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File
- Press
UNITED STATES

artists to animal-trainers. "A producer can get on a plane in LA with only his toothbrush and find everything here he needs to make a movie," says Ron Ver Kuilen, head of the Illinois Film Office. It helps to be flexible; in a recent made-for-television film shot in Chicago, different parts of the city were dressed up to look like London, New York, and bits of Germany and Japan.

And money talks. All levels of government now offer an array of incentives to lure Hollywood to Main Street. New York city offers free police assistance; Massachusetts, fee-free filming on any government property. Pennsylvania provided a state grant to help convert Philadelphia's old convention centre (replaced by a larger one) into a film sound stage. One of the fastest-growing film locations in the United States is Wilmington, North Carolina. As a non-union, non-urban site, Wilmington claims a 25% cost advantage over LA.

Most aggressive of all are the Canadians. The weak Canadian dollar allows American film producers to squeeze an extra 30% out of their budgets. On top of that, the Canadian government offers an 11% tax credit on labour costs, and some provinces offer additional incentives of their own. In 1997, 16 films written to take place in Chicago were filmed in Toronto, including the sequel to "The Blues Brothers". ("That one hurt," concedes Rich Moskal, head of the Chicago Film Office.) Manitoba recently announced a whopping 35% tax credit, so that, combined with the federal tax incentive, production companies can get back almost half of their total labour costs.

If you can't be the cheapest, sometimes it helps to be the most congenial. Chicago landed "Mercury Rising", a Bruce Willis action film, in part because the city was willing to close a section of its railway line and several lanes of a parallel highway so that Mr Willis could be filmed leaping between them, no doubt shooting at someone. (In LA, where films are less of a novelty, residents are said to turn on noisy garden equipment near film sites, knowing that producers will pay them \$100 to turn it off.)

Rude residents notwithstanding, the vast majority of films are still made in Los Angeles (see table). The industry generates over \$20 billion a year, nearly ten times the size of the next-biggest site. But even California's officials are looking over their shoulders. They whisper that 50-70% of low-budget network TV films are now filmed in Canada. Governor Pete Wilson's senior policy adviser will this month meet federal trade representatives to find out whether Canadian film subsidies, which favour Canadian labour, violate the North American Free-Trade Agreement.

From the 19th floor of a building on Wacker Drive, your correspondent has a sweeping view of the Chicago River and Chicago's famous Michigan Avenue. This

building features prominently in a new film, just out, called "Kissing a Fool". It is also an excellent vantage point from which to watch Samuel L. Jackson, who has taken everyone in a neighbouring building hos-

tage and is fighting off helicopters, while men abseil down the building and a SWAT team opens fire from a barge in the middle of the river. That is "The Negotiator", coming soon.

Embracing Latin America

Mack McLarty, Friend of Bill

SAN JUAN, PUERTO RICO

UNDER the swaying palms of San Juan, Bill Clinton's oldest friend seems right at home. Since he arrived for yet another conference on Latin America (he has dutifully attended dozens as Mr Clinton's special envoy to the region), Thomas "Mack" McLarty has been mobbed by Latin businessmen eager for an audience. One Mexican fat cat even runs upstairs to put on a suit and tie so that he can impress "the man who will be whispering in Clinton's ear when he decides whether my country will be ruined by decertification." Mr McLarty shakes every hand and listens to every plea, smiling through it all. His job can be exasperating, he later admits, but not because of the over-eagerness of Latin Americans. The real frustration, he explains, lies in the ignorance he finds among Americans back home.

Mr McLarty's boss did not set foot in the region during his first term. Sandy Berger, the national security adviser, also neglected it when he recently named his top six priorities. Yet the issues that arise from the region could hardly matter more to the Clinton agenda: drugs, immigration, free trade. In April, Mr Clinton will go to Chile for a landmark summit with all the heads of state from the Americas (bar Fidel Castro of Cuba). Could it be that the United States is about to start paying attention?

Maybe, so long as Mr McLarty sticks to

his job. Since the days of the Monroe doctrine, Americans have viewed Latin America as a collection of banana republics liable to economic and political instability, needing a firm hand and plenty of aid. But over the past decade Latin countries have embraced free-market democracy with zeal. "Latin America has arrived on the world stage with confidence," says Mr McLarty; it merits treatment as an equal. The region buys a third of all American exports, and Mexico last year surpassed Japan as America's second-largest export market. But most Americans simply have not noticed. "My principal role", Mr McLarty says, "is as an educator and an advocate."

Some of the old bully-boy tactics are still in place. One is the annual "certification" by which Congress requires the president to judge whether countries are friends or foes in the drugs war. This process, which culminated on March 1st, has done nothing to stem the flow of drugs but much to irritate loyal friends. Even Newt Gingrich has called for the process to be scrapped or altered, insisting that the days are gone when the United States could treat its friends like this. The United States has also outraged its southern neighbours with the Helms-Burton law against Cuba and by raising the spectre of mass deportations with last year's tough immigration law.

Whenever the United States blunders



A long way from Little Rock

UNITED STATES

in this way, the genteel Mr McLarty is immediately on the telephone or an aeroplane, smoothing ruffled feathers. As James Jones, ex-American ambassador to Mexico, puts it: "Whenever someone in Washington made an inane or insensitive comment that upset our friends, I'd call Mack and he'd get on the case."

Mr McLarty is an ideal soother: soft-spoken and polite, graceful in his compliments and gifted with a memory for names and faces. Such niceties matter to Latin Americans. More important, though, is the fact that he is a Friend of Bill. As a kindergarten chum of the president, he probably has better access to him than anyone but Mrs Clinton. He clearly relishes this: until recently, he proudly listed this friendship at the top of his resumé. These qualities reinforce each other, as even Mr McLarty concedes: "Because of our friendship, I don't

have to shout to be heard."

By careful use of this friendship, he has managed to push ahead a number of initiatives important to the region. As Mr Clinton's first chief of staff, he orchestrated the passage of the North American Free-Trade Agreement (NAFTA) in 1993. Later, over congressional objections, he helped to construct the bail-out package for Mexico during its peso crisis. Mr McLarty also pulled together the Miami Summit of the Americas in 1994, which looked set to be a fiasco until he got involved; in the end, it produced a pledge to work for a Free Trade Area of the Americas (FTAA) by 2005.

At the Santiago presidential summit next month, the gathered worthies are expected formally to agree to launch negotiations for the FTAA, though Latins are angry with Mr Clinton for failing to win fast-track authority from Congress to sign trade deals.

This will be Mr Clinton's third trip to Latin America in less than a year, a feat for which Mr McLarty deserves singular credit.

Still, he has his critics. "You mean McLarty?" jokes one Latin American minister. Because his gravitas is derived from his access to Mr Clinton, technocrats in Latin America and policy wonks in Washington (with some jealousy) sometimes argue that Mr McLarty is merely a cheerleader for other people's ideas. That is unfair. After all, Mr McLarty is no regional expert; he is a businessman from a small southern state. But by reading his way into the job, and by extending his gregariousness across the Americas, he has acquired considerable power to boost or kill initiatives. Most important, he has turned the president's gaze to a region he was in peril of ignoring. That in itself is an achievement.

So you'd like to buy a ranch?

BIG HORN, WYOMING

IF YOU think the stockmarket is inflated, try buying a ranch in Montana. Rocky Mountain ranch prices have entered the stratosphere: a ranch that would have sold for \$3m two years ago now fetches \$8m or more. What is more, the buyers pay cash. Most are employees of software companies or corporate CEOs who, with portfolios tripling or quadrupling in value, need a place to park their equity.

Since the opening of the frontier, wealthy families from the east and California have bought ranches as conservative investments. Although scenery was important, the owners counted on sheep or cattle to make the ranch pay. New owners, in general, do not give a fig for livestock. They want beauty, hunting and—in particular—private fishing waters. As one broker puts it, they demand "four-pound trout jumping over the elk's back as they look up at snow-capped mountains." And, of course, these attributes need to be within 30 minutes of an airstrip long enough to accommodate a Gulfstream or a Learjet.

Few spreads fit this description. Many old-time ranches, limping along on low cattle prices, have succumbed to land developers or timber buyers. Such properties are considered damaged goods. So, when a place that passes the pristine litmus test comes on the market, it goes fast. Hall and Hall Inc of Billings, Montana, probably sell more high-end ranches than anyone in the country, but even they get beaten to the draw. Doug Hart, a partner at the firm, says he was "stunned" when one out-of-town interloper bought a

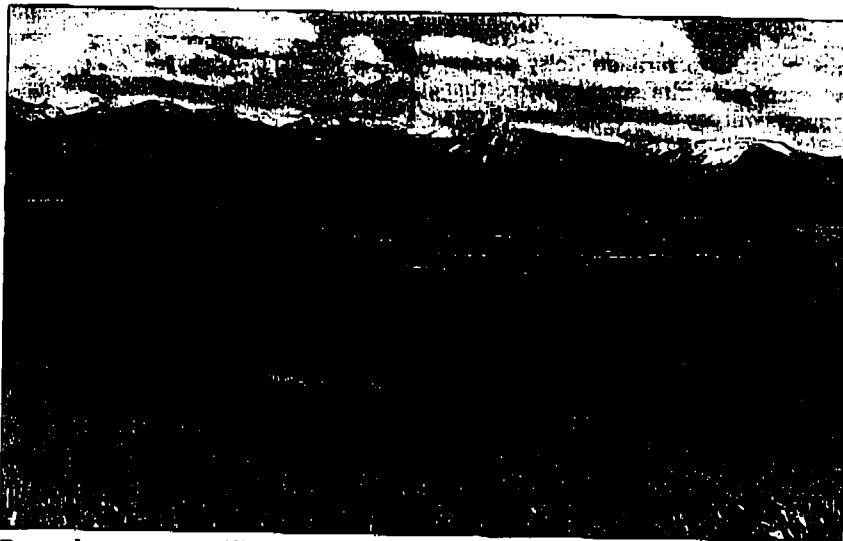
property over the telephone, sight unseen, for \$10m.

