,000 listeners are a politically balanced mix of whites, blacks and Hispanics.

Spanish-language participants include Malin Falu of

New York's WADO and WIND's Luisa Torres, known in Chicago as the "Hispanic Oprah." Torres, who says she was abused by a former husband, receives a huge number of calls from battered Hispanic women, according to her producer, Elisa Alfonso.

"Many women don't speak English, many are unemployed, they're housewives. Many are here illegally and their husbands say if they tell anyone they'll be deported," says Alfonso. Some are told that "the fact that your husband smacks you around a little is part of the marriage."

Torres, whose *Chicago Al Dia* is heard by 56,000 people in four states, is among the participants seeking an interview with Hillary Clinton, who is speaking at the conference. "It certainly would be wonderful for her to join in on the conversation with any of us," says Blanquita Cullum, a conservative host whose *BQ View* is carried on 100 stations. "We'd always have an open mike for her — an unbiased open mike."

USA TODAY • FRIDAY, OCTOBER 17, 1997

OPINIONLINE

What people are saying about trade

Latins open arms to 'fast-track' trade

President Clinton opened his seven-day trip to South America with a ceremony last weekend in Caracas, Venezuela. Clinton, who also visited Argentina and Brazil, wants to recognize growing market economies in Latin America. Meanwhile, the president has not persuaded Congress to grant him "fast-track" authority. This would allow him to strike trade deals with other nations that Congress could approve or reject, but not change. Some comments from U.S. and Latin American newspapers on Clinton's trip:

PAULO DE TARSO FEECHA DE LIMA, Brazilian ambassador to the United States, in *Folha de Sao Paulo*, Sao Paulo, Brazil: "(Clinton's) trip represents a communion of values that have no precedent in the bilateral relationship. Nowadays, when we talk in Brazil and in the United States about human rights, democracy, education, preservation of the environment, intensification of commerce, nonproliferation of arms, and combating narcotics, we are talking about the same objectives. ... The opening of the Brazilian market to commerce and investments gives the country credentials for a competitive participation in the world economy."

JOURNAL OF COMMERCE In an editorial: "Instead of schmoozing in South American capitals, Clinton



By Paulo Whitaker, Reuters

Sao Paulo: President Clinton addresses U.S. and Brazilian business people Thursday.

should be stumping in North America. 'Fast-track,' which provides for hemispheric expedited congressional voting on trade deals, is vital for hemispheric integration. Its opponents are in this country, not in Latin America, where everyone agrees on its importance. Clinton (preached) to a foreign choir that doesn't vote in U.S. elections or sway U.S. representatives. It's time the president positioned trade liberalization at the top of his agenda and tackled his critics head on. Future U.S. economic prosperity hangs in the balance."

HOUSTON CHRONICLE In an editorial: "It was interesting this week that at almost the same moment President Clinton was in Venezuela finalizing an accord on an energy deal, Iranian naval forces were holding menacing exercises near elements of the U.S. fleet in the Persian Gulf. The strange juxtaposition of promise and threat calls renewed attention to the high and climbing dependence of the United States on foreign energy supplies and to yet another reason — a very

persuasive reason — why free trade and cooperation within the hemisphere are worth pursuing. ... That Congress should act swiftly to give the president 'fast-track' authority to negotiate free trade pacts — which still retains for Congress the right to vote such treaties up or down — is becoming even more obvious."

THE CHRISTIAN SCIENCE MONITOR In an editorial: "President Clinton's Latin American trip has affirmed the importance of hemispheric relations. ... In tandem with (Latin American) political enlightenment has come economic liberalization. Once-insular economies are opening to trade and investment. What this means, increasingly, is greater self-confidence in places such as Brazil, Argentina, Chile and Venezuela. These countries are crafting their own economic relationships — such as the Mercosur trade block."

PATRICK BUCHANAN, syndicated columnist: "After 1994 ... Clinton's 'fast-track' authority expired, and Congress regained its authority to amend trade treaties. Yet, amazingly, Clinton is again demanding that Congress surrender this right. ... For Congress to yield, in advance, its right to amend trade treaties is to leave the GOP's future in the hands of Clinton and his trade negotiators. ... If Congress grants Clinton fast-track authority to expand NAFTA, it will raise a question: What exactly is Congress for? ... If Congress doesn't do trade, what does it do?"

DIEGO GUEJAR, Argentine ambassador to United States, in *Clarín*, Buenos Aires: "What was ... almost despicable (the idea of Latin America as a 'back yard') is today an important projection to the year 2010, to the point that U.S. exports to Latin America will surpass (then its) combined sales to Japan and Europe. This element should be seen within the context of the debate over 'fast-track.' ... Its approval will contribute to the consolidation of the process of including Mercosur that is undergoing a parallel debate. For us, is this trip a celebration? Categorically, yes."

expanses of grazing land, destroying fences and denuding pasture, ranchers have reported losses of \$10,000 or more annually, Schwartzman said.

Pinpointing the amount of rain forest lost to fires each year is difficult, in part because Brazil is years behind in analyzing its own satellite images of the region. Brazil's space agency estimates annual Amazon deforestation at 5,750 square miles in its latest survey, but the estimate is based on 1994 data, prior to the huge burning seasons in recent years.

(EDITORS: BEGIN OPTIONAL TRIM)

An updated estimate based on 1995-96 images is due to be released Nov. 30, IBAMA officials said.

Rain forest losses in the Amazon have fallen by half since the 1980s, when vast areas of the western Amazon in states like Rondonia burned after the opening of new highways in the region.

But Brazil continues to have the highest rate of deforestation in the world, according to a new study by the World Wildlife Fund. Brazil disputes the study's conclusion, saying while it may cut or burn more rain forest than any other country, its total losses per year amount to just 0.4 percent of the Amazon region.

Scientists fear that percentage could grow. Fires and timber-cutting, not just on the fringes but deep inside the rain forest where valuable hardwoods like mahogany grow, are changing weather patterns and exposing ever greater areas of the Amazon forest to drying winds as well as colonization.

"As much as half of the closed forest of the Amazon may be near the limit of its capacity to remain moist through the dry season," Schwartzman said.

If that limit is reached, "by this time next year we could see fires that make what's going on now look like kindergartners playing with matches," he said.

KNIGHT RIDDER

Clinton defends foreign action in 3-nation town hall meeting

By Christopher Marquis Knight-Ridder Newspapers (KRT)

BUENOS AIRES, Argentina President Clinton on Thursday defended his moves to name Argentina a special military ally and to allow the sale of advanced fighter jets to Chile during an hourlong town hall meeting that linked questioners in Miami and Los Angeles to him and a 125-member studio audience in Buenos Aires.

The event, which was broadcast live by Univision, was designed to bring Clinton in contact with young Latin leaders from across the hemisphere as he wraps up his first South American tour.

Chile has criticized the U.S. designation of Argentina as a "major non-NATO ally," an action Clinton made official Thursday. Argentina, in turn, has complained that a White House decision last summer to allow the sale of sophisticated planes to Chile could spark a regional arms race.

But Clinton said the two Southern Cone nations have established civilian control over their armed forces and see the value of enhanced cooperation on all levels, making conflict between them unlikely. Chile and Argentina almost went to war over the disputed Beagle Islands in the late 1970s.

The president nevertheless urged all nations of the hemisphere to build trust by agreeing to an open exchange of information on all defense purchases through the Organization of American States.

"There is nothing here designed to upset the military balance in South America," he said. "... It would be the height of stupidity for these countries to go to war with each other."

Sonia Munoz, president of the Puerto Rican Students Association at the University of Miami, asked Clinton how Puerto Rico might preserve its language and culture if the U.S. commonwealth becomes the 51st state. For the first time, Congress is advancing legislation to authorize an island plebiscite that would be binding on the federal government.

Clinton replied that states set their own curricula, and could vigorously protect that heritage in the public schools. Stating a longstanding position, Clinton said Puerto Ricans should be allowed to decide their status with respect to the United States.

He urged islanders to act in their best economic interest, asserting that their culture will prove resilient.

"Probably, we'll be able to preserve the culture no matter what," he said.

Another Miami questioner, Eduardo Canto, a senior at Belen Jesuit

Preparatory School, asked how people might enhance the amount of information getting into areas that seem inaccessible, whether due to economic reasons, or, as in the case of Cuba, due to political ones.

Clinton said high technology offers new ways to break down barriers to communication, protect freedoms and open business opportunities.

"Eventually, I think no society can remain closed to it," Clinton said. "Cuba will inevitably get this information and respond to it and it will lead to a rising democratic impulse, just as it did in the former communist countries of Eastern Europe."

After the president's town hall meeting, he and first lady Hillary Rodham Clinton were honored at a state dinner hosted by Argentine President Carlos Saul Menem. The dinner capped a day in which Clinton had praised Argentina's steadfast support of peacekeeping operations around the globe, and had met with political opposition leaders.

Clinton also met with leaders of Argentina's 250,000-strong Jewish community, the largest in Latin America. Among those attending were family members of victims of two bombings of Jewish targets in Buenos Aires: the Israeli Embassy in 1992 and a community center in 1994 that killed 115 people.

Some Argentine police have been jailed for peripheral roles in the bombings but investigators have yet to crack either case, raising concerns among Argentine Jews that the perpetrators will never be caught.

Clinton urged the Jewish leaders and survivors on Thursday to continue to press for justice.

"The president encouraged them to do so as a matter of respecting their dead and as a way of deterring further terrorist attacks both here in Argentina and around the world," said Jeffrey Davidow, assistant secretary of state for inter-American affairs.

Clinton, he added, "made the point that these attacks were not only an attack on the Argentine Jewish community but attacks on civilization around the world."

Mario Beluchi, a 54-year-old Jewish businessman, was pessimistic. "(Clinton's) visit may generate some pressure, but I don't think it will help clarify who is responsible," he said. "Too much time has passed and there has been too little investigated to pick up the trail now."

James Dobbins, the president's national security aide for Latin America, said the administration does not hold the Menem government responsible for delays in the investigation.

Under the Argentine constitution, attacks on diplomatic missions fall to the Supreme Court to investigate, Dobbins said. But the high court does not have a normal investigative apparatus because it is rarely tapped for such duty.

Clinton reveals thinking on Cuba By Christopher Marquis Knight-Ridder Newspapers (KRT)

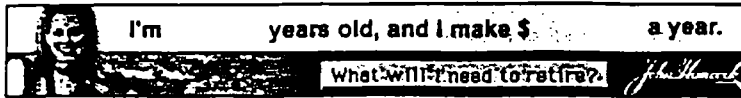
BUENOS AIRES No sooner had the network cameras shut down on President Clinton's town hall meeting Thursday than he offered a surprising glimpse into his thinking on Cuba.

An unidentified woman, who said she had family in Cuba, told Clinton people are suffering there and asked if he truly believes the U.S. trade embargo will "help the regime fall."

"Well, let me just say this," Clinton replied. "I tried another approach. My approach was the Cuban Democracy Act (of 1992), which I liked very much ... what it basically said was: The United States will attempt to work out an accommodation with Cuba in which as they become more open, we will take more forward-looking steps to reach out to them. If they close up, we will close up."

Clinton confessed he was uncertain as to what motivates the government of Cuban President Fidel Castro, however.

"It's a very sad thing, because ... we are so estranged from one another, and it seems so unnecessary, given the way democracy and opportunity are sweeping the modern world," he said. "For a long time, I thought the Cubans were afraid they'd have to give up their health care system and their education system both of which work better than most other countries' just in order to have a democratic human rights or market-oriented system. I don't know so much anymore."



October 17, 1997

Clintons Bring Their Individual Messages to Argentinians

AI

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By JAMES BENNET

BUENOS AIRES, Argentina — One was perhaps more homey, the other a bit more cool; one improvised wildly, the other stayed pretty true to the text.

But, together, Bill and Hillary Rodham Clinton did the town here Thursday — as only the world's sole superpower couple could.

Mrs. Clinton fired up a gilded opera house packed with more than 2,500 women, speaking impatiently over their frequent and delighted applause as she urged greater political involvement for women and promoted family planning, a politically charged subject in Latin America.

For his part, Clinton treated the entire hemisphere, plus Spain and Portugal, to his trademark brand of transfixing, televised emoting. The Univision network claimed it reached up to 533 million households in 33 countries with the president's "town hall."

Microphone in one rock-steady hand, he strolled a small blue stage or perched on a stool as he genially fielded questions from what the producers called "young leaders" in Buenos Aires and, by a two-way link, in Miami and Los Angeles.

Clinton was confidently humble. ("To be perfectly honest with you, I'd never thought of it in that way before," he informed one questioner.) He was careful to note his interlocutors' good works. ("And thank you for being a pediatrician.") And he advocated ending any Latin American arms race through better conversation. ("We ought to just be very open and honest with each other about why we're doing these things.")

Forehead furrowed as he grappled with each inquiry, the president gestured broadly with his free hand, palm open and up. He walked toward his questioners to lock eyes, at one point climbing a step down from the stage.

For only a flash did viewers glimpse another, fiercer Bill Clinton. After allowing a few young leaders to ask about immigration and drugs, one moderator here asked the president sweetly in Spanish whether there might be "anything valid in any of those criticisms" of his financial practices.

"No," Clinton said, abruptly icy and unsmiling. "No," he said again. "But it's true that I tried to win re-election, and it's true that I asked people to support me, and it's true that from time to time I actually talked to my supporters. I think that's how democracy works."

Falling back on a point he is more accustomed to making in Washington than Buenos Aires, the president added that there was too much money in American politics and that Congress should change the law.

Clinton was bracketed on three sides here by young people in bleachers. On the fourth side, a video wall displayed a spinning golden globe, and, in Spanish, "Leaders of the Americas." The president stayed for about 45 minutes after the broadcast ended, speaking with dozens in the room who did not get to question him on television.

To one of those questioners, Clinton defended the American embargo against Cuba. But he praised some Cuban policies, saying that the health care and education systems "work better than most other countries'." For a long time, he said, he thought the Cubans were reluctant to change their society for fear that they would have to give up those systems. But, he said, "we're in a position where there's not much we can do unless they're willing to do something differently."

Clinton first resorted to the town hall forum to powerful effect during the 1992 campaign, showcasing his command of policy and circumventing political reporters, who tended to ask less pleasing questions.

It had the same results here. By contrast, White House aides are still fuming about a news conference Clinton held on Tuesday in Brasilia, Brazil, where the traveling press corps devoted five of its eight questions not to Latin American policy but to Democratic finance practices. One Clinton aide pointed out that Thursday's event was publicly scheduled long before that news conference and

so was not held in reaction to it.

Clinton had not held a town-hall meeting since May, when he appeared at an education event in West Virginia.

Mrs. Clinton was not so interactive as her husband Thursday. But appearing on the stage at the Colon Theater, she delivered a message she meant for all Latin America. "Only women can make democracy work for ourselves, our children and our families," she said. Calling for better protection of women's rights, she warned that "sexual and domestic violence against women remains one of the most serious and under-reported human rights violations in the Americas."

And in a line that brought loud applause, Mrs. Clinton called for more attention to family planning and women's health care. "Access to quality health care, especially family planning and reproductive health services, is also crucial to advancing the progress of women," she said. Abortion is illegal in Argentina, although it is widely available.

As they filed out of the opera house, several women praised the speech. "It's about time somebody here spoke up for women and their rights," said Norma Contreras, a public relations worker. Asked what she enjoyed, she said: "The part of the speech I liked best was when she talked about women being able to take control of their bodies and family planning. No one wants to talk about these issues."

In Venezuela and Brazil, Clinton treated each president he met with as a good friend. And Thursday morning, he exercised his charm on yet another Latin American leader, President Carlos Saul Menem, who has been irritated by Clinton's decision to permit the sale of F-16 warplanes to Chile. At a wreath-laying ceremony at the Plaza San Martin, he gripped Menem's left biceps warmly as they shook hands.

Then, as his aides had revealed he would before he left for Latin America, the president said that he had asked Congress to recognize Argentina's peacekeeping efforts by naming it a "non-NATO military ally."

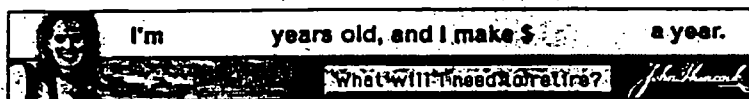
Jeffrey Davidow, assistant secretary of state for inter-American affairs, said that Argentina's new status, which no other country in the hemisphere has, would not make it eligible for any weapons it could not already buy. He called it "a largely symbolic gesture on our part, recognizing Argentina's new status as a very active member of the international community."

In other symbolically important moves, Clinton also met here Thursday with members of opposition parties. Argentina will hold midterm elections on Oct. 26, and the president is anxious to avoid any appearance that he is leaning toward Menem's party.

And Clinton met with leaders of Jewish groups and relatives of people who were killed in bombings at the Israeli Embassy in 1992 and at the Jewish

Community Center in 1995. Aides to the president said that the group expressed frustration that neither of the bombings had been solved.

But the high point of the day for Clinton was clearly the town hall meeting. "Oh, I thought it was great," he said to reporters afterward. "I thought it was interesting the questions they asked, didn't you?"



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October 17, 1997

Patagonia, New Playground for the Rich, Ready for Clinton Visit

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By CALVIN SIMS

SAN CARLOS DE BARILOCHE, Argentina — Patagonia, the vast expanse of opulent wilderness in southern Argentina, is a long, long way from Hollywood and the Hamptons. Still, its endless snow-capped peaks, virgin forests and crystalline waters have become the latest haunt of the rich and famous.

Last year, billionaire Ted Turner and his wife, actress Jane Fonda, bought an 11,000-acre ranch that straddles the border of Rio Negro and Neuquen provinces, about 50 miles from this Patagonian resort town. The couple come now to hike, fish and ride horses amid some of the most spectacular scenery on earth.

"I sometimes dream that there's a revolution in the United States and that we can't return and have to live here forever," Ms. Fonda said recently. She was playing to local sentiment in an interview with Argentine reporters at the ranch, which has long been known as Primavera, or Springtime, and is at the foot of the verdant Andes Mountains.

This is the area where President Clinton plans to spend two days relaxing Friday and Saturday while on a three-nation tour of South America.

U.S. Embassy officials said that while Clinton planned to make an important announcement on the environment during his trip to Bariloche, a Swiss-looking town that is a gateway to Patagonia, most of the excursion would be "downtime" in which the president, who will be staying at a spectacular hotel outside Bariloche, hopes to golf, ride horses, hike and "experience the gaucho life style."

2 million acres he owns in Patagonia to graze 400,000 sheep, which produce much of the wool needed for his clothing stores. This year, Benetton bought 134,750 acres in Santa Cruz Province for \$800,000, or about \$6 an acre. The land, dry plains, is mainly good for raising sheep.

In contrast, the Turners reportedly paid \$6 million for 11,000 acres near shimmering Lake Traful. They use the land mostly for enjoying the scenery.

Not everyone thinks the influx of distinguished newcomers is a good idea. Some politicians and longtime residents say that the flood of outsiders could ruin Patagonia and that the land is being sold too cheaply.

Last month, Mario Das Neves, a congressman from the ruling Peronist party, presented a resolution expressing "concern and disagreement over the indiscriminate sale of land in Patagonia to foreign companies and individuals who do not even live in our republic."

The resolution says it is "negative for national sovereignty and for the consolidation of a territorial development policy that Argentine soil be utilized for purposes of individual recreation." So far no decision has been taken on the measure.

Argentine opposition to foreign land ownership does not compare with that voiced in Chile last year when a United States millionaire, Douglas Tompkins, acquired 700,000 acres in the southern province of Palena, intending to donate it to an environmental foundation. Nationalist and right-wing politicians called for expropriation of the land instead because, they said, the timberland and wilderness was so vast that foreign ownership posed a threat to national security. They might have added that the timberland could be highly profitable if developed by Chilean companies.

In fact, much of this kind of land is so pristine that it is still possible to be the first human to set foot in parts of the forests.

"It's wonderful to be in such a beautiful place where there are not so many people like in Buenos Aires and New York," Turner said in the interview.

"Those are nice cities, but it's better to be here where it's calm. Here you can see the stars."

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1995 WAS A EXEMPLARY YEAR FOR WINE.