The priciest recreation ranch is still found at the end of a road, backed up against the National Forest and home to a blue-ribbon trout stream. But today's buyer will also pay for solitude. The Binion Ranch north of Jordan, Montana, an austere 145,000-acre block of land on the high prairie with nobody in sight, is said to have sold for \$8m-9m. A decade ago, it would have found few buyers.

Estate agents trace the trend back to 1981, when a religious community called the Church Universal and Triumphant bought a 12,500-acre ranch from Malcolm Forbes for \$7.5m. Situated in Montana, in gorgeous scenery north of Yellow-

stone National Park, it would have trouble supporting 600 head of cattle. The price astonished local pundits, and their reaction seemed right; land prices, even for breathtaking ranches, sank precipitously in the 1980s. Today, however, a "For sale" sign on that property would set off a billionaires' bidding war.

A few of these new operators actually try to keep livestock, as old ranchers did. Pushing cows around and fixing fences seem particularly popular in Arizona and New Mexico. But the more common point of view is that "recreation ranches", bought purely for their amenities, are now so popular that they can hold their value whatever the economy is doing. And, if things turn bad, there is always the possibility of subdividing the spread. That allows still more enthusiastic suburbanites to get their hands on a piece of the West, at a price.



Pretty, but you can still see the neighbours

THE AMERICAS

The road from Santiago

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SAO PAULO

The second "summit of the Americas" opens in Chile next week. It will give formal approval to negotiations intended to lead to free trade from Alaska to Cape Horn. But that project needs broader political support

WHEN in December 1994 Bill Clinton welcomed to Miami the leaders of 33 other countries in the Americas, their meeting was widely seen as the start of a new chapter in the often troubled relations between the United States and Latin America. With the cold war over, elected governments in power everywhere except (uninvited) Cuba, and with market reforms and freer trade supplanting statist protectionism, many old sources of tension seemed to have been replaced by shared ideas and new opportunities for co-operation.

Chief among these was the notion, mooted earlier by President George Bush in 1990, of a "free-trade area of the Americas" (FTAA), stretching from Alaska to Cape Horn. In Miami, Latin America's leaders embraced the idea with surprising enthusiasm. A target date of 2005 was set for its achievement, with "concrete progress" to be made by 2000. Alongside this, the 34 summiteers put their names to a long list of collective virtue, 150 "action items" concerned with topics ranging from health services through women's rights to the environment.

On April 18th and 19th in the Chilean capital, Santiago, the 34 countries' leaders meet again. They will formally launch the FTAA negotiations. After three years of hard talking, at a final preparatory meeting in Costa Rica last month their trade ministers agreed to a detailed agenda of what to negotiate, how, where and when. Their ambitious dream might seem, at first glance, to be steadily becoming a reality.

True, the FTAA concept faces criticism. Some economists argue that regional preferences divert more trade than they create. Some Latin Americans fear that the cost of adjusting to free trade with the world's most powerful economy will far outweigh the benefits, especially in smaller and less developed countries. Trade unions in the

United States express the opposite fear, foreseeing a flight of jobs to lower-wage countries farther south.

Yet Latin American governments have concluded that they do want an FTAA. Such studies as exist suggest that guaranteed access to the United States market would add to growth both by boosting exports, especially of manufactures, and by attracting ex-

pan to become the second-largest importer of United States goods, after Canada. The FTAA has a geopolitical attraction too: it would lock in free-marketery as the way of life throughout the Americas.

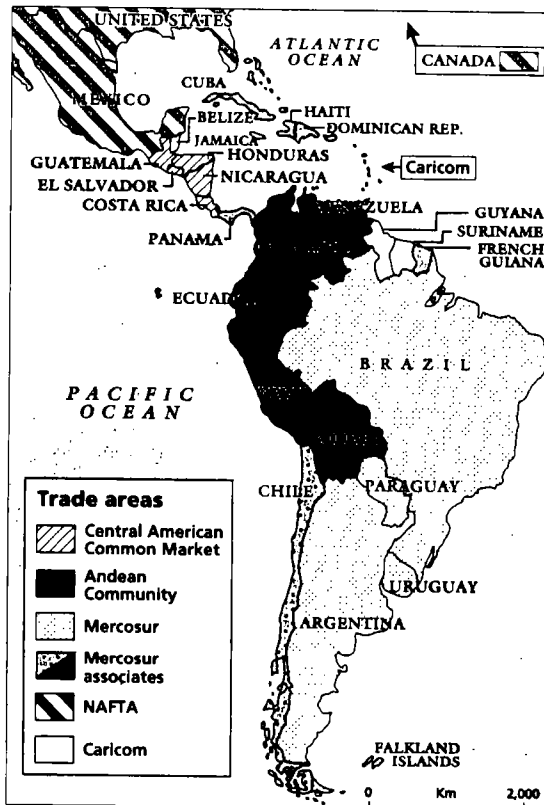
Nor will trade be the only, or even the first, item on the Santiago agenda. The summit will discuss democracy, education and poverty; and, not least, drugs. Latin Americans resent the United States' practice of unilaterally "certifying"—or decertifying—other countries as dependable allies in the war against drugs. Mr Clinton cannot just abandon this: it is enshrined in American law. But Santiago may be a first step toward parallel, multilateral monitoring of efforts to curb not just the (Latin American) supply of drugs, but the (United States') demand for them. And the assembled leaders may agree to make their summits regular, perhaps three-yearly, affairs. In sum, here, says Jose Miguel Insulza, Chile's foreign minister, is "a mature partnership."

A smoggy prospect

Yet a sense of anti-climax will hang as thickly in the air as the Santiago smog. One reason is simply that this is the second time round: Miami was a giant step, the first pan-American summit since an ineffectual affair 27 years earlier whose main, American-inspired aim was to isolate Cuba. And whereas the Miami invitations came from the leader of the world's superpower, Santiago has been arranged by a 34-country group, more democratic but more routine. The big reason, however, is a widespread feeling that the United States has again lost interest in Latin America, and that its policies in the region—whether on trade, drugs or Cuba—are being driven by domestic politics, not broad, strategic vision.

That disillusionment has been crystallised by Mr Clinton's failure to win fast-track trade-negotiating authority from Congress. It was this that scuppered the American pledge made to Chile in 1994 that the first step toward free trade would be Chile's admission to the (then new) NAFTA accord linking the United States with Canada and Mexico. Not till last year did the Clinton administration even put forward a fast-track bill—only to withdraw it last November, rather than risk its defeat.

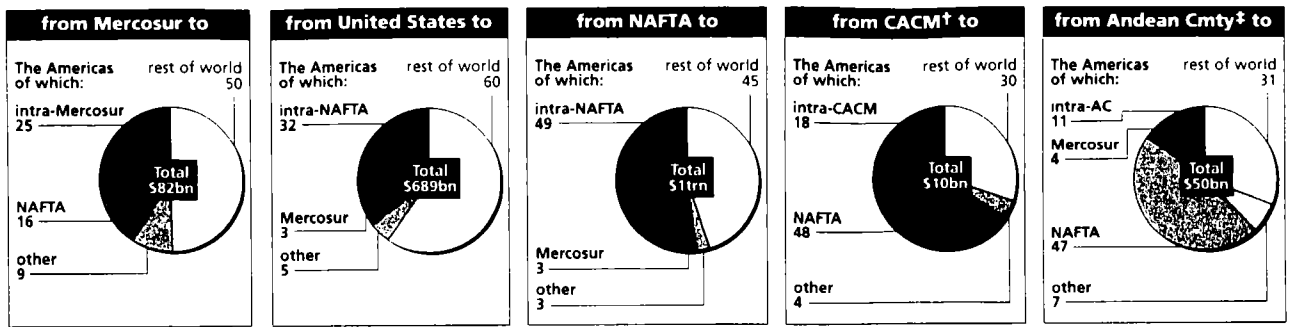
Without fast-track, some say, the whole FTAA exercise may be futile. The United States has had years of solid growth. Unemployment is low, the trade deficit small. If



tra foreign investment. And if an FTAA comes to be, no country can afford to be left out. The United States can foresee corresponding benefits, as faster growth to its south boosts demand for its exports. Already, Latin American countries' unilateral lowering of trade barriers has made the region the United States' fastest-growing foreign market. Last year, Mexico overtook Ja-

Selling to each other

% of total 1997 exports*



Sources: IOB; US Department of Commerce

*Estimated, except from US †Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua ‡Bolivia, Colombia, Ecuador, Peru, Venezuela

Mr Clinton cannot get his way on trade now, these sceptics ask, when can he? And of all imaginable trade deals, the American public is especially hostile to Latin American ones, thanks to its experience with NAFTA—or, more accurately, to what it has heard of NAFTA and the way the administration sold that deal politically, simply as a matter of extra exports and jobs.

Less than a year after NAFTA came into force, and eight days after the Miami summit, Mexico's currency began to collapse. The United States not merely had to stump up billions (promptly repaid, but who remembers that?) to save its neighbour, but saw its 1994 trade surplus with Mexico of \$5 billion become a deficit of \$13 billion in each of the next two years. To the unions, increasingly influential backers of Mr Clinton's Democratic Party, this proved the folly of opening doors to low-wage economies. And to widen the grief, with Mexican goods came Mexican migrants and drugs.

Latin America too is wobbling in its commitment to free trade, partly because Asia's troubles have tightened both capital and export markets. In November Mercosur, the incipient customs union linking Argentina, Brazil, Paraguay and Uruguay, raised its common external tariff, which averaged around 12%, by three percentage points. This year Brazil has revived a few bad habits, demanding import licences for some goods and scrutinising invoices with punitive care. Even Chile, the region's paragon of open trade, which planned to cut its flat tariff from 11% to 8%, has not done so.

Slow track, no track?

So is the FTAA doomed? Not yet. Official and ministerial effort has been sunk into the project. The preparatory talks have given it some momentum. Whatever the doubts, no country has shown itself ready to abandon the project. And though Latin Americans are sceptical of negotiating with a president who lacks fast-track authority, it is, after all, at the end, not the start, of talks that that authority is required.

Ironically, the lack of fast-track may have eased the launch of talks, by blunting

American ideas of speeding them up. Brazil wants plenty of time to modernise its economy before embarking on open trade with the United States. To the Americans—and Central Americans hurt by exclusion from NAFTA while Mexico is inside—that smacks of protectionist foot-dragging. But Brazil, the third-largest economy in the Americas, could not easily have been overridden.

By weakening the United States' negotiating position, lack of fast-track has also changed the shape of the talks. These will be no series of bilateral exercises, with Latin American countries competing against each other to join the queue for accession to NAFTA, as the Americans envisaged in Miami. Instead, in Costa Rica, the 34 countries agreed to a multilateral process. Different countries will preside over the nine negotiating groups (covering matters such as investment, services, competition policy and subsidies, as well as market access). The talks will start in Miami in June, moving in 2001 to Panama city and in 2003 to Mexico city. Canada will be the first chairman, then Argentina, Ecuador and, during the last two years (to the end of 2004), when the crucial deals will have to be cut, Brazil and the United States jointly.

But will the United States still be interested? Instead of the "early harvest" of tariff cuts that it wanted by 2000, the negotiators will merely seek "business facilitation" steps by that date, such as standardised customs forms. If Mr Clinton fails to win fast-track before his presidency ends in January 2001, the talks may slide into the dust.

Even if the talks go well, to push them to a deal, and then to win legislative approval, will require governments—and not just in Washington—to show political courage. Although it would be phased in slowly, probably over 15 years after 2005, the FTAA would offend powerful domestic lobbies.

It would demand demolition of the solid tariff walls still encircling Latin American countries. Tariffs there, though much lower than a decade ago, still average around 15%, and more than that on some significant products in some big countries; Brazil levies 29% on computers, and up to

49% on cars, for example.

The United States' tariffs are lower; less than a fifth of Latin American exports there pay more than 5%. But many of the most competitive products face special duties or non-tariff barriers. Brazil's trade officials say barriers to its steel, orange juice, sugar, tobacco, footwear and other exports cost it up to \$5 billion a year; hence its resistance to the American desire for early tariff cuts in isolation from an over-arching agreement on issues such as anti-dumping, dispute-settlement and subsidies. In an FTAA, the United States would have to slash at its protection of textiles, clothing and farm products. Some action on textiles is due anyway, under the GATT's Uruguay round. If new world trade talks looked likely to open agricultural markets (notably Europe's), to do that for Latin America would look less alarming. But, north and south alike, there would be cries of pain and rage.

Open or shut

With or without an FTAA, the pace of regional trade and integration in Latin America is likely to remain swift. The 1990s have seen the rise of dynamic sub-regional groupings, and of growing links between them. Last year, trade within Mercosur, for example, grew by 25% to \$20 billion; in 1990 it was \$4 billion. The Andean Community (Bolivia, Peru, Ecuador, Colombia and Venezuela) recorded a double-digit rise in intra-group trade. So did the Central American Common Market (Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica). Caricom, the 15-country Caribbean common market (notably, Jamaica, Trinidad, Guyana, Suriname, Belize—and soon, probably, the Dominican Republic, bigger than any of these) is something of an odd man out: its real ambition is the "NAFTA parity" promised last year by Mr Clinton, and again this week by Madeleine Albright, but stalled in Congress.

Mercosur already has a free-trade agreement with Chile. It has one with Bolivia, and is talking with the other Andean countries. This web of accords will complicate the FTAA negotiations, especially in the ef-

fort to mesh differing rules of origin. But so far most of these deals, on balance, have opened doors rather than closed them.

While Mercosur consolidates, and pulls much of South America into its orbit, its policymakers are studying other options besides the FTAA. They have completed a preliminary, fact-finding study with the European Union, and negotiations aiming at a Mercosur-EU free-trade deal may be launched at a first-ever summit of Latin American and EU heads of government in Rio de Janeiro next year.

These talks might be harder than those on the FTAA, because of the EU's farm protectionism. But the potential pay-off for Mercosur is attractive: a study by Brazil's Getulio Vargas Foundation suggests that a deal with the EU would add more to growth in both Brazil and Argentina than would an FTAA. Whereas the rest of Latin America looks to the United States, the EU, taken as a whole, has long been Mercosur's biggest trading partner, and in 1996 displaced the United States as its largest source of foreign investment, according to calculations by IRELA, a Madrid-based think-tank.

This suggests two possible outcomes after Santiago. One is that the FTAA talks gather momentum, stimulated partly by parallel negotiations between Mercosur and the EU. A gloomier one is that, in the absence of fast-track, and of a business push for an FTAA, the talks drift nowhere. In that case, a relatively closed Mercosur (probably with Chile) might in the end go its own way, while the Andean countries, Central America and the Caribbean try to boost trade among themselves while still looking hopefully—and mainly—to NAFTA and, above all, its heart, the United States.

Colombia

Herbicides versus market forces

BOGOTA

FOR the past four years, Colombia's anti-drugs police, backed by the United States, have tried to eradicate coca-growing in its southern jungles. Light aircraft and helicopters have dodged guerrilla bullets to spray nearly 90,000 hectares (350 square miles) of plantations. The result? In 1994 Colombians grew an estimated 45,000 hectares of coca; last year 80,000.

Critics are not surprised. As demand persists, so will supply. Growers simply plant more, to meet the risk—and if, even so, all of one farmer's crop is sprayed, that just means one more Colombian facing poverty and tempted to escape it by joining the local guerrillas. That is what you would expect, and, says a study from the National

Old Bolivian customs

LA PAZ

FREE trade, it's wonderful—but not easy when, like Bolivia's, much of your land is mountainside and many of your roads, where they exist, a succession of pot-holes. A learned professor from Harvard has indeed cited these obstacles to trade among the reasons for the country's modest record of economic growth. Perhaps Jeffrey Sachs, for it was he, should have a talk with the typical Bolivian smuggler.

The lack of paved roads has not hindered the spirit of illicit private enterprise. Far from it. In 1996, say the official figures, based on customs reporting, Bolivia's imports from Argentina, Brazil, Chile and Peru totalled \$517m. Those countries' export statistics say rather more: \$1.1 billion. Bolivia's National Chamber of Commerce reckons that, between them, uncollected import duties and value-added taxes in 1997 cost the government nearly \$450m.

The plus side for poor Bolivians is that every large town has a well-established black market. Contraband makes it possible for many workers, often earning well under \$200 a month, to buy electronic and other consumer goods that would otherwise be out of reach. The illicit trade also provides a far broader range of consumer choice than the country's small formal market would support.

Landlocked at the heart of the continent, Bolivia shares borders with hinterland regions of five countries. Its frontier areas are largely wild and barely inhabited stretches of desert and jungle. Can this wilderness be brought to order?

The simplest solution—and it has been put forward—would be just to abolish tariffs. Privatisation of the customs service has been suggested. Another idea is to call in the army. An IMF mission that recently visited the country agreed that its borders were "unpoliceable". Still, an IMF report expected shortly will propose an investment of \$10m-15m in overhauling the customs service and reducing tax evasion.

Wholesale privatisation is not on the agenda. Even the head of the IMF team, Patricio Castro, admits that customs is not one of the tasks the state can delegate (though Mozambique, he says, has done it). The trouble is that successive governments have paid lip service to the idea of customs reform, but little more. Even the customs laws date from 1929.

President Hugo Banzer, the former dictator democratically elected last year, may do better. He has declared war on

customs corruption. He invited the IMF to look at the issue, and has formed a National Customs Council, with a wide brief to look at methods of trade monitoring and new administrative arrangements for the customs. Headed by the finance minister, Edgar Millares, it is under orders to design a new customs strategy, to be on the president's desk no later than the end of May.

To put new ideas into practice, however, the president may have to upset a lot of his friends. Mr Millares accuses Bolivia's businessmen and its prosperous elite of being heavily involved in contra-



band. Even the formal sector of business, it seems, commonly pays customs men not to notice its imports, if only so that it can compete with black-marketeers.

Customs employees related to politicians are widely suspect. It is common knowledge that political parties use their patronage of jobs in the customs service to ensure a flow of cash into party coffers. Dealers in coca or cocaine have their own reasons for palm-greasing, and also finance cross-border trade in other goods as one way of laundering their profits. The IMF is expected to recommend shifting the focus of customs inspections away from Bolivia. Pre-shipment inspection of goods in the country of origin would remove much of the local opportunity for corruption.

Yet corruption is not the whole story. Bolivia's customs posts are woefully ill-equipped. Some do not even have a telephone. Fax machines, let alone computers, are still undreamt-of luxuries for most. It is planned to set up a nationwide computer network. It will enable customs officials to share information on smugglers, their vehicles and their contraband—provided, of course, that the officials are trained in using it. Oh, and exactly how, by the way, will the computers come into the country?

CRIME

A Special Breed of Bandit

At their summit in Chile, Bill Clinton and other heads of state ignored Latin America's most pressing problem



'The No. 1 crisis': Greeting the U.S. president at a Santiago university

BY BROOK LARMER

FOR LATIN AMERICA'S NEW BREED OF bandits, there is no such thing as a bad time for crime. If there were, then the thief in Santiago wouldn't have targeted President Clinton's social secretary on the eve of the Summit of the Americas. The Chilean capital is always patrolled heavily by police; last week it was crawling with hundreds of extra uniformed *carabineros* and visiting foreign agents, all checking and reinforcing security on routes designated for Clinton and 33 other global leaders. That didn't stop a thief from brazenly snatching the Clinton aide's purse in broad daylight—and then melting into the crowd.

When the president arrived in Chile last week, he praised the stunning transformation of Latin America and the Caribbean. The civil wars are mostly over. Democracy has replaced dictatorship in all but one of the region's countries, Cuba. And Latin American economies, leavened by free trade and privatization, have rebounded from the "lost decade" of the 1980s with eight years of robust growth, averaging 5 percent a year. But amid all the smiles and toasts, a troubling question went unanswered; if everything is so great, why are

Latin American citizens more fearful than ever? "The No. 1 crisis in the entire region is the crisis of personal security," says Eduardo Gamarra, a professor at Florida International University. But it was not, he points out, "the subject of a single formal discussion at the summit."