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The Turners are not the only prominent foreigners to own huge tracts here. Their neighbors include the Benetton, the Italian textile family, who own six large sheep ranches covering millions of acres, some within 50 miles of the Turner spread. Hungarian-born investor George Soros and Joe Lewis, owner of the Hard Rock Cafe, have also bought sizable tracts of lake and forest land in the region.

And for weeks, local real-estate agents and others who say they are in the know have been reporting that film star Sylvester Stallone recently bought tens of thousands of acres in Patagonia and that Queen Elizabeth owns a vast ranch called Monte Dinero, or Money Mount, in Santa Cruz Province. Spokesmen for Stallone and the British Embassy in Argentina would neither confirm nor deny the reports.

More than 210 property sales, involving hundreds of thousands of acres, reportedly took place last year in the five provinces that make up Argentine Patagonia: Neuquen, Rio Negro, Santa Cruz, Chubut and Tierra del Fuego.

By world standards, land in Patagonia is relatively inexpensive. Local real-estate agents estimate that the average selling price here is about \$20 an acre, although property with sensational views and access to rivers and lakes sells for 10 to 20 times that amount. The problem is upkeep: Even the most spectacular bargain of a house requires the permanent presence of a couple or a staff to maintain it when it is so deep in sylvan wilderness.

Still, the recent boom in property sales is not limited to the Patagonia region. Real-estate agents said that sales of prime farmland and weekend country estates have increased throughout Argentina, particularly in the pampas, the flatlands near Buenos Aires.

Alejandro L. de Elizalde, an Argentine real-estate broker who specializes in sales of country homes and large ranches, said that the boom was being driven by growing demand internationally for inexpensive farmland and for unspoiled country retreats.

The fabled region offers a stunning array of lakes, rivers, glaciers, rapids, waterfalls, valleys, forests and mountains, all unspoiled.

"Foreigners are discovering that Argentina is one of the few countries in the world that has such vast, beautiful territory that has not been polluted," de Elizalde said. "For most of our clients, who have homes, cars and other luxury items, the final frontier is to acquire a very large piece of land where they can relax and will not see or hear their neighbors."

Actually, a growing number of investors in Patagonia have also been attracted by the prospect of extracting money from its oil, gas, and mineral reserves and the region's immense vacant plains, which have long been used for raising sheep. Luciano Benetton, the Italian magnate and family patriarch, uses the more than

Larry Summers, global guru

THIS week more than most, it has been hard to watch Bill Clinton without recalling Richard Nixon. Like Nixon before him, Mr Clinton is a centrist who absorbs his opponents' ideology, and so may create (as Nixon did) a long period in which his party controls the presidency. Like Nixon, too, Mr Clinton is beset by campaign scandals, following a re-election he would have won without monkeying around, and involving tapes (audio in Nixon's case, video in Mr Clinton's) first withheld from investigators and then red-facedly surrendered. And, as Mr Clinton meandered across Latin America this week, his speeches had a Nixonian echo too. Here was a president pushing grand geopolitical ideas, supplied to him by an intellectual bulldozer from Harvard.

Rather a different style of bulldozer, admittedly. Nixon's guru, Henry Kissinger, had a charismatic German accent that melted movie stars. Mr Clinton's guru, Lawrence Summers, keeps pictures of his daughters in his office, as well as a fridge-full of Diet Coke. As national security adviser to Nixon, and then as Gerald Ford's secretary of state, Mr Kissinger was a geopolitician in the old style: he had studied the shifting alliances of 19th-century Europe in his academic life, and he set out to balance power against power in his political one. Mr Summers, by contrast, is number two at Mr Clinton's Treasury. He worries about foreigners' economic stability as much as about their arsenals: he is a new kind of geopolitician.

Mr Kissinger's boldest stroke—Nixon's trip to China in 1972—so defied the cold-war passions of the time that only an unimpeachably anti-communist Republican could get away with it. Similarly, Mr Summers has views that, arguably, are likely to be most successfully advanced by a Democratic president. At a time when lower-skilled Americans fear competition from developing economies, Mr Summers insists on freer trade. At a time when poorer Americans resent the influence of Wall Street types, Mr Summers insists that America must help to secure the stability of the world's financial markets. Perhaps it takes a Democrat, with ties to the trade unions and the blue-collar vote, to make these arguments without sounding too hard-hearted.

This is what Mr Clinton was trying to do in Latin America this week. "Globalisation is irreversible," he declared in Sao Paulo; but he went on to cast this truth in a soft light, purring that the pursuit of free competition on an international scale must be balanced by a social contract. "Many people question our course, fearing the pressure of competition, feeling as yet no benefit from the changes underway," he said. And so, if global integration is to proceed, its losers must be mollified, and its risks anticipated.

The question is how; and Mr Summers has various answers. To forestall anti-global sentiment among trade unions, Mr Summers backs the inclusion of labour standards in trade deals, even though these may make the deals less effective. To placate work-

ers whose factories have moved to Mexico as a result of the North American Free-Trade Agreement, Mr Summers supports an idea for a new development bank, which would pump money into areas that have been injured. To prove that the administration has blue-collar interests at heart, Mr Summers stomps on Republican tax proposals that would benefit the rich disproportionately. In April he even called a Republican scheme "selfish": Mr Summers may be the administration's biggest economic brain, but he is not its smoothest advocate.

Mr Summers worries about the stresses of globalisation on foreigners, too. He talks up foreign aid: Poland is growing thanks to infusions of soft loans at the start of this decade; Russia has kept its balance, at least, averting the nightmare of relapse into dictatorship. So long as economies grow, Mr Summers maintains, people are unlikely to start wars. Bosnia's hyperinflation precipitated its blood bath. Malaysia, which has ethnic tensions too, is calm because its economy has been (until its recent currency mess) successful.

But aid is not enough. In his recent speeches, Mr Summers has been emphasising the need to fashion institutions to manage a globalised economy. The mere fact of globalisation does not ensure stability: the world economy was similarly integrated in 1910, and conflagration followed shortly. When money sloshes through the foreign-exchange markets each day, it seeks out projects where it will be best used: this is marvellous, but it is also risky. So Mr Summers has a list of reforms to deal with Asian-style currency crises. He advocates trade diplomacy not just for its economic benefits, but also to head off international tensions.

All of which makes excellent sense; but there remains a little problem. The administration's ambition to manage globalisation is just that: an ambition. Despite Mr Summers's advocacy of foreign aid, America is among the stingiest donors in the rich world. Despite his emphasis on freer trade, the administration is making heavy weather of its campaign to win fast-track negotiating authority from Congress. Abroad, Mr Clinton sounds committed to a balance between globalisation and concessions to blue-collar concerns. Back home, his fear of a political backlash often drowns his liberalising instincts.

It is tempting to curse Mr Clinton's fickleness; but that would be too simple. Fifty years ago, when America rebuilt Japan and Europe, and set up the World Bank and the IMF, it was easier for America's president to defy lobbies and opinion polls and stay on the high road: as Mr Summers says, "the Marshall Plan was never focus-grouped". Thanks not least to Richard Nixon's abuse of executive power, the president is no longer accorded so free a hand, and his advisers' grand schemes are subject to a million political dilutions. Mr Kissinger, a grand schemer who got his way, may have been the last of his kind. There are still Harvard gurus in Washington, but they win fewer of the arguments.



THE AMERICAS

Monterrey in 1988 destroyed makeshift houses built in a (till then) dry river bed. In Caracas, the Venezuelan capital, over a quarter of whose people live in shantytowns, earth movements, whether caused by rain or by tremors, often send houses crashing to the ground. Every year in La Paz, capital of Bolivia, slum-dwellers die when floods wash houses down hillsides.

Not all these problems can be solved. Hillsides are hillsides, and no one is going to stop urbanisation; only undemocratic regimes, like South Africa's of the past or Cuba's this summer, imagine they can do that by banishing incomers back to the sticks. Nor is the process all bad. No poor country's authorities can afford the money and effort that new town-dwellers will readily put into housing themselves. The question is how it is done.

One step is to steer people to acceptable sites. Another is to provide services (which can much help the steering: some cities—Curitiba, in Brazil, for instance—offer self-builders a concrete base, water and electricity and then it's up to them). Land title is a big issue, apt to be politically difficult; Peru has gone some way to sorting it out.

Mexico still has much to learn. The real lesson of hurricane Pauline for its authorities is not to be better prepared for freak weather, but to get a better grip on everyday urban planning.

* Argentina

Smelling salts

BUENOS AIRES

IT HAS been business as usual these past weeks. Alfredo Yabran, a shadowy tycoon close to the government, appeared in court to deny allegations that he had instigated the brutal murder of a press photographer early this year. The manager of the national football team was accused of tax fraud. A bank with close ties to the church may have defrauded depositors of \$300m. Two former officials from Cordoba, Argentina's second city, were jailed for embezzlement. Evidence mounted that leading politicians in another provincial city, Catamarca, had organised a cover-up of the rape and murder of a local girl.

So corruption is endemic in Argentina, is it? Foreigners say so. Few Argentines disagree. Yet, says Graciela Römer, a political consultant, things may be changing.

In a study in the late 1980s, she found that most Argentines saw tax evasion as smart and paying up as stupid. "But today attitudes have changed," she says. "Evasion of sales tax may still be about 45%—but that is far lower than it used to be." Since 1990, corruption has regularly featured among voters' top three political concerns. It will

be a big issue in the congressional and local elections on October 26th.

For that, says Ms Römer, thank the middle classes. Hard hit by economic reforms, but knowing there is no going back on these, they have channelled their disenchantment into anger against corruption. The debate is also being stoked from outside: the IMF wants to see progress before offering extra credit. President Clinton raised the issue during his visit this week.

The opposition alliance launched in August by the Radical centrists and the left-leaning Frepaso has seized on the issue; not least to mark itself out from a government whose free-market economics it has felt driven to accept. The government has hit back. President Carlos Menem recently averred that the regime of his Radical predecessor, Raul Alfonsín, was "the most corrupt of any". Mr Alfonsín replied tartly that, when Mr Menem's term ends, "he will have to be investigated—state institutions have to stand for something."

This is good ground for the opposition. Mr Alfonsín's presidency is remembered

for his ham-fisted economic management, but even at the time it was not plagued with public suspicions of dishonesty. For Mr Menem's government—despite the recent (but now past) recession—things are the other way about.