Nobody doubts that the four main topics on the summit agenda—poverty, trade, democracy and education—are vital to the region's future. Summit organizers stress that, unlike crime, these "second generation" development issues (those that follow "first generation" economic reforms) strike at the root of the region's social problems. But the crisis in security is warping the region's social and economic development. And it consistently ranks as the top public concern in opinion polls throughout Latin America. It's easy to see why: Latin America now averages 30 homicides per 100,000 inhabitants, six times the world average, three times the rate in the United States and twice that of Africa and the Middle East. The fear of common crime—theft, assault, kidnapping—affects nearly everyone.

And the situation is only getting worse. Fueled by a widening gap between rich and poor, an ineffectual legal system and a sur-

plus of weapons left over from cold-war conflicts, crime is rising in nearly every country in Latin America. In Mexico crime has multiplied faster in the past four years than in the previous six decades. Colombia, aside from its drug violence, has become the world leader in kidnappings, with more than 2,000 reported last year—one abduction every four hours. El Salvador has surpassed Colombia as the world's most murderous country, with more homicides per year than during the height of its bloody civil war. And a recent United Nations survey reports that 78 percent of Chileans expect to be robbed—while 47 percent of Chilean women expect to be sexually attacked.

The criminal free-for-all is exacting a heavy toll. Last month the Inter-American Development Bank called violent crime "the principal barrier to regional economic development." Its annual cost: \$168 billion, or 14 percent of the region's GDP. But the social and political costs may be even greater. Crime has made large swaths of Latin America a Hobbesian world of brutal competition in which normal social constraints are stripped away. With legal systems too weak or corrupt to enforce law and order,

citizens are turning their homes into fortresses, forming neighborhood-watch committees or—in extreme cases—taking the law into their own hands with private armies or lynch mobs. "The real message is that good macroeconomics is not enough," says Colombian security expert Francisco Thoumi. "The deep problems of Latin American societies are coming to the fore."

What's to be done? A growing number of Latin Americans are clamoring for the *mano dura* (heavy hand): stiffer sentences, more troops on the streets, even a return to the old days of authoritarian rule. But such nostalgia could exacerbate the problem even as it compromises democracy. Carrying out the second-generation reforms pledged in Santiago would certainly help: improving schools, reforming judiciaries, reducing poverty. "You can't solve this with more cops or more diplomacy," says Thomas Cash, a security expert in the Miami office of Kroll Associates. "You need a system of justice, and people committed to it." The Santiago summit produced a bushel of noble pledges. But until the region's leaders show the courage and commitment to tackle the crisis in public security, Latin Americans won't escape their future of fear.

With MARTHA BRANT in Mexico City

File
- Summit
- Press

What's up in Santiago . . .

By Thomas F. McLarty III

How can you boost U.S. job and wages, fight illegal drugs, protect the environment, and curb illegal immigration all at the same time? President Clinton's answer might surprise you: travel to Santiago, Chile this weekend to improve cooperation with our regional allies. The agenda at the second Summit of the Americas demonstrates that the once bright line between domestic and foreign policy is blurring — particularly in Latin America and the Caribbean.

Trade accounts for one-fourth of our total economy, and 43 percent of our exports go to the western hemisphere. Jobs supported by exports pay 15 percent more than others. We export more to Brazil than to China, and more to Chile, with 14 million people, than to India, with 940 million. And half of the region's population is under 21, so the

Thomas F. McLarty III is counselor to the President and special envoy for the Americas.

growth potential literally goes off the charts.

Gasoline today sells for a little over a dollar per gallon — adjusting for inflation, that's the cheapest it's been in a generation. But how many Americans know that Venezuela is our number one energy supplier, and that three of our top four suppliers are in this hemisphere? Our regional allies have supported our efforts in Bosnia, Asia, and in the Persian Gulf. Their cooperation is critical to combat the dark, evil force of illegal narcotics. And we cannot stop environmental threats such as global warming without the commitment of developed and developing nations alike.

We have seen a quiet revolution in the Americas that is no less dramatic than the fall of the Berlin Wall. Thirty years ago half of the western hemisphere lived under authoritarian rule; today 34 out of 35 countries are democratic. Fifteen years ago Central America was a battleground for the U.S.-Soviet Union conflict. Today Central America is at peace, and the United States exports more to Central America than the former Soviet states combined. A few years ago, Brazil's inflation rate was 5 percent.

Today it remains at 5 percent, but that's 5 percent annually instead of 5 percent each week.

With the region embracing democracy and markets, we have an historic opportunity to advance our national interests. From expanding trade and fighting drug traffickers to restoring democracy in Haiti and peace in Guatemala, President Clinton personally has led our policy of sustained engagement. Along the way we discovered that the concerns of the American people are increasingly the concerns of our neighbors. The people of the Americas share common interests and the same hopes for a better life. We share geography and the value we place on family and faith. Our cultural exchanges are at record levels, and the United States has the fifth largest Hispanic population in the world.

In today's global economy education is the only route to lasting, inclusive growth. But the average Latin American child receives only seven years of schooling, and some teachers must supervise over 100 students. That's why our leaders in Santiago will put a priority on getting more teachers in the classroom, encouraging greater parental involvement and responsibility, linking students to the internet, and expanding vocational training.

A better-educated hemisphere is in our

interests as well, for this simple reason: good schools make good neighbors. Education improves the U.S. economy by enlarging the middle class that buys our products, it encourages those tempted by illegal immigration to stay home, it stabilizes young

We have seen a quiet revolution in the Americas that is no less dramatic than the fall of the Berlin Wall. Thirty years ago half of the western hemisphere lived under authoritarian rule; today 34 out of 35 countries are democratic.

democracies with a deeper commitment to civic responsibility, and it reduces the lure of illegal drug profits.

The Santiago Summit will also help establish a justice studies center and a special rapporteur to advocate for freedom of

expression. Almost 200 reporters have been killed in the last ten years — 13 in the last six months — but these and other crimes go unpunished. Democracy cannot survive without a free press or an independent judiciary. We cannot tolerate intimidation of these rights, whether it be by drug lords, guerrillas, or by governments.

We will launch negotiations in Chile to establish a Free Trade Area of the Americas (FTAA) by 2005. We know that exports and imports increase efficiency, hold down inflation, and support higher-paying jobs. But open markets also have lower poverty rates, higher labor standards, and better environmental protection. In fact, democracy and open markets are two sides of the same coin. Together they are the currency of progress for responsive government and broad-based economic growth.

Gas prices, education, illegal drugs, and clean air and water. These are the issues that Americans talk about as they gather around their kitchen tables, and they are the interests we're advocating in the Americas. As President Clinton meets with the hemisphere's leaders, take a fresh look south. This is not your father's Latin America. With an open dialogue and sustained U.S. leadership, our regional community can work together to find new prosperity in the twenty-first century.

The Washington Times

FRIDAY, APRIL 17, 1998

... and freer trade for all of America

By Richard L. Bernal

Will the Free Trade Area of the Americas (FTAA) process be delayed by the absence of fast track negotiating authority, or will negotiations start this year? If negotiations do not start shortly, will the FTAA process lose momentum and be overtaken by a proliferation of bilateral and regional initiatives? These are some of the questions that deeply concern the governments and business interests in the Americas.

The process is now at a critical juncture and it will either move forward to actual negotiations or be sidetracked. At the first Summit in Miami in December 1994, the presidents and prime ministers of 34 countries declared their commitment to establish the FTAA by the year 2005.

Since then, there have been extensive discussions at the ministerial, vice-ministerial and working group levels. Only last month at a meeting in Costa Rica, the 34 trade ministers of the hemisphere agreed that negotiations for the FTAA begin before the end of 1998. This week,

Richard L. Bernal is Jamaica's ambassador to the United States, a permanent representative to the Organization of American States and chairman of the FTAA Working Group on Small Economies.

heads of state are meeting in Santiago, Chile to evaluate that recommendation and take the next steps toward implementation of the FTAA.

Many of the initial differences in perspective about what the FTAA should be and how to isolate it have now been resolved and negotiators are finalizing the guiding principles, structure and schedule for the commencement of negotiations. This has been a significant accomplishment given the wide differences in levels of development (ranging from the United States to Haiti) and size of economy (varying from Canada to St. Kitts). Furthermore, views differed on the pace of movement toward the FTAA. Canada has been proposing to accelerate the process, while the MERCOSUR countries believe that there are dangers if the process does not slow down. Meanwhile the small developing countries of Central America and the Caribbean want adequate time to adjust their economies.

The main cause of concern is that the Clinton administration has been unable to secure fast-track trade negotiating authority from the U.S. Congress. Fast track is both an enabling legislative procedure and a statement on U.S. trade negotiating goals and priorities. This authority would permit the U.S. to undertake negotiations on trade agreements, which would

be submitted to Congress to accept or reject, without amendment. This provides U.S. trading partners with the confidence to proceed because it gives the assurance that what is agreed upon in negotiations would not be modified by Congress.

Many observers believe that until Congress grants fast track authority to President Clinton, hemispheric governments will be hesitant to take U.S. positions in the FTAA seriously, and there would be no point in starting negotiations.

While fast track will provide some level of comfort to foreign trade officials in the bargaining process, it is not a prerequisite. Lack of fast track authority at the beginning of negotiations process, is not inimical to the eventual success of the FTAA. Negotiations for the FTAA can commence without fast track authority

being granted to the Clinton administration. Such a situation is not unprecedented. At times during the eight-year Uruguay Round negotiations, the U.S. participated without fast track authority. Yet the U.S. maintained its leadership role in launching and securing the final agreement of the WTO. As the largest economy and market in the hemisphere, the U.S. will remain a major player in the FTAA process, whether or not the

administration is successful in securing fast track before the start of negotiations.

The FTAA process, which is due to be completed by 2005, can certainly proceed for several years without the absence of fast track being a major impediment, as in any event, negotiations are likely to proceed slowly. Moreover, in many areas, the mandate to show "concrete progress" by the year 2000 could be met by the U.S. without fast track. Some trade actions such as business facilitation in the area of customs automation, may not require new legislation.

However, while it is true that the FTAA negotiations can start and proceed for a while, these efforts can not be concluded without the U.S. negotiating team having the imprimatur afforded by fast track.

The real danger is that those who argue that the absence of fast track will have a dampening effect on the FTAA process may be unwittingly aiding a self-fulfilling prophecy. The FTAA is not the

only option for any of the participating countries or regional groups. If lift-off is stalled it could lead to "trade promiscuity" through the proliferation of bilateral and sub-regional agreements, which may create confusion and suffocate trade with the complexity of regimes and conflicting rules. There is ample basis for such concerns. Between 1992 and 1996, for example, the WTO was notified of 77 new trade agreements.

With or without fast track the U.S. should not underestimate the importance of trade with Latin American and the Caribbean. Trade is now the engine of growth for the US economy. Between 1985 and 1994, export growth accounted for 32.5 percent of overall growth in Gross Domestic Product. More than 42 percent of U.S. exports are shipped to destinations in the Hemisphere. With Latin America expected to grow as much as five percent annually over the next decade, U.S. exports to this region will remain high. Clearly then, U.S. firms and workers will demand full participation by the United States in these historic discussions.

The FTAA process must not stop or wait for the U.S. to have fast track authority. It must go forward with the commencement of negotiations as soon after the Santiago Summit as possible. The heads of governments must accept the recommendations of the trade ministers to begin negotiations by September, 1998. In so doing, they will accelerate a process that will directly benefit the livelihood of the hemisphere's 775 million inhabitants.



The Washington Times

FRIDAY, APRIL 17, 1998

Clinton asks Chileans for patience on trade

Promises to achieve 'fast-track' authority

By Warren P. Strobel
THE WASHINGTON TIMES

SANTIAGO, Chile — President Clinton pleaded with America's Latin neighbors yesterday to "be patient with us," promising that he will continue to prod Congress for broad powers to negotiate new trade deals and predicting that he will win them after a long debate.

These upbeat comments came on the first day of a Latin American visit that, like his previous stop in the region last October, was largely overshadowed at home by domestic politics.

News conferences by independent counsel Kenneth W. Starr and Paula Jones, who is appealing the dismissal of her sexual harassment lawsuit, overwhelmed attention to his foreign policy.

The president skirted questions about the matters for most of the day and, when he finally did answer, declined to reveal his thoughts.

"I shouldn't be commenting on domestic politics while I'm overseas," said Mr. Clinton, who has done precisely that on many previous forays abroad.

White House officials and reporters sparred throughout the day over access to Mr. Clinton, who scheduled no formal news conference during his four days in Chile.

In the morning, officials offered to allow a newspaper reporter to witness the opening of a meeting between Mr. Clinton, Chilean President Eduardo Frei and their top aides, with the clear understanding that no questions be asked. The officials cited Chilean customs regarding such events, saying it would be unfair for U.S. reporters to ask questions when Chilean journalists are barred from doing so.

This reporter for The Washington Times, who was the designated newspaper representative in the media "pool" shadowing Mr. Clinton at the time, declined to participate under those restrictions. CNN then pulled its cameras and crew from the event.

It was only one of several opportunities for Mr. Clinton to appear on camera yesterday, and a Clinton press aide worked to allow journalists another chance to ask questions. But when that opportunity came during the president's visit to the neighborhood of San Miguel for a roundtable discussion, he ignored questions shouted at him four times.

He finally addressed the matter after a midafternoon speech to business leaders at Santiago's Teatro Municipal.

Domestic politics also have intruded on



AP photos

Hillary Clinton meets Chile's first lady, Marta Frei, after the Clintons arrived in Santiago, Chile, for the Americas summit.

Mr. Clinton's attempts to liberalize trade throughout the Western Hemisphere. Last fall he had to pull his proposal for "fast-track" trade negotiating authority from the House floor after it appeared headed for defeat by opponents who wanted stronger labor and environmental protection.

Chile felt a special sting at the defeat because it was first in line to be added to the North American Free Trade Agreement (NAFTA) between the United States, Canada and Mexico.

The issue was the one sour note in a day devoted to celebrating strong U.S.-Chilean relations. Introducing Mr. Clinton at the theater, Mr. Frei said, "We hope very soon the necessary consensus will be reached in his country" for procedures to implement free trade.

Fast-track would allow the president to negotiate trade agreements that Congress would have to vote up or down but could not amend.

U.S. officials said the absence of fast-track will not hinder the launch of talks for a hemispherewide free-trade zone, called the Free Trade Area of the Americas, that is to take place at a 34-nation summit here this weekend. But they acknowledge it has dampened the mood of the negotiations.

Mr. Clinton said the United States has launched trade negotiations before without fast-track authority.

"Before they're done, we'll have it and it will work," he said to applause.

"There is not a majority in either house of the United States Congress for a return to misguided protectionism," the president said, but rather "a continued and vibrant debate" about how to make sure all citizens benefit from free trade.

"So be patient with us," he said, citing Winston Churchill's quip that the United States always does the right thing "after having exhausted every other alternative."

The talks will include a committee on labor and environmental concerns, which opponents say are being ignored in the race to open markets and cut deals.

The Washington Times

FRIDAY, APRIL 17, 1998

Tear down that trade wall

That giant sucking sound you hear these days, to paraphrase Ross Perot, is the sound of Latin American countries absorbing U.S. goods. Between 1988 and 1997, the Heritage Foundation reports, the value of made-in-America products has risen from \$46 billion to more than \$134 billion. If you listen closely, you may also hear the sound of U.S. job creation to handle all those exports. They support almost 3 million American jobs.

This weekend, President Clinton is scheduled to participate in the Second Summit of the Americas in Santiago, Chile, which, in another time, would have been the perfect occasion to expand trade with that part of the world. Four times since 1990, the United States has pledged that Chile would be the next member of the North American Free Trade Agreement with Canada, Mexico and the United States. President Clinton himself did so at the first summit held in 1994 in Miami, Fla.

But since that time, free-trade advocates have fallen on hard times. Mr. Clinton arrives in Santiago without so-called fast-track authority, the power to negotiate trade agreements that Congress must vote up or down rather than rewrite. Without that authority, other countries have little incentive to negotiate a deal they know U.S. lawmakers can tweak to death.

Mr. Clinton's failure to obtain fast-track has emboldened protectionists on both sides of the political spectrum. Organized labor, on whom Democrats rely heavily for financial and political support, has wielded its opposition like a club on the left. On the right, Pat Buchanan has once again sounded the call for his brand of "economic nationalism." The title of his new book, "The Great Betrayal: How American Sovereignty and Social Justice Are Being Sacrificed to the Gods of the Global Economy," speaks for itself.

It calls, among other things, for the abolition of the income tax and its replacement by tariffs on foreign goods.

Editors here are second to none in their dislike of the income tax, but replacing it with yet another tax, which has the added disadvantage of being largely "invisible" to those who pay it, is hardly a solution. Import tariffs, duties and quotas are a tax on U.S. jobs. They are a tax on economic growth. And they are a tax on consumer choice.

Understanding the nature and effect of tariffs is critical to understanding what's wrong with protectionism. As protectionists see it, trade is something that nations do: The U.S. gets so many widgets from Chile in return for sending so many gizmos to Chile. One tallies up the balance of trade between the two and names the winners and losers accordingly. Since this country buys more goods and services from Chile than Chile does from us, well, Chilean goods must be taking over U.S. markets. Hence it wins the war of economic nationalism.

The other, more accurate, way of regarding trade is as a transaction between individual buyers and sellers. If Americans, looking over the array of goods and services, decide they want to buy Chilean fruit or Japanese cars, they are free — or should be free if individual liberty still matters here — to do so.

If we want to ensure that American products and services are the best in the world, the very worst thing we could do would be to protect them from competition. That's an invitation to complacency and sloth. What Mr. Clinton should be doing in Chile is promoting still more competition by tearing down tariff walls, then giving consumers everywhere their choice, one consistent with the individual liberties this country has long upheld.

The Washington Times

FRIDAY, APRIL 17, 1998

Stock market mania doesn't trickle down

In the past two weeks, the Dow Jones Industrial Average has hit several all-time highs. First it passed the 9,000 mark, then it passed 9,100, though it went down Thursday to 9076.

In the first quarter of 1997, the stock market has grown by a whopping 15%, just a quarter less than the annual growth rates we've experienced in the past three years. This growth is a sign of a robust economy.

For many, especially those who have stock or mutual fund investments, this is cause for celebration.

But what is good for Wall Street doesn't always trickle down to Main Street, or the side street.



Commentary

By Julianne Malveaux

Half of all Americans have direct or indirect investments in the stock market. Many have watched their portfolios grow because of 401(k) pension plans that their employers offer.

What about the other half? Half of all Americans don't have pension plans and will rely on Social Security and personal savings for their old age. Some will have scant savings to rely on. They are the workers who barely make ends meet, let alone save. To these workers, a soaring stock market means little. Among those on the periphery are the 10 million workers who earn the minimum wage of \$5.15 per hour, or about \$10,700 a year if they work full-

time, all year. More than half of these workers are women; about half of the women who earn minimum wage head households and have wages well below the poverty line.

A minimum wage boost to \$6.15 per hour, as proposed by Sen. Edward Kennedy, D-Mass., would put their wages at \$12,800 a year. Some economists call minimum-wage increases inflationary, but even if they are right, what better time to risk a little inflation than in a robust economy where there is disinflation (or falling prices) in some sectors? With the unemployment rate at 4.7% (which translates into more than 9% for African-Americans), concerns about the unemployed have all but dissipated. Instead, employers are grouching about how difficult it is to find "qualified" workers. Of course, many of those who can't find workers don't want to pay higher wages. One of the ugly secrets about our robust economy is that wages have inched up far more slowly than stock prices, rising about 2% this past year.

For all the hoopla about our robust economy, the average worker earns about \$12 an hour, and more than 75% of all women still earn \$25,000 a year or less.

The healthy stock market and rising Dow Jones Industrial Average are plenty cause for economic optimism. But there are millions on the outside looking in at this celebration. Unemployment, low pay and an absence of employee benefits are still challenges for millions of workers.

Now that our economy is so robust, perhaps we can take on these challenges.

Julianne Malveaux is a nationally syndicated columnist.

Clinton and Castro in the Summit's eye

As 34 countries from Canada to Chile hold their second Summit of the Americas in Santiago this weekend, attention is focused on these two heads of state, one present, one absent:

► Bill Clinton, for his failure to get "fast-track" trade legislation renewed by Congress since it expired in 1994. That has huge impact on our trade dealings with the other Americas.