In a way, that is a price of success. Media confident of democracy, and the end of hyper-inflation, have made it harder to hide shady deals. Whatever the reasons, Mr Menem has belatedly begun to clean up, with a clamp-down on prominent tax-evaders, including one former junior minister. But the Peronists' image was hardly helped when Jose Manuel Pico, who was to have headed their list for the Buenos Aires city council, was recently sent to jail for embezzlement and fraud.

Mr Menem's decision to take centre stage in the congressional campaign, and on this issue, has not helped Eduardo Duhalde, governor of Buenos Aires province (and front-runner for the Peronist presidential candidacy in 1999), nor his wife "Chiche", who heads the party list for the lower house from the province. They aimed

Sporting spells

IT SOUNDED like a good idea, at the time. Besides Brazil, the holders, four South American teams can take part in soccer's World Cup next year in France. Argentina, Colombia and Paraguay had already qualified. Last Sunday Peru, with 22 points under their belts, could make sure of the fourth spot by beating Chile, next in the table with 19.

Still the match would be hard, and it was in Santiago. In an atmosphere of frenzy that had the media recalling the two countries' war a century ago (Chile

won it), Chile's President Eduardo Frei had already had to appeal for calm, pointing out that "this is a football match, not guerrilla war."

As if—most South Americans could have told him—there were a difference. And Peru had a secret weapon: medicine men. Why not use them? Brandishing skulls and crucifixes, in a Lima square three days before the match, half-a-dozen shamans cast spells of victory for the Peruvian team, cramp and defeat for their rivals, symbolised by a Chilean team shirt which they stabbed with knives.

They had livelier and more precise targets than a shirt: Ivan Zamorano, the Chilean striker, who had scored 12 of Chile's 25 goals in the competition so far, and Marcelo Salas, another goal-scorer. And it worked. Mr Zamorano, already injured—on the field, in a club match, not by witchcraft—did not recover in time for the game. And Mr Salas?

Well, it half-worked. Come Sunday, Chile thumped Peru by four goals to none. Three were scored by Mr Salas.

Both sides now have 22 points. Peru have yet to play second-in-the-table Paraguay. The Chileans have a should-be-easy match against Bolivia—another neighbour that they defeated in war a century ago, and against which (thanks to their ex-dictator, Augusto Pinochet, but it is still true) part of their northern frontier is guarded by weapons deadlier than spells, skulls or knives: landmines.



Salas unjinxed

THE AMERICAS

to concentrate on local issues. For all the noise when the opposition alliance was set up, its lower-house list in the province, led by Graciela Fernandez Meijide, till then a senator for Buenos Aires city, last month was still behind the Peronists. An opinion poll this week put it four points ahead.

Brazil

Schooling the multitudes

BRASILIA

THE lake district north of Brasilia is one of the capital city's finest areas, studded with grand homes, pampered lawns and turquoise pools. Its residents are economists, bankers, diplomats, professors—*doutores*, as Brazilians call anyone with a grand title and a diploma. Just across the way, in the shadow of a shopping mall, lies Varjao, a former squatter settlement of shacks that is home to some 5,800 people. It has no pools, though many of its mothers work cleaning those of the *doutores* nearby. Many others have no work at all.

While the *doutores* send their young off to expensive private schools, the children of the diploma-less make do with Varjao's school, a modest, concrete affair with a plain shingle roof. In years past, "make do" was the right phrase. Like many another Brazilian school, this was a monument of mediocrity: crumbling classrooms, ill-paid teachers, pupils held back to repeat their year in class. Now, Varjao is home to a bold experiment: the *bolsa escola*, school grant. The idea was simple: too many Brazilian school-age children are out of school working to support their impoverished families. So pay them to stay at school. Some 40% of Varjao's pupils benefit from a *bolsa*.

The idea has been pushed by Cristovam Buarque, left-wing governor of the federal district. Some 24,000 households there, with 42,000 children, draw one minimum wage, about \$110, each month so long as they keep their children at school. Once a year, another \$110 is deposited in the child's name, but it can be touched only after four successful years of schooling. Now enrolments are up and drop-outs rare. In the city overall, 17% of pupils have to repeat a class; among those receiving a grant, 8%.

Yet Brazil's primary schools need more than the *bolsa escola*. True, it brings poor children into the classroom, but that is

where the real drama of public education begins. Since 1934, universal primary education has been the law for children aged seven to 14. But as often in Brazil, the real world is different. True, many children in the past never reached school at all, and many who did dropped out. Those proportions are lower now. But so is the quality.

Many of today's leading Brazilians learned their letters in the public schools of the past. Some went on to excel in the best universities at home or abroad. It would hardly happen now. "We all long for the days of the old public schools," says Paulo Renato de Souza, the education minister, a product of such schools in Sao Paulo.

The decline of the schools has been long and gone low. It began, ironically, in the 1970s, just as the economy began to boom. Dreaming of superpowerdom, military regimes invested lavishly in higher education. Soon Brazil boasted some of Latin America's finest universities and a legion of *doutores*. It was wildly expensive, but that was the price of glory. It was also unfair: the children of the well-off went to private schools to win entry to the fine (and free) public universities. But in the economy heavy industry was still king, demanding strong hands, not honed minds. Public primary schools were left to languish.

When Brazil woke up in the 1990s to a more open economy, basic education was a shambles. Adult illiteracy had fallen by half since 1960—but it was still 20% overall, around double that in the poor north-east. Finance was not the real problem. Brazil was spending 5-6% of GDP on public and private learning, as many European countries do. But until recently, the money was spent badly.

Politicians were no help. Campaign promises of better schools meant visible buildings, not teachers. Book-keeping was dismal. "We didn't know how many pupils we had, or where. Enrolment lists were years out of date," says Mr de Souza. Decentralisation of much federal revenue, and some functions under the 1988 constitution added to confusion. "No one knew who was responsible for what," says the minister. It was the pupils who fell through the cracks. In the north-east, public spending per pupil averaged \$50 per year.

Life is still unfair: the well-off still use private schools and enjoy the fat subsidy of public universities. But at least the administration is being untangled. States and towns still run the schools, but the federal government keeps an eye on them and makes up for failings. Test scores are rising and the number of drop-outs falling. Illiter-



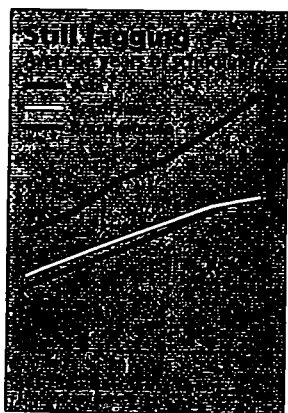
The street is their classroom

acy is down to 15%, and nine-tenths of primary-school teachers have at least had high-school education or better. From January, new rules will direct 15% of federal spending on education, as well as 25% of state and municipal spending, to primary schools, and ensure that no area spends less than \$280 a year per pupil.

The government is also equipping schools with personal computers, and—with assistance from Britain—broadcasts teacher-training courses to some 45,000 schools. Frills, rail its critics. No, says Mr de Souza: "Children need to know how to use computers. This can't be just one more private-school privilege." It was education that Brazil chose to highlight for Bill Clinton's otherwise lack-lustre visit this week, with an agreement that will see it and the United States exchange teachers and teaching methods, and work together to survey Brazilian schools nationwide.

Brazil will welcome the help. For all the improvements, the numbers are still grim. Some 2.7m children are still outside the classroom. Of every 100 children who start elementary school 44 fail their first year-end test. Only 40 will reach the ninth year. Teachers' salaries are still pitifully low, as Rio de Janeiro's teachers remarked as they went on strike this week, leaving 1m children without classes.

But at least one battle is being won. A national campaign has raised enrolment from 86% at the start of the decade to 91%. It will be decades before the average 5½ years' schooling of the adult Brazilian today catches up with the nine years average in Asia. But at least 5½ is double the figure of 1970, and any Brazilian government from now must know that the job has to be done.





**U.S. & FOREIGN COMMERCIAL SERVICE
AMERICAN EMBASSY - BUENOS AIRES**

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Date: October 27, 1997

To: ANDREW FRIENDLY

From: MIKE LIKALA

Subject: DALEY'S VISIT

Number of pages including this cover sheet: 20

Comments:

FIND ATTACHED SOME ARTICLES PUBLISHED ON OCTOBER 17 ABOUT
DALEY'S MEETING WITH ROQUE FERNANDEZ.

SINCERELY,


P/ MIKE LIKALA

*cc N.C.
Steve
Eric*

*File
South America
Trip File*

Buenos Aires Economico, BAE
October 17

The government assured the US that it will move forward with PCS

William Daley informed minister Fernandez of his country's interest on this business

The Argentine government yesterday guaranteed the US that the latest measures taken in telecommunications favor American investments. Fernandez assured Daley that the way is being cleared for the bidding resolution for PCS.

Sources from the Communications Secretariat informed BAE said that Fernandez spoke on this topic when asked by Daley. Fernandez then mentioned the Iridium project and in connection with the PCS bid, stated that the congressional committee on state reform and privatizations had put it on the agenda.

However, the congressional committee does not have the required 7 votes to rule on this bid, for which it had asked for participation and which it only obtained after the scandal of phone tapping between the president of AT&T (which later dropped out) and the secretary of Roberto Catalan, president of the National Communications Commission.

Yesterday the congressional committee suffered another defeat when judge Rossi denied the motion of some opposition legislators that wanted the bid to go out as law.

It appears both bids will go out without congressional oversight on the bid conditions due to lack of time.

Official plans did not include postponing the opening of the technical bids. Still, some bidders still believe that the commission may reach agreement with the Communications Secretariat and go ahead with the bid.

Meeting

Late Wednesday, Communications Sec called a meeting with the participation of 11 of the 20 bidders left. Agreement was reached on a base of \$100 million for each bid and some errors were corrected.

For example, it was established that the winning bid will present a \$25 million payment at the time of adjudication, giving the consortium time to obtain the necessary documents.

LAST DAY FOR DEFINITIONS

"This is exceptional, it's the first time that they do things right" said one of the 11 bidders present at the Wednesday meeting.

This is what pleased the bidder: that Monday the bid will start to be decided and that the winners

will not be able to sell licenses to basic telephone suppliers at least until the period of exclusivity is over.

But at the meeting, a document was signed stating that "the decisions were under study and that they may not be actually taken". The question that remained is if CTI may present a bid since it already has a cellular phone service license.

Communications Sec only has today to decide. But today the US government was given assurances that companies from that country could invest in the sector. There are several US companies competing I PCS, either as leading consortiums (such as Washington Post or AT&T in the past) or as operating partners. The CTI operator would be the US GTE.

As stated in documents:

- Delays. None. Monday will be first opening of envelopes.
- Basic price: Set at \$100 million by the Communications Sec.
- Offers: Estimate is not more than six.
- Basic telephony: Companies that offer this service may not participate.
- CTI: Communications must decide today if it can present its offer.

El Gobierno garantizó a los EE.UU. que avanzará con el PCS

William Daley planteó al ministro Fernández el interés de su país por el negocio

Paula Ancery

Staff de BAE

El Gobierno argentino le garantizó ayer al de los Estados Unidos que las últimas medidas tomadas en el campo de las telecomunicaciones favorecen las inversiones norteamericanas en ese rubro. En ese marco, el ministro de Economía, Roque Fernández, le aseguró al secretario de Comercio de los Estados Unidos, William Daley, que está allanado el camino para la resolución de la licitación por el sistema de telefonía celular PCS, de la que participan algunas compañías norteamericanas.

Según explicaron fuentes de la Secretaría de Comunicaciones a BAE, Fernández se refirió al este tema consultado por Daley acerca de las inversiones de empresas de su país en el sector de telecomunicaciones. El titular de Economía mencionó entonces el proyecto Iridium (ver información en la página 25) y, sobre la licitación del PCS, afirmó que la Comisión Bicameral para el Seguimiento de la Reforma del Estado y las Privatizaciones ya había destrabado su tratamiento.

En realidad, la Bicameral no logró todavía reunir los siete votos necesarios para emitir un dictamen sobre este concurso, en el cual reclamaba una

participación que sólo se le dio a raíz del escándalo de las escuchas telefónicas entre la presidenta de AT&T (empresa que después abandonó la licitación) y la secretaria de Roberto Catalán, presidente de la Comisión Nacional de Comunicaciones.

Ayer, además, la Bicameral sufrió otro revés: se conoció un fallo adverso del juez Rossi sobre la medida cautelar solicitada por algunos legisladores de la oposición, que sostienen que la licitación debe salir por ley.

Todo parece indicar que las dos frecuencias en licitación se adjudicarán sin que la Bicameral pueda examinar las condiciones del concurso, pues ya no queda tiempo para darle intervención.

En los planes oficiales no estaba mover la fecha del próximo lunes para la apertura de los sobres con las ofertas técnicas. Pero de todos modos, algunos concursantes todavía manejan la versión de que es posible que esa comisión llegue a un acuerdo con la Secretaría de Comunicaciones y le allane el camino a la licitación.

Reunión

A última hora del miércoles, la Secretaría de Comunicaciones convocó a una reunión de la que partici-

paron 11 de los 20 concursantes que quedan. Allí se consensuó una base de \$100 millones de pesos para cada oferta y también se corrigieron errores en la redacción del pliego, en lo relativo a plazos y montos a pagar para sostener las ofertas.

Por ejemplo, se estableció que la oferta ganadora deberá presentar el pagaré de u\$s25 millones de dólares recién en el momento de la preadjudicación, lo que le dará al consorcio el margen de tiempo necesario para tramitar el documento en el banco.

Ultimo día para definiciones

"Esto es excepcional, es la primera vez que se ponen los pantalones y hacen las cosas como corresponde", afirmó a BAE uno de los empresarios que participaron de la reunión que se realizó el miércoles entre unos 11 compradores de pliegos y altos funcionarios de Comunicaciones.

Lo que tanto alegraba al concursante en la licitación por el PCS era que esa noche se habían confirmado dos puntos: que el concurso efectivamente empezaría a decidirse el lunes y que los ganadores no podrían vender las licencias a los prestadores del servicio de telefonía básica, por lo menos hasta que no se termine el período de exclusividad.

Pero en la reunión se firmó un acta aclarando que lo conversado allí tenía el status de "decisiones

en estudio, que podrían no tomarse". Y precisamente, la incógnita que quedó en el aire fue la de si CII -una de las últimas adquirentes de pliegos- podrá presentar su oferta o no, dado que ya tiene una licencia para telefonía celular en el interior del país.

A Comunicaciones sólo le queda el día de hoy para decidirlo, según confirmó a BAE una fuente de esa cartera. Pero justamente ayer, se le garantizó al gobierno de los EE.UU. que las empresas de ese país contaban con garantías para invertir en el sector. En PCS hay varias empresas norteamericanas compitiendo, ya sea liderando consorcios (como Washington Post o AT&T en su momento), o como socios operadores. El operador de CII sería la norteamericana GTE.

October 17, 1997

Buenos Aires Economico

A code against corruption

Fernandez agreed with Daley to endorse a means to measure corruption.

...The Minister of Economy proposed that an international organization establish world standard to determine the degree of corruption countries have. He also anticipated that he will support Mercosur' adhesion to the agreement on transparency and fight against corruption included in NAFTA.

...According to a spokesman for the Minister of Economy, Daley responded: "we proposed measures to determine the degree of corruption at OECD. But we face the opposition of European countries, such as Germany and Italy, that allow their companies to deduct tax from the amount they pay for bribes".

Respuesta a la presión por teléfonos

El ministro de Economía, Roque Fernández, anunció ayer que el gobierno argentino está dispuesto a negociar con los Estados Unidos un acuerdo de transparencia que incluya la corrupción. Fernández sostuvo además que el convenio anticorrupción debería generalizarse en todo el continente a partir de las tratativas por el ALCA que se celebrarán el año próximo en Chile.

En la reciente asamblea del Fondo Monetario Internacional en Hong Kong, recordó Fernández, la delegación argentina propuso a Michel Camdessus que se establezca un código internacional para medir la corrupción. Y destacó su sorpresa por que ningún representante de los Estados Unidos hizo comentarios al respecto en esa ocasión.

Daley, según la versión de un vocero de Economía, retrucó que "nosotros propusimos medidas para determinar el nivel de corrupción en la OCDE (Organización de Cooperación y Desarrollo Económico). Pero nos encontramos con la oposición de países europeos, como Alemania y Francia, que permiten a las empresas deducir de impuestos lo que pagan por colmas".

Un código contra la corrupción

Fernández acordó con Daley impulsar un mecanismo para medirla

Finalmente, se habló de corrupción, pero el tema lo planteó Roque Fernández. El titular de Economía propuso que algún organismo internacional establezca un estándar mundial para determinar el nivel de corrupción de los países. Anticipó además que propiciara que el Mercosur adhiera a un acuerdo de transparencia que incluya la corrupción.

El ministro formuló esas sugerencias al secretario de Comercio de los Estados Unidos, William Daley, durante el almuerzo que compartieron ayer. Fernández sostuvo además que el convenio anticorrupción debería generalizarse en todo el continente a partir de las tratativas por el ALCA que se celebrarán el año próximo en Chile.



William Daley, Roque Fernández y Thomas McLarthy

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Mercados y Finanzas

Research



DAS ANCLAS

COMPANIA INTRODUCTORA DE
BUENOS AIRES PRESENTA MUY BUENAS
PERSPECTIVAS BURSATILES A RAIZ DE
LA PARTICIPACION EN FERRELL

PAG. 12

Política Económica



BANCO DE LA
NACION ARGENTINA

SIN EXPLICACION OFICIAL, DOMINGO
AVELLANEDA REEMPLAZA A LUIS GONZALEZ

**Relevan a un director
del Banco Nación**

PAG. 28

**BCP: Soros
fue el único
oferente por
Buenos Aires
Design**

PAG. 24

PAG. 11

B.A.F. 14-10

BAE 14-10

OPTICAS DIFERENTES

• Fernández pidió que algún organismo mundial establezca un estándar para medir el nivel de corrupción en los países.

Los EE.UU. impulsan un código similar a la OCDE para medir el nivel de corrupción de los países europeos.

• En Alemania y en Francia permiten que las empresas deduzcan de sus impuestos lo que pagan por coimas.

La legislación norteamericana castiga a responsables de corrupción y a sus empresas.

Sugieren que un organismo mundial fije un código para medir corrupción

El ministro Roque Fernández, transmitió al secretario de Comercio de los EE.UU. William Daley, la necesidad de que algún organismo internacional establezca un estándar mundial para determinar el nivel de corrupción de los países y anticipó que propondrá al Mercosur que adhiera al acuerdo de transparencia y de lucha contra la corrupción que posee el Nafta.

Sostuvo además que ese convenio debería quedar generalizado para todo el continente en la reunión del Area de Libre Comercio para las Américas (ALCA) que se celebrará el

año próximo en Chile.

Fernández recordó que en la reciente asamblea anual que el FMI celebró en Hong Kong, le propuso al director gerente del organismo, Michel Camdessus, que se establezca un código internacional para medir la corrupción y destacó que le sorprendió que ningún representante de los Estados Unidos haya hecho algún planteo.

Oposición

"Nosotros propusimos establecer un código para determinar el nivel de corrupción en la OCDE (Or-

ganización de Cooperación y Desarrollo Económico) pero nos encontramos con la oposición de los países europeos y sobre todo con que, por ejemplo, Alemania y Francia permiten que las empresas deduzcan de sus impuestos lo que pagan por coimas", dijo Daley, según la fuente de Economía.

El ministro no se hizo esperar, aseguró que en poco tiempo la Argentina ingresará a la OCDE, agradeció el apoyo de los Estados Unidos a la postulación y prometió adherir a esa iniciativa.

Con la creación de un nuevo ran-

king mundial, el ministro quiere atenuar el impacto internacional que tiene la difusión de la encuesta a empresarios que realiza anualmente el Foro Económico que se reúne en Davos y donde la Argentina nunca logra salir favorecida.

Daley también aportó la experiencia de su país para solucionar casos internos; al señalar que, según la legislación norteamericana, cada vez que se detecta algún empleado en un acto de corrupción, además de sancionar al protagonista, se castiga también al director y al gerente.