► Cuba's Fidel Castro, who now is doing near-normal business with every other country in the Americas but continues to be ostracized by the USA. Clinton banned Castro from the Santiago meetings, as he did at the first such summit in Miami four years ago.

You can expect official communiqués out of Santiago to stress feel-good feelings. But the fact is that most leaders now consider the goal of free trade between all of the Americas by 2005 unlikely.

Most Latins also feel that the USA's attitude toward Cuba is outdated and outlandish. They believe Clinton is bullying Castro to pander politically to Cuban exiles in Florida.

When President John F. Kennedy imposed sanctions on Cuba after the Bay of Pigs in the '60s, he had overwhelming support in the USA and the other Americas. Castro's Cuba was a communist ally of the USSR and a military threat 90 miles from our border.

But with the collapse of the Soviet Union, Castro became at most a nuisance, certainly not a threat. The other Americas have recognized that. The USA has not.

If the Americas are to compete with Europe and the Pacific after the turn of the century, we must lower all barriers from Alaska to Argentina, including Cuba.

This week's Santiago summit makes it timely to recall the comments of the U.S. ambassador to Chile, Gabriel Guerra-Mondragon, when I visited him there last month: "We're all in the same boat. We will sink or swim together."

Clinton should take that as his cue in Santiago this weekend.

FEEDBACK

Other views on Castro

"It is wrong to suggest that Castro's Cuba should be an exception to Mr. Clinton's hemispheric pro-democracy policy. Mr. Neuharth means well, but the main obstacle to lifting the embargo is not the Cuban-Americans, but Castro's behavior."

— Frank Calzon, executive director, Center for a Free Cuba

"U.S. policy toward Cuba is outdated and counterproductive. It is opposed by the pope, the U.S. Chamber of Commerce and virtually every other government in the world, including some of the most conservative. Obviously, something is wrong, but that doesn't seem to have dawned on the Clinton administration."

— Wayne S. Smith, senior fellow, Center for International Policy, and former chief State Department official in Havana

Al Neuharth's column appears on Fridays.

LOS ANGELES TIMES

(first-edition) Page 1 for Friday, April 17, 1998:

Top of page:

Col 1: The Vatican, opening up its archives into the Roman Inquisition for the first time, also may be opening up a can of worms. (INQUISITION, moving Friday.)

Col 2: The Defense Department struggle with Illinois community leaders over plans to destroy obsolete napalm there is not an isolated case; across the United States, the military is treading through a minefield of potential opposition as it tries to get rid of all sorts of explosive or toxic materials that no longer have any utility. (NAPALM-WASTE, moved.)

Cols 3-5: Wild art of President Clinton in Chile.

Col 6: Local telephone snafu. (UNLISTED, upcoming.)

Above fold:

Col 2: Independent Counsel Kenneth W. Starr says that because his investigation "has expanded considerably and the end is not yet in sight," he is withdrawing from positions promised him at Pepperdine University. (STARR-TIMES, moved.)

Cols 3-4: A revolutionary way to combat deadly antibiotic-resistant "superbugs" has been developed by researchers at the University of California, Davis, perhaps paving the way for a new class of drugs to supplement antibiotics. (STAPH, moved.)

Col 5: China recently rebuffed an American arms-control proposal that it should join the main international organization for limiting the spread of missile technology when President Clinton visits Beijing this summer, senior Clinton administration officials say. (CHINA-POLICY, moved.)

Below fold:

Bottom of page:

Cols 1-2: Local political story.

Cols 4-6: Pol Pot, a former teacher and lover of poetry who emerged from the jungles in 1975 to lead the Khmer Rouge's campaign of terror and mayhem in Cambodia, dies what is a fitting death: alone, betrayed by his closest allies, reviled by the world. (CAMBODIA-TIMES, moved.)

Clinton, Chilean Leader Sign Accords on Climate, Economy (Santiago) By Jonathan Peterson (c) 1998, Los Angeles Times

SANTIAGO, Chile President Clinton launched his four-day Chilean visit Thursday by agreeing with President Eduardo Frei to cooperate on climate change, financial-market stability and other issues in a global economy.

But it was on a more down-to-earth level that Clinton sought to explain the ties that bind Chileans and Americans on issues such as schools, child care, jobs and access to credit. "Working families, in that sense, from Santiago to San Diego may not be all that much different," Clinton said in a speech to business leaders.

To his disappointment, the globe-trotting president who just two weeks ago was on a 12-day tour of Africa came to Chile having failed to get Congress to award him powers to make trade deals that would be immune from tinkering on Capitol Hill.

U.S. critics, who have denied Clinton the "fast track" authority, fear that unfettered global commerce would lead to the exploitation of workers and the environment, while the White House has said such power is crucial for America to remain a leading example in global trade policy.

"Be patient with us," Clinton told about 800 business leaders in a downtown Santiago theater, pledging his commitment to gaining "fast track" authority. "There is not a majority in either house of

the United States Congress for a return to misguided protectionism."

Clinton's trip here has two distinct parts a state visit, which ends Friday, then the Summit of the Americas, on Saturday and Sunday. At the summit, hemispheric political leaders will wrestle with issues of trade, anti-narcotics enforcement and widespread poverty that continues to jeopardize reforms.

"Never before have the Americas been so united in values, interests and goals," Clinton told the business audience, alluding to the widespread move toward free-market economies and political liberalization in a region home to brutal dictatorships not long ago. "We have to keep that in mind as there are bumps along the way ..."

Clinton's day began with a ceremonial airport arrival, followed by a helicopter ride to Santiago and a motorcade to the La Moneda presidential palace, where he and Frei signed a series of accords.

In their vaguely worded agreement on climate change, the leaders agreed that industrialized nations, such as the United States, should reduce greenhouse gas emissions "as a matter of priority."

And in a bid to handle one of the thorniest aspects of the issue concerns that the cost of fighting pollution would hinder the prosperity of poorer nations Clinton and Frei cited the importance of "market mechanisms" in promoting clean air and in fighting climate change.

Such mechanisms, while not spelled out, are meant to ease the financial burden on developing countries in combating global warming. They could mean that advanced nations would receive credit toward emissions-reduction goals, for instance, by investing in clean-air technologies in poorer nations overseas. The United States and Argentina reached a similar accord last October.

"I know this is a matter of some controversy throughout Latin America, and indeed, throughout many developing nations," Clinton said at the presidential palace.

Picking up the theme later, in his address to business leaders, he knocked the notion that there was "some dark conspiracy to hold others down" through a global-warming deal. "In the first place, that's bad economics, because the United States should want all of our trading partners to get wealthier," he said. "That is what is in our interest."

The leaders also agreed to cooperate in building a climate forecasting system for the Americas, aimed at limiting the disruptive effects of El Nino.

While the Asian financial crisis has prompted jitters about the interlinked global financial system and the disruptive effects of emerging markets, Clinton Thursday described South America as a successful contrast to Asian nations that have suffered capital flight. "In general," he said, "Latin America has grown so strong that I think even a lot of you are probably surprised that this region has weathered the shock of the Asian financial crisis as well as the region has."

But he also noted that financial progress has not meant the end of inequities in a region with 150 million in poverty, urging South Americans to improve education as a social equalizer. He and Frei agreed on exchanges of students and teachers and other areas of educational cooperation.

Leaders to Consider Free Trade Pact for Western Hemisphere By Chris Kraul (c) 1998, Los Angeles Times

President Clinton and 33 other heads of state will gather this weekend in an unprecedented effort to create the world's largest free trade zone and economically integrate the Western Hemisphere.

The two-day Summit of the Americas, which opens Saturday in Santiago, Chile, is the first time in more than three years leaders representing 800 million people in the hemisphere have met under one roof. And trade, not surprisingly, is the magnet that's drawing them together.

Clinton and his peers are expected to launch what is expected to be a grueling seven-year negotiation process to draft the Free Trade Agreement of the Americas, which would effectively extend the North American Free Trade Agreement to include South America and the Caribbean. Any pact would have to be approved by the U.S. Congress.

U.S. government and business interests want free trade because they are increasingly cognizant of Latin America as a huge and largely untapped market, especially south of Mexico, and that a free trade agreement could help them exploit it. Latin American exports

are growing at a 22 percent annual rate, more than twice the growth of European exports.

Latin American countries want an accord that would open up the rich U.S. market, which in some areas is now closed to them, especially agriculture. "All the countries want it, so it will move forward," said Sidney Weintraub, a political economist at the Center for Strategic and International Studies in Washington, D.C.

No one expects the negotiations to go smoothly. Clinton was handed a setback last fall when Congress denied him "fast track" negotiating authority, a blow that dimmed U.S. leadership and confused trading partners. The loss killed chances of Clinton negotiating an expansion of NAFTA to add Chile to the United States-Mexico-Canada trika.

The biggest hurdle for Clinton in negotiating hemispheric free-trade provisions could be U.S. labor, which has made it clear it will not support a trade agreement that does not protect American workers and the environment.

"Our concern is that capital will seek the easiest worker to exploit and the easiest environment to despoil as (companies) seek lower costs," said David Smith, public policy director for the AFL-CIO in Washington.

And not all South American countries are equally enthusiastic supporters of a free-trade agreement. Brazil, with its still protected economy, is on the record saying it's in "no hurry" to join the pact and has even floated the idea of a "Safta," or South American Free Trade Agreement, that would exclude the United States.

The waters have been muddied by a growing number of bilateral trade agreements within Latin America and with outside countries a process than began in the early 1990s but has accelerated in the past year since Clinton's fast track initiative ran aground. Some of the deals, including a Chile-Canada zero-tariff accord, have already hurt U.S. producers, notably wheat farmers.

Peru has joined the Asia Pacific Economic Cooperation forum, for example, and Chile has signed on as an associate of the Mercosur trade block, which already includes Brazil, Argentina, Paraguay and Uruguay and is holding discussions on its own with the European Union.

The danger for U.S. trade is that these arrangements could lead to "privileged treatment" for European or Asian trading partners, said Peter Smith, a political scientist in the Latin American studies department at the University of California, San Diego.