La Nacion
October 17

At the Ministry of Economy, the first serving was corruption

Corruption was the first dish served at the Ministry of Economy. Minister Roque Fernandez hosted Commerce Secretary Daley and special advisor Thomas McLarty.

They agreed on establishing international rules to measure transparency. Fernandez proposed to work together in the IMF and the OECD to push for the creation of such a system.

The Minister said he would ask that in Santiago in March 98 that the NAFTA transparency agreement be extended to the FTAA.

Corruption was raised by Fernandez at the table were, in addition to Daley and McLarty, Regina Vargo, Michael Liikala, the Vice Minister of Foreign Affairs Cisneros, Carlos Rodriguez, Julio Caceres, Jorge Campbell, German Kammerath and Alejandro Mayoral.

Even though corruption took up most of the meeting, other topics of interest were that US companies participate in telecommunications in Argentina, the future of Mercosur and of the FTAA and bilateral relations.

Areas of corruption

Fernandez stated that "In the past there was much corruption that has been gradually giving way with privatizations. There are still areas such as Customs where it will be reduced with private control on pre-shipping" He underlined that transparency must be ensured in financial operations.

McLarty and Daley listen carefully while they enjoyed the menu prepared by Martha Katz.

Inevitable subject

Daley and Fernandez coincided that the corruption topic is emphasized during election periods. But Fernandez stated that he wanted to deal with that topic as a long term issue.

Daley stated that his government raised the issue in the OECD and that Germany and France offered resistance where, he said, bribes are tax deductible.

"Our country hopes Argentina will soon join OECD and that it supports a system of transparency, Daley said.

Even though the ghost of the IBM-Banco Nacion scandal was in the air, the issue was not raised by anybody.

Clarín, pg. 20 (Fri. 17 October 1997)

Title: Meeting between Roque and the U.S. Secretary of Commerce - A Lunch Meeting Talking Over Business and Corruption

Summary:

Those members of Clinton's Party whose job centers on commerce didn't waste any time getting to the subject that they know best: Business. An example of the items that they covered were interests in telecommunications and airport privatization. For their part, their hosts answered with a political speech: Roque Fernandez urged a re-structuring of the International Ranking of Corrupt Countries.

Roque Fernandez and part of his team shared both lunch, as well as a lot of information with the Head of the U.S. Department of Commerce, William Daley and four of his colleagues. A large part of the information dealt with the telecommunications industry. Daley, who led the two hour meeting, laid out in the open U.S. companies' interest in this competitive field.

Electronic commerce also took up part of the open agenda conversation. Internet transactions should be regulated, and Argentina would favor a more open access to this channel. Daley commented that in his country, small and medium sized businesses use this means to strengthen their sales. He also said that in the U.S. that quality control and user-protection for electronic credit card purchases are enforced.

True to the role that he wishes to play in the Menen cabinet, Roque took the stand in the fight against corruption. But first he threw the ball into his guests field by expressing his surprise that none of Clinton's officials brought up the topic at the last Monetary Fund meeting. Daley avoided the question by telling his twelve lunch companions that he proposed a specific agreement to the OECD concerning transparency in business. But, he was surprised by the response that he received from his German and French colleagues when they informed him that in their countries, payments for bribes are deducted from tax statements.

A large part of the meeting was spent reminiscing about Chicago. Daley's brother is the mayor of the city in Illinois, as was their father. Roque knows the city very well: it was there where his studies Economics for five years.

LA VISITA

ENCUENTRO ENTRE ROQUE Y EL SECRETARIO DE COMERCIO DE EE.UU.

Un almuerzo para hablar de los negocios y la corrupción

Los estadounidenses mostraron su interés en rubros como las telecomunicaciones y la privatización de aeropuertos • Los argentinos propusieron cambiar el método con que se elabora la lista de países corruptos

ANA ALE y LAURA CHEMA

La comitiva de Bill Clinton no se anduvo con rodeos. Sus funcionarios dedicados al comercio aludieron al terreno que mejor manejan: el de los negocios. Y pusieron como ejemplo su interés en las telecomunicaciones y en la privatización de los aeropuertos argentinos. De este lado, sus interlocutores contestaron con un discurso político: Roque Fernández insistió con reformular el ranking internacional de países corruptos.

La preocupación de los visitantes tiene sustento. La concesión de aeropuertos, todavía aún en la Justicia, tiene un perfil

acorde con el de inversores europeos, según aceptan sin dar nombre ni apellido quienes armaron el concurso. De Europa —argumentan— llegarán los "emprendimientos turísticos que aportarán el grueso de la ganancia para el ganador de las puestas". Igual, el magnate Soros y la firma Black & Veatch se anotaron para cotizar por el sistema aeroportuario. Pero dos candidatos de la misma nacionalidad que figuraban entre los interesados más seguros dieron un paso al costado antes de empezar la carrera: la fábrica de aviones y armas Lockheed, y el gigante General Electric.

Roque Fernández y parte de su equipo

compartieron con el titular de Comercio de EE.UU., William Daley, y cuatro de sus colaboradores, un almuerzo y mucha información sobre el negocio de las telecomunicaciones. Daley, quien llevó la batuta en las dos horas de reunión, planteó sin tapujos el interés de las empresas de su país en ese rubro competitivo.

En rigor, los capitales estadounidenses perdieron la apuesta por la empresa nacional de teléfonos. En ese concurso, la candidata americana era la Bell, pero quedó afuera cuando no emparó la oferta de Telefónica de España.

Para contentar a sus invitados y espantar malos recuerdos, Fernández aludió a

resoluciones recién firmadas. Según el relato de uno de los comensales, les dijo que acababa de autorizar una frecuencia a la compañía Motorola para el desarrollo de telefonía satelital. Será el primer sistema de su tipo en Latinoamérica; funcionará desde octubre del '98 y hoy instalarán la estación terrena en Río de Janeiro.

El ministro de Economía también informó sobre otro permiso de negocios. Es una licencia similar para las compañías Teledesic, del potentado Bill Gates, McCaw y Global Star. Detrás del mismo filón están The Washington Post y AT&T, interesados en la telefonía celular.

Entre tanto tirón de mangas, el secreta-

LA VISITA

no de Comunicaciones, German Kammerath, puso algo de color. Habló quince minutos sobre las donaciones para distintas escuelas que habían concretado compañías de EE.UU. dedicadas a la telefonía.

El comercio electrónico también ocupó parte de la charla a agenda abierta. Las transacciones por Internet aún deben regularse. La Argentina favorece el acceso más abierto posible a cargo de las empresas privadas. Daley comentó, por su lado, que en su país intentan que las pequeñas y medianas empresas fomenten sus ventas por esa vía y les contó que allá cuidan los controles de calidad y la protección de los usuarios que compran por la red mediante sus tarjetas de crédito.

Fiel al nuevo papel que quiere jugar en el gabinete de Carlos Menem, Roque tomó la posta de la lucha contra la corrupción. Pero primero le sirvió la pelota a sus invitados. Destacó su extrañeza porque ningún funcionario de Clinton planteó el tema en la última reunión del Fondo Monetario.

Daley atajo el pas y pasó una factura extracomunitaria. Le dijo a sus doce compañeros de mesa que él planteó en la OCDE, el club de los países más ricos, un acuerdo específico sobre transparencia en los negocios. Pero fue sorprendido por la respuesta de sus colegas alemanes y franceses cuando le contó que, en sus países, se deducen de impuestos los gastos destinados a coimas. Según el relato que se escuchó en Economía.

El ministro argentino subió la apuesta. Dijo que la Argentina estaba a punto de ingresar en el bloque de la Organización para la Cooperación y el Desarrollo Económico (la OCDE) y una vez adentro, llevará a ese foro el planteo de transparencia de los Estados Unidos, según su propia promesa. Fernández sugirió un código de ética entre los socios del Mercosur.

Buena parte de la reunión se dedicó a la remembranza de Chicago. El hermano de Daley es alcalde de esa ciudad del estado de Illinois y su padre también lo fue. Roque conoce de cerca la ciudad, allá estudió Economía durante cinco años.

October 17, 1997

El Cronista

Minister of Economy, Roque Fernandez, informed Secretary of Commerce, William Daley the need for an international organization to establish an international standard to determine the level of corruption in countries. In the lunch that took place in Palacio de Hacienda the Minister anticipated that he would propose Mercosur member countries to adhere to the transparency agreement and the fight against corruption that NAFTA possesses. The transparency agreement should be generalized to reach the entire continent in the meeting of Free Trade for the Americas (FTAA) which will be held next year in Santiago, Chile.

Roque quiere un corruptómetro para ganar de mano a los EE.UU.

El ministro almorzó con el secretario norteamericano de Comercio y sacó a relucir el mismo el espinoso tema de la corrupción. Hasta criticó veladamente a la administración Clinton por su tibieza en la materia.

Alberto Lippi

de la redacción de El Cronista

A pesar de que muchas veces se había dicho que no se trataría, el tema de la corrupción fue uno de los principales puntos analizados ayer entre el ministro de Economía de la Argentina y su colega, el secretario de Comercio de los EE.UU., William Daley, reveló un vocero oficial del Palacio de Hacienda.

Quizás, adelantándose a alguna pregunta de su invitado sobre ese espinoso tema, fue el propio Fernández quien lo planteó y aseguró a su interlocutor que en la próxima reunión del Mercosur propondría la adopción de medidas de transparencia y castigo de la corrupción, como el que tienen firmado los países que conforman el bloque del Nafta. Incluso fue más lejos, al anticipar que una propuesta similar la presentará la Argentina, para que la incluya en la reunión de presidentes de países americanos, que se hará en abril próximo en Santiago, Chile.

Fernández se dio el lujo de hacer una velada crítica a la tibia posición norteamericana, respecto del tema de la transparencia, observada en la reciente Asamblea Anual del Fondo Monetario Internacional, realizada el mes pasado en Hong Kong, ya que una sugerencia suya a ese organismo multilateral, para que se creara un standard internacional de corrupción, fue apoyada por su colega inglés, Gordon Brown, pero no por los EE.UU.

Daley aseguró que el tema de la transparencia fue planteado por su



William Daley, Roque Fernández y Thomas Mc Larty

país en la OCDE, donde se encontró con fuertes resistencias de varios países. Un funcionario, que asistió al almuerzo, dijo que el visitante habló de "varios países", pero que "mencionó a dos: Alemania y Francia, señalando que sus legislaciones les permiten a los empresarios deducir los pagos de coimas de sus impuestos", es decir, tratándolos como

un gasto más en sus negocios. Roque le replicó que "está muy cerca" el ingreso de la Argentina en la OCDE y que, cuando esto se concrete, nuestro país se alineará también allí con los EE.UU. en ese tema.

Ambos funcionarios compartieron un extenso almuerzo (duró más de dos horas) de champignones y langostinos

sobre una masa de hojaldre, lomo con batatas y espinaca a la crema, y helado, todo ello regado con vino blanco y tinto.

Daley destacó también la "sorpresa muy positiva" de su gobierno por el importante aumento del nivel del comercio entre su país y el Mercosur, pero nada dijo del elevado superávit que tiene EE.UU. con el bloque regional del Sur. Tampoco mencionó una palabra sobre las trabas y demoras en el ingreso de car-

nes argentinas o por las diferencias que hay entre ambos países por el tema patentes. A una pregunta directa del secretario de Relaciones Económicas Internacionales, Jorge Campell, sobre los problemas para vender maní argentino, le respondió irónicamente que "hablaremos de eso una vez que la Argentina publique en Internet los certificados de determinación de origen" del producto.

En cambio, el visitante recomendó facilitar el acceso de las PYME a la red Internet, al comentar que en EE.UU. había dado muy buenos resultados, abaratando costos y provocando cambios en la cadena de distribución. Roque no se quedó atrás y dijo que se buscará que en el pago de transacciones internacionales se incluya, por ejemplo, los derechos aduaneros. ♦



October 17, 1997

Buenos Aires Economico

Roque requested more openness to the U.S.

During the lunch with Secretary Daley, Minister Fernandez questioned the restrictions to the access of Argentine products.

Minister of Economy Roque Fernandez requested that the United States raise all the restrictions imposed to the access of some Argentine products. He also complained that "even if they uphold the concept of free trade, they still keep a great number of quantitative restrictions."

Roque Fernandez stressed the decision of the Argentine government to prioritize MERCOSUR's consolidation facing the project of the creation of the FTAA, which the White House is proposing to start in 2005.... Any negotiation to advance in the process of creation of the FTAA shall be made with the MERCOSUR bloc rather than with its individual members.

The agenda included all commercial issues between the two countries, including the controvertial patent law for pharmaceuticals that Argentina passed in late 1996. The Minister requested that all current restrictions to the access of certain products such as fruit juice, sugar, peanut and seamless pipes be eliminated. The Minister also added that a better access for Argentina to the U.S. market "would mean accessing the world", since thus "a lot of non-tariff barriers will be immediately dropped, based on the ones of the U.S."

NAFTA-MERCOSUR: the officials also analyzed the situation of the NAFTA/MERCOSUR relationship, even if the national authorities were in favor of the interests of the regional bloc made up of Argentina, Uruguay, Paraguay and Brazil, in relation to the creation of the FTAA.

Talks also included mechanisms to improve tax and customs controls with the aim of making progress in the fight against tax evasion and undervoicing.

The U.S. delegation also included Assistant Secretary for the Western Hemisphere Regina Vargo, Special Envoy of the President for the Americas Mack McLarty and Commercial Counselor Michael Liikala.

B.A.F. 14-10

Roque pidió más apertura a los EE.UU.

Durante un almuerzo con el secretario de Comercio, William Daley, el ministro cuestionó limitaciones al ingreso de productos argentinos

El ministro de Economía, Roque Fernández, ratificó ayer la firmeza del Gobierno argentino en materia comercial y en el marco de la visita del presidente Bill Clinton solicitó que los Estados Unidos eliminen las restricciones que impone al ingreso de algunos productos argentinos, a la vez que se quejó porque "mientras tienen un concepto de libre comercio, mantienen una gran cantidad de limitaciones cuantitativas".

Los reclamos del titular de la cartera económica tomaron cuerpo durante un almuerzo que compartió con el secretario de Comercio de los Estados Unidos, William Daley, ante quien reafirmó la decisión del Gobierno argentino de priorizar la consolidación del Mercosur frente al proyecto de creación del Área de Libre Comercio para las Américas (ALCA) que impulsa la Casa Blanca para que comience a funcionar a partir del 2005.

Uno de los participantes del encuentro indicó que el ministro ratificó además la posición anticipada por el secretario de Industria, Comercio

y Minería, Alvaro Guadagni, acerca de que cualquier negociación para avanzar en la conformación del ALCA se realizará con el bloque Mercosur y no con sus integrantes en forma individual.

El almuerzo abarcó un amplio temario acerca de todas las cuestiones comerciales entre ambos países, incluida la conflictiva Ley de Patentes

Fernández intercedió en favor del acceso al mercado de productos como jugos de fruta, azúcar, mani y caños sin costura

Medicinales que la Argentina sancionó a fines de 1996.

En forma puntual, la fuente precisó que el ministro "pidió que se eliminen las restricciones existentes para el ingreso de algunos productos como los jugos de fruta, el azúcar, el mani y los caños sin costura.

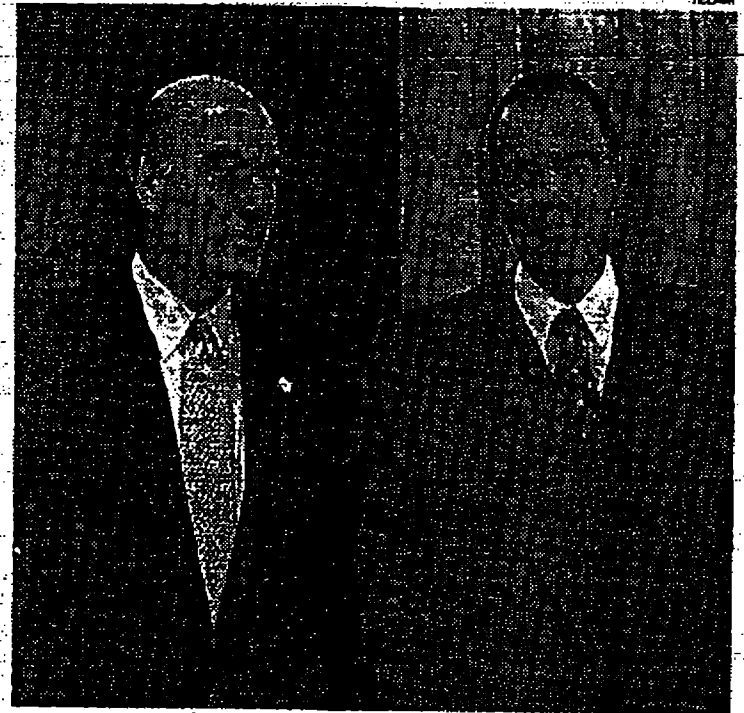
Al respecto, el ministro insistió en que si la Argentina logra un mayor acceso al mercado norteamericano "es como si entráramos al mundo", ya que de esa manera "inmediatamente caerán una cantidad de restricciones pararrancelarias basadas en las que tienen los Estados Unidos".

NAFTA-Mercosur

Los funcionarios también analizaron el estado de la relación NAFTA-Mercosur, aunque las autoridades nacionales plantearon la defensa de los intereses del bloque regional que integran la Argentina, Uruguay, Paraguay y Brasil, frente a la creación del ALCA.

Entre las prioridades argentinas y sus socios del Mercosur para el proceso de integración que comenzará a discutirse formalmente en abril de 1998 en Santiago de Chile, figura la caída de las harreras para la comercialización de varios productos agrícolas.

Las conversaciones giraron también sobre los mecanismos para mejorar los controles fiscales y aduane-



William Daley y Roque Fernández pasaron revista a temas de comercio bilateral durante una almuerzo en Economía

ros con el fin de avanzar en la lucha contra la evasión impositiva y las maniobras de subfacturación.

La delegación norteamericana estuvo integrada por la subsecretaria para el Hemisferio Occidental del

Departamento de Comercio, Regina Vargo, el enviado especial de los Estados Unidos para Asuntos Latinoamericanos, Mack McLarty, y el consejero para Asuntos Comerciales de la embajada, Michael Liikala.

ÓPTICAS DIFERENTES

- Fernández pidió que algún organismo mundial establezca un estándar

Sugieren que un organismo mundial

October 17, 1997

Buenos Aires Economico

Minister of Economy Fernandez said that Argentina will have satellite telephone services in a year from now.

Argentina will be the first country in Latin America that will have direct satellite telephone services, after having granted two licenses to two U.S. consortia.

Fernandez informed U.S. Secretary of Commerce William Daley that two licenses have been awarded to the U.S. firms Iridium (which includes Motorola) and Globalstar Telecommunications Corp. to offer this service.

As of October 1998, direct satellite calls will be possible from any cellular phone. With these two companies in operation, Argentina will be the first country in the continent, after the United States, to implement the use of this technology. In any case, this will be fully operational once the cellular operators start marketing and selling the service. However, technicians from the Secretariat of Communications informed that the cost of this technology will be ten times more than the current price.

Bill Gates

The Ministry of Economy is analyzing the grant of a third license for this service to the company Tele Disk Corp (sic for Teledesic) owned by the IT guru Bill Gates. The Ministry also said that Congress cleared the project to offer the service in the interior of the country.

LA VISITA DE CUNTON

Habrà telefonía satelital en un año, dijo Fernández

Los servicios podrán utilizarse a partir de octubre de 1998. Pero los propios funcionarios admiten que su costo inicial será elevado

La Argentina será el primer país de América latina que contará con servicios telefónicos satelitales directos, al haber otorgado a dos consorcios norteamericanos la licencia para utilizar las frecuencias. El anuncio fue realizado por el propio ministro de Economía, Roque Fernández, al secretario de Comercio de los Estados Unidos, William Daley, durante el almuerzo que ambos compartieron junto a otros funcionarios en el Palacio de Hacienda.

Fernández informó a Daley que firmó una resolución por la cual se concede el derecho para el uso de frecuencias telefónicas a las empresas norteamericanas Iridium (de la cual forma parte la corporación Motorola) y Globalstar Telecommunication Corp., en el marco del denominado proyecto Iridium (un consorcio que puso en órbita los satélites y comercializa el servicio).