Still, most observers expect the Free Trade Agreement of the Americas to become a reality in 2005, based on the growing consensus worldwide that free trade boosts economic growth and creates better paying jobs although often at the cost of short-term dislocations. Weintraub said export related jobs pay 13 percent better than those geared to domestic markets.

Backers of the Free Trade Agreement of the Americas point to trade gains generated by NAFTA, which took effect in 1994. U.S. exports to Mexico last year reached \$71.4 billion, up 76 percent from 1993 levels, and Mexico's export-related jobs have boomed. Mexico last year surpassed Japan as the second-largest U.S. export destination after Canada.

NAFTA disappointments include a ballooning U.S. trade deficit with Mexico that totaled \$14.5 billion in red ink last year, a reversal from pre-NAFTA trade surpluses. Environmentalists have also lecried NAFTA's failure to meet its stated goal of raising environmental standards along the border.

But the historical tide, in this hemisphere at least, seems to be weeping market barriers away.

Countries throughout South America are privatizing inefficient state-run industries and opening the gates to foreign investment, creating enormous opportunities for U.S. industry. That's a major reason for the 22 percent growth rate in U.S. exports to Latin America.

That growth comes despite average Latin America tariffs of 12 percent. So, the elimination of those tariffs in the FTAA should create an even better market for U.S. heavy manufacturers, consumer goods marketers and service providers.

Free trade is not a one-way street and Latin American countries, including Brazil and Chile, say an accord must ease access to the U.S. markets that are protected, especially agriculture.

They want an agreement that would do away with the "contingent protection" tariffs, such as arbitrary anti-dumping penalties that they say the United States has imposed to protect citrus and sugar producers. Mexico is also a heavy user of such anti-dumping measures.

As envisioned, the FTAA would take NAFTA a step or two further. Latin American countries are pushing for provisions that would open billions of dollars of U.S. government procurement contracts to foreign bidders.

Fast-track authority would have given the Clinton administration the power to negotiate the Free Trade Agreement of the Americas and then present an all-or-nothing package to Congress for approval, without any possibility of last-minute amendments. The absence of fast track means that the negotiating process will continue in Congress, subjecting individual provisions to political scrutiny.

"Without it, the U.S. is not going to be in a strong negotiating position," said Colleen S. Morton, vice president of the Institute of the Americas, a Latin American policy think tank on the UC San Diego campus. "My fear is that without progress in the form of interim agreements by, say, the year 2000, the whole process could just die away, lose momentum."

China Rejects U.S. Invitation to Join Missile Control Group (Washn) By Jim Mann (c) 1998, Los Angeles Times

WASHINGTON China recently rebuffed an American arms-control proposal that it should join the main international organization for limiting the spread of missile technology when President Clinton visits Beijing this summer, senior Clinton administration officials say.

By not becoming a member of the 29-nation group, known as the Missile Technology Control Regime, China retains the ability to sell some components or technology for ballistic missiles to countries such as Pakistan and Iran.

Administration officials had hoped an agreement bringing China into the group could be the centerpiece of Clinton's trip in late June. A separate accord on nuclear cooperation was the focal point of Clinton's summit with Chinese President Jiang Zemin in Washington last October.

But now that the idea has fallen through, administration officials are exploring other themes and lesser deals that might be highlighted when Clinton goes to China. One point administration officials say they will stress, for example, is that Clinton's trip will be the first chance for a top-level meeting with China's dynamic new Premier Zhu Rongji.

The unsuccessful U.S. initiative on missiles came in a late March visit to Beijing by John Holum, director of the U.S. Arms Control and Disarmament Agency. He and other administration officials laid out a proposal under which China would become a full member of the missile control group soon, and, in exchange, would gain greater access to American commercial space technology, senior U.S. officials said.

But China showed no enthusiasm for such a deal. Instead, U.S. officials say, Chinese officials repeated to Holum their long-standing objections to joining the group. They said they would be happy to get more American space technology but not if it were linked to membership.

China has said the missile group amounts to a Western club, imposing export rules that Beijing had no role in drafting. Chinese officials also have argued that it is unfair for the United States to seek limits on missile technology, while America itself exports F-16 jet fighters that might also be used to deliver weapons of mass destruction.

For more than a decade, U.S. officials have been trying to persuade China to stop exporting missiles or missile technology to the Middle East. The American efforts began when U.S. intelligence discovered that China had sold intermediate-range missiles to Saudi Arabia and was preparing to sell advanced, solid-fuel missiles to several other countries.

On several occasions, the Reagan, Bush and Clinton administrations have won commitments about missile exports from Beijing, only to discover later on that China was continuing to help other nations' missile programs.

Some administration critics say the attempt to bring China into the missile accord was a bad idea. They argue that China would not obey the rules anyway and that by promising to give China greater access to U.S. commercial space technology, the administration would have been giving away more than it was getting.

"I think it's a good thing the Chinese didn't agree to join," said Gary Milhollin of the Wisconsin Project on Nuclear Arms Control, an independent anti-nuclear group. "If they did, we would have dropped the barriers to (American) exports to China, when there

Clinton tests summit speech on Chile

Tries to smooth over issue of free trade

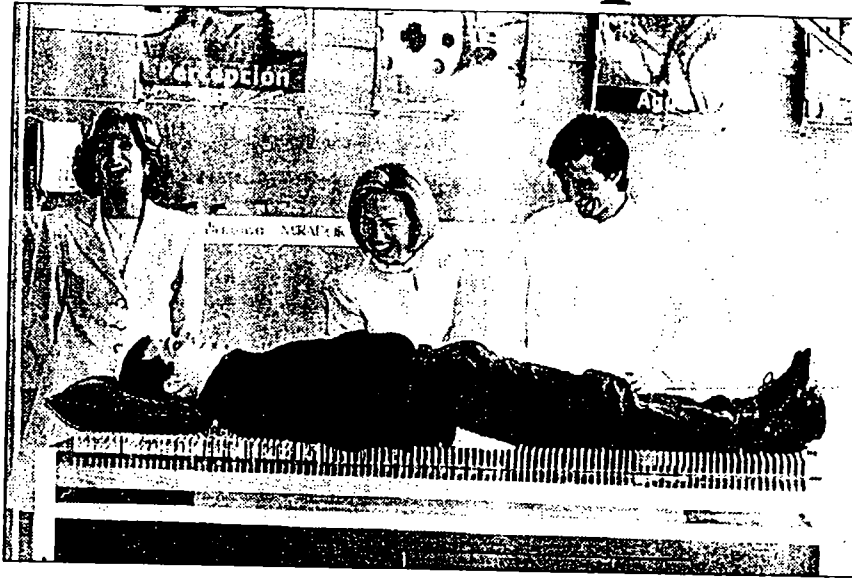
By Bill Nichols
USA TODAY

SANTIAGO, Chile — President Clinton used his state visit to Chile on Thursday to preview the prescription for continuing democratic growth in Latin America that he will stress when the second Summit of the Americas opens here this weekend.

But the president also tried to smooth over a troublesome summit subject — a congressional impediment to negotiating a free-trade zone in the hemisphere that also kept Chile out of the North American Free Trade Agreement.

Clinton asked Chileans to "be patient with us" as his administration tries to build support in Congress for approving fast-track trade authority, which failed to pass last fall. The authority would allow a president to negotiate trade deals that cannot be altered by Congress, only approved or voted down. Last year's defeat scuttled White House plans to include Chile in NAFTA, a free-commerce zone in which the United States, Mexico and Canada already take part.

Administration officials say the United States will need fast-track authority to be able to complete negotiations for a free-trade area throughout the Americas by 2005. Those negotiations are scheduled to be officially launched at this weekend's summit.



By Jaime Razuri, Agence France-Press
In Santiago: Chile's first lady Marta Larraechea, left, and Hillary Rodham Clinton observe a man on a nail bed at an interactive museum Thursday.

Clinton told an audience of Chilean and U.S. business leaders he was convinced that Congress will not return to "misguided protectionism" and promised that before hemispheric free-trade negotiations conclude, the United States will have fast-track authority.

"We'll have it and it will work," he said. But in Congress, approval is seen as unlikely this year.

Clinton's larger point, however, was a push for emerging democracies to stay on track. It's an idea he'll stress this weekend when he meets with 33 other

heads of state for the sequel to the 1994 Summit of the Americas in Miami.

Clinton lauded Chile's emphasis on education, legal reforms and pollution curbs as a model for other emerging democracies in Latin America.

Once ruled by a brutal military junta, Chile "has become a leader in our hemisphere and an even stronger partner and friend for the United States," Clinton said, praising the country's "astounding record" of economic growth.

In an interview published Thursday in newspapers in Argentina, Brazil, Co-

lombia, Mexico and Chile, Clinton also stressed the need for "second-generation" reforms for other emerging Latin American democracies. "We need to show that democracy and free markets can make a tangible difference to the lives of common people," Clinton said in written responses to questions submitted by six newspapers. "That means going beyond elections and market reforms to education, the rule of law, health care and labor rights."

The president and first lady Hillary Rodham Clinton arrived here early Thursday after an all-night flight from Washington. They spent the day touring the cautiously democratic Chile that has gradually emerged from the shadow of Gen. Augusto Pinochet's 17 years of authoritarian rule. Clinton and Chilean President Eduardo Frei issued a joint statement then toured Frei's old Santiago neighborhood, visiting a local ceramics factory and taking part in a round table with local entrepreneurs.

Today Clinton travels to the coastal city of Valparaiso to address a joint session of the Chilean legislature. Pinochet, who stepped down from the Chilean military last month to become senator-for-life, has indicated he might be in the audience. Chilean officials indicated Pinochet would not attend; Clinton aides said they had received no final answer.

Clinton's speech might be controversial, aides said, because it would not contain the anti-Pinochet references that some Chilean human rights activists wanted.

Clinton Stresses Benefits of Open Markets

President Opens Latin American Visit With Praise of Chile's Economic Strides

By THOMAS W. LIPPMAN
Washington Post Staff Writer

SANTIAGO, Chile, April 16— At the same presidential palace where socialist President Salvador Allende died in a CIA-encouraged military coup nearly 25 years ago, President Clinton today hailed the "tides of change" that have converted Chile into a "partner and friend for the United States."