La medida, en rigor, se firmó hace unos diez días, pero fue exhibida como una muestra de apertura por parte del ministro de Economía, ante la insistencia de Daley en promover a las empresas norteamericanas de telecomunicaciones.

Con la instalación de esas empresas, a partir de octubre de 1998 será

Economía prevé otorgar otra licencia de una compañía perteneciente al magnate de la informática, Bill Gates

posible la comunicación desde cada teléfono celular con cualquier país del mundo, en forma directa y satelital. La instalación de ambas empresas convertirá a la Argentina en el

primer país del continente, después de los Estados Unidos, en utilizar esa tecnología. De todos modos, los usuarios podrán acceder al adelanto sólo cuando lo comercialicen las empresas que prestan el servicio de telefonía celular móvil.

Entusiasmo

Pese al entusiasmo del ministro Fernández al presentar la novedad, fuentes del área de Comunicaciones que encabeza Germán Kammerath revelaron a BAE que la mejora tecnológica tiene como contrapartida su elevado costo. "El servicio va a costar hasta diez veces más que en la actualidad", precisaron los técnicos.

Los funcionarios confiaron en el pronto abaratamiento de la prestación, y señalaron que "hay una franja de usuarios que por su ubicación geográfica utilizarán el servicio".

Motorola implementará el siste-



Germán Kammerath, secretario de Comunicaciones

ma utilizando una pantalla satelital ya instalada en Río de Janeiro. El consorcio Globalstar usará una antena satelital cuya instalación se iniciará hoy mismo en la localidad cordobesa de Bosque Alegre, donde ya existe un centro satelital para las telecomunicaciones.

Bill Gates

Economía analiza también otorgar una tercera licencia para este tipo de sistema de comunicación telefónica directa por satélite de la em-

presa Tele Disc Corp., propiedad del magnate de la informática, Bill Gates.

Fernández también comunicó al funcionario de los Estados Unidos que la comisión bicameral destrabó el proyecto para la instalación en el interior del país de nuevos sistemas de comunicación telefónica móvil.

Las nuevas empresas que quieran instalar el sistema de comunicaciones personales podrán hacerlo a partir de la licitación en marcha, y competirán con la empresa CTI, la única que actualmente opera en el área.

La Prensa, pg. 13 (Fri. 17 October 1997)

Title: Fernandez Himself Brought up the Topic of Corruption - the Minister promised the U.S. Secretary to Urge the Fight Against Bribery

William Daley, U.S. Secretary of Commerce mentioned the recently suffered "snags" for companies in his country.

The need to establish international standards regarding corruption and transparency agreements in public management was the main topic analyzed yesterday at a breakfast meeting between Economy Minister Roque Fernandez and U.S. Secretary of Commerce William Daley. The Minister anticipated the proposal be presented stating that Mercosur comply with the Transparency Agreement and the fight against corruption as stated in NAFTA, and that this agreement be generalized for the whole continent at the next year's meeting of the Free Trade Zone of the Americas in Santiago de Chile.

After lunch, the U.S. representatives mentioned the difficulties that some companies had in coming to Argentina, citing problems of bribery and bureaucratic snags. The other topic dealt with telecommunication investment in Argentina. Daley expressed a large amount of interest on behalf of U.S. firms, and the minister took the opportunity to name off some of the latest measure adopted which favor these companies.

El ministro prometió al representante de EE.UU. impulsar la lucha contra el cohecho

El propio Fernández fue quien planteó el tema de la corrupción

William Daley, secretario de Comercio de Estados Unidos, mencionó las "trabas" que han sufrido recientemente empresas de su país.

La necesidad de establecer estándares internacionales sobre niveles de corrupción y esquemas de transparencia en la gestión pública fue el tema esencial que analizaron ayer el ministro Roque Fernández y el secretario de Comercio de Estados Unidos, William Daley.

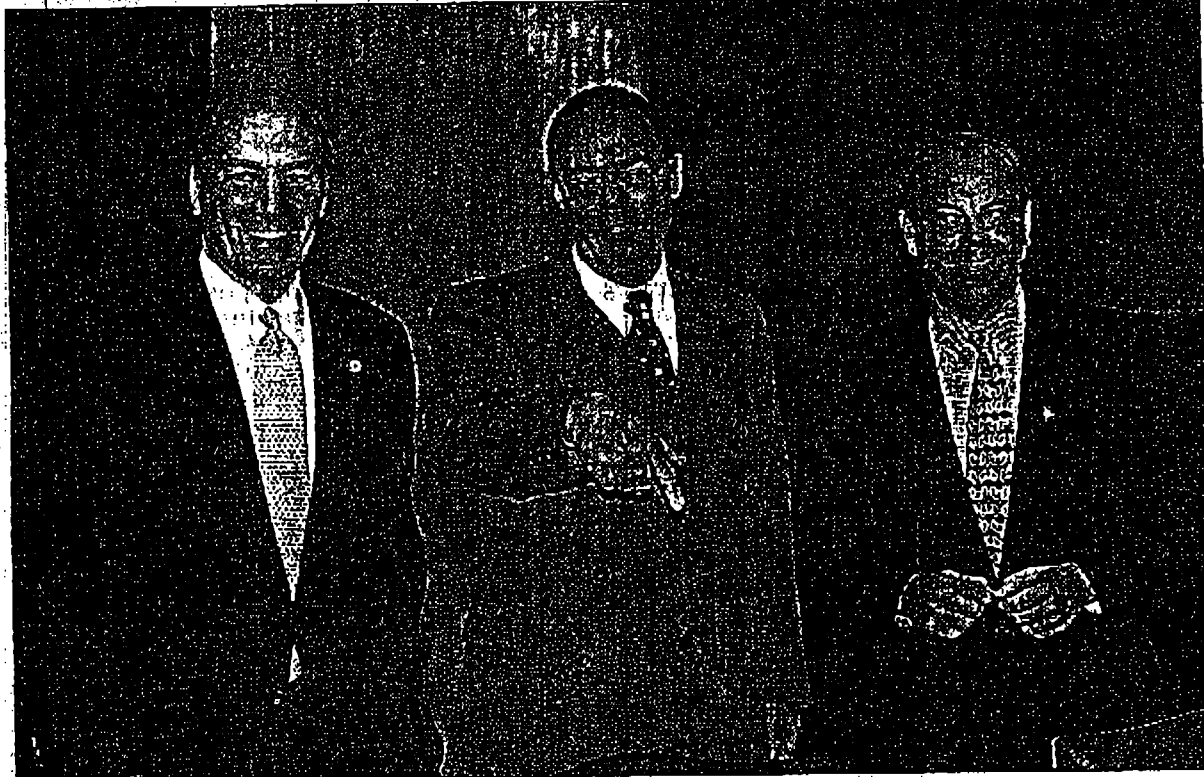
En un almuerzo que compartieron, en el Palacio de Hacienda, el ministro anticipó que pondrá al Mercosur que adhiera al acuerdo de transparencia y de lucha contra la corrupción que posee el NAFTA y que ese convenio debería quedar generalizado para todo el continente en la reunión del Área de Libre Comercio para las Américas (ALCA), que se celebrará el año próximo en Santiago de Chile.

"El problema de la corrupción fue planteado por iniciativa del ministro Fernández", destacó uno de los participantes de la comida.

La fuente sostuvo que el jefe de la cartera económica recordó que durante la asamblea anual que el FMI celebró en Hong Kong le propuso al director gerente del organismo, Michel Camdessus, que se establezca un código internacional para medir la corrupción.

Aunque obviamente no fue a modo de reproche, el ministro destacó ante sus invitados que le sorprendió que ningún representante de Estados Unidos haya hecho algún planteo relacionado con el tema durante las deliberaciones de esa ronda.

"Nosotros propusimos establecer un código para determi-



Almuerzo y reunión de trabajo en el Palacio de Hacienda. A la izquierda de Fernández, el secretario de Comercio, William Daley. A la derecha, el enviado especial de Clinton para las Américas, Thomas Mc Larty.

OCDE (Organización de Cooperación y Desarrollo Económico), pero nos encontramos con la oposición de los países europeos y sobre todo con que, por ejemplo, Alemania y Francia, permiten que las empresas deduzcan de sus impuestos lo que pagan por coimas", dijo Daley, según la fuente de Economía.

LOS PLANTEOS

Sin embargo, luego del almuerzo, en una reunión de trabajo, los funcionarios de Estados Unidos mencionaron los problemas que tuvieron algunas empresas de ese país para instalarse en la Argentina. Se habló de actos de "cohecho" y trabas burocráticas.

Por otro lado, en la reunión del mediodía, el segundo tema que concentró la atención de los visi-

tas empresas de ese país en telecomunicaciones.

Daley manifestó el gran interés que tienen las firmas en participar del sector, y entonces el ministro hizo un racconto de las últimas medidas adoptadas, que favorecen a esas empresas.

El ministro aseguró que ya se adjudicó la frecuencia a Motorola para el desarrollo del proyecto "Tridium" de telefonía satelital, que va a ser el primero en Latinoamérica y que comenzará a funcionar en octubre de 1998.

También le dijo que Global Star cuenta con una licencia para el mismo sistema y que ya comenzaron las negociaciones para que próximamente tenga la suya Tele Disc, perteneciente a Bill Gates y Me-Caw.

Estas empresas se van a asociar con las locales de telefonía celular para poder ofrecer los dos servicios.

En la vía del informe, el ministro le indicó que la comisión bicameral destrabó anoche el tratamiento de la licitación de telefonía celular, para el cual hay candidatas estadounidenses como el Washington Post e ITT.

Además del ministro y Daley, participaron del convite el enviado especial del presidente Clinton en Argentina, Thomas Mc Larty, el consejero para asuntos comerciales de la embajada de Estados Unidos, Michael Liikala, y la subsecretaria del hemisferio occidental del Departamento de Comercio, Regina Vargo.

Del lado local estuvieron el secretario de Programación Económica, Carlos Rodríguez, de Coordinación Legal y Técnica, Julio Cáceres, el secretario Campbell y el de Comunicaciones, Germán Kammerath.