Clinton met at La Moneda palace with Chilean President Eduardo Frei at the start of a state visit focused on themes similar to those he pursued last month in Africa—trade, education, the environment and access to credit for aspiring entrepreneurs.

With Chile and other Latin American states, as with Russia, Vietnam and Angola, Clinton has sought throughout his presidency to dismantle the sour legacy of the Cold War and rethink the nature of U.S. relations with other countries. As he travels the world now, Clinton the president sounds much like Clinton the candidate stumping the United States in 1992, stressing economic opportunity rather than strategic alignment as the key to stability. In Frei, he said, he has found a leader who fully shares his views.

Clinton praised "the astonishing record established by Chile in the last few years in economic and political terms." Frei said his visit to Washington last year and Clinton's reciprocal visit here "reflect the new level of maturity that relations between our two countries have achieved."

Clinton said the transformation of this key South American country is virtually complete, as Chile "has set an impressive standard in strengthening its democracy, opening its economy [and] lifting its people from poverty."

The two presidents referred only indirectly to the long period of strained relations between their countries that followed the 1973 coup. Clearly understood, if unstated, was that Chile's relations with the United States began to change only after Gen. Augusto Pinochet, the man who overthrew Allende and seized power with U.S. backing, stepped aside in favor of civilian rule in 1990 following a dictatorship

marked by both economic transformation and human rights abuses.

Pinochet, who remained commander of the Chilean armed forces until February and has since been appointed a senator for life, may be in the audience Friday when Clinton addresses the Chilean Congress in the port city of Valparaiso. "I can assure you the speech will be the same whether he's there or not," White House national security adviser Samuel R. "Sandy" Berger said.

Clinton mostly stressed the future, not the past, pressing his unwavering theory of international relations: that economic expansion through open markets is the key to prosperity and stability, and that

SUMMIT. From A25

ways must be found to ensure that the economically disadvantaged are not left out.

As in Russia and much of Africa, senior officials said, democracy has taken hold in every country of the Western Hemisphere except Cuba but remains fragile in those where people have not felt its benefits. The next step, or "second generation" of issues, is to demonstrate that democracy can deliver jobs, health care

and education to ordinary people.

"Harnessing the forces of globalization to work for all our citizens is literally a challenge to every nation in the world," Clinton said in a speech to a business group this afternoon. "A rising tide does not necessarily lift all boats. People without the right education, without training, without skills, without bargaining power can be stranded on yesterday's shore."

He and Frei issued a statement in which they agreed to expand bilateral cooperation on education, including

development of bilingual computer software and increased student exchanges, and to support similar initiatives at a hemispheric summit conference that begins here Saturday.

The president restated his determination to obtain from Congress the "fast-track" negotiating authority he seeks to complete the hemisphere-wide free-trade agreement on which negotiations will begin here this week. Congress has so far refused to give Clinton authority to negotiate an agreement that would not be subject to amendment, but he said today that

"before [the negotiators] are done, we'll have it, and it will work."

Clinton and Frei also signed a joint declaration affirming Chile's commitment to reducing emissions of greenhouse gases, which many scientists say are causing a potentially harmful warming of the Earth. At the same time, Clinton challenged what he said is a widespread belief "that poor countries cannot become rich countries without emitting more greenhouse gases."

There is no plot by the industrialized nations to "hold others down," Clinton said. "For 30 years, every time we have sought to improve the environment, we heard from someone who stood up and said, 'If you take this step to clean the air, to clean the water, to improve the health of the food supply, you will cost jobs and hurt the economy.' And for 30 years every single step we have taken to improve the environment has helped the American economy."

With today's statement, Chile became the second Latin American country to endorse—albeit vaguely—

the concept of emissions-reduction targets for developing countries. White House officials are hoping to secure specific commitments from key developing countries over the coming months as a way of softening resistance in the Senate to ratification of the international climate treaty signed in December in Kyoto, Japan.

The Washington Post

FRIDAY, APRIL 17, 1998

IN THE LOOP

Al Kamen

Blumenthal, Champion of Free Press

Press freedom is on the agenda for **President Clinton's** summit meeting in Chile this weekend, and the administration point person on the issue is none other than White House communications guru **Sidney "Grassy Knoll" Blumenthal**.

Blumenthal, though maligned by many of his former journalist colleagues—see the lastest *Vanity Fair*—emerged triumphant from the grand jury here to proclaim that he wouldn't be intimidated by independent counsel **Kenneth W. Starr** from speaking to reporters.

And insiders insist Blumenthal deserves credit for pushing the important issue of press freedoms—reporters in Latin America often get killed for what they write—on the trip.

Still, some covering a recent news conference on the issue found it odd to see Blumenthal, said to be big for executive privilege these days, extolling open government down south. "Transparency is the cure for impugntiy," he told the gathering, adding it was "important to shine the light of publicity" on evildoing in those countries.

And some uncharitable folks recalled Blumenthal's libel suit against Internet gossipmeister **Matt Drudge** as Blumenthal inveighed against any interference with freedom of expression.

Rossello's Revenge

Well, if Blumenthal lacks any bona fides for his new role, our favorite First Amendment champion, Puerto Rico Gov. **Pedro Rossello**, also on the trip, might take up the slack. Rossello was last seen bludgeoning the island's major paper into submission after getting some negative press. Rossello's methods—withdrawng government advertising and allegedly trying to punish corporations linked to the paper—are at least less brutal than the assassination strategies apparently favored by some governments in Latin America.

Matters of State

Speaking of Latin America, it's looking more and more like **Peter F. Romero**, now No. 2 in the State Department's Latin America hierarchy, will be tapped after the trip to be assistant secretary for that region. This leaves an opening at the Office of International Narcotics and Law Enforcement Affairs, or "Drugs and Thugs," where Romero had first been penciled in. **Rand Beers**, former National Security Council senior director of intelligence programs and now acting INL director, is the favored insider. But there's some talk of going outside to fill the job.

No Airlift for Clinton

And speaking of foreign travel. . . Looks like President Clinton won't be riding in a B-29 used in the Berlin Airlift when he goes to Germany in May to celebrate the 50th anniversary of the campaign to keep West Berlin afloat in 1948.

One thought raised at a recent planning meeting was: Wouldn't it be nifty if the president

arrived in one of these old buckets of bolts sitting around Templehof airport on display? The notion was quickly shot down, if you will, because the Secret Service undoubtedly would have declared it *verboten* for the Leader of the Free World to fly in anything but Air Force One.

Angling for Openings

Still no white smoke on some key job openings. At Interior, there was some buzz last Friday when **T.J. Glauthier**, associate director for natural resources of the Office of Management and Budget, showed up for a private meeting with Secretary **Bruce Babbitt**. Glauthier is said to be eyeing the deputyship job. There's also talk about two Western Democrats, former Wyoming governor **Mike Sullivan** and former Montana representative **Pat Williams** as possibilities.

At Energy, Deputy Secretary **Elizabeth Moler**, with outgoing Secretary **Federico Peña's** endorsement, appears to have an inside track, but that one isn't over. There's been talk of United Nations Ambassador **Bill Richardson** moving over to be Energy secretary, a job he was a finalist for a while back.

Relations between Richardson and Secretary of State **Madeleine K. Albright** are, let's say, less than loving, and he might be itching to move on. Also, the Energy slot would be a better launch pad for any political bid. But word is Richardson is happy where he is.

Meanwhile, there are rumors racing through the administration and the Hill that soon to be unemployed Fannie Mae Chairman **Jim Johnson** might be a replacement at Treasury for Secretary **Robert E. Rubin**, who's been long been rumored to be Wall Street-bound. Not anytime soon, says Rubin. And not back to Wall Street.

Fannie Mae spokesman **John Buckley** said "this is one of those periodic rumors that flare up from time to time," and it's been out there since 1993. It's coming around again now, he said, "because there's a perception of availability" of a job at Treasury.

Joining the GOP

Highly regarded New York Daily News congressional reporter **Thomas Galvin** surprised a number of colleagues by giving up the alleged profession for Policy Impact Communications, an operation started last year by **Ed Gillespie**, a former aide to Rep. **Richard K. Arme** (R-Tex.), and by former National Republican Committee chief **Haley Barbour**.

Also in the GOP ranks, **Karen Johnson**, deputy chief of staff for RNC co-chair **Pat Harrison** and former communications director for RNC co-chair **Evelyn McPhail**, and before that, head of media relations for C-SPAN, is the executive director of Pioneer PAC, House Budget Committee Chairman **John R. Kasich's** political action committee.

The Washington Post

FRIDAY, APRIL 17, 1998

Clinton Urges Latin America to 'Be Patient' on Free Trade

By JOHN M. BRODER

SANTIAGO, Chile, April 16 — President Clinton pleaded with the leaders of Latin America today to be patient with the United States as it conducts a painful internal political debate over the merits of free trade throughout the hemisphere.

Mr. Clinton, in Chile for a Latin American summit meeting dedicated to creating a hemispheric duty-free shop from the Yukon to Tierra del Fuego, felt compelled to explain Congress's refusal last fall to grant him unlimited trade negotiation authority, known as "fast track."

In a speech to an international business audience here today, Mr. Clinton acknowledged that he had so far failed to persuade a majority in Congress of the benefits of free trade with the other nations of the hemisphere. The United States currently has a free-trade pact with Mexico and Canada.

Mr. Clinton said that ultimately the United States would not walk away from the "colossal opportunity" presented by the so-called Free Trade Area of the Americas, which is supposed to be in place by 2005.

Mr. Clinton quoted Winston Churchill, who said, "The United States invariably does the right thing, after having exhausted every other alternative."

The President said: "So be patient with us. So just stay with us. We'll get there."

Mr. Clinton's remarks set the tone for this visit, which American officials said marks a maturation of the United States' relations with its neighbors, which have veered over the decades from military intervention to not-always-benign neglect. By opening the trip with an explanation and implied apology, Mr. Clinton hoped to establish a dialogue of equals, officials said.

Mr. Clinton said he would continue to press for approval of fast-track authority, under which Congress can approve or reject proposed trade treaties negotiated by Mr. Clinton, but cannot amend them. The Presidential authority is considered cru-

cial to achieve trade breakthroughs because other countries will be reluctant to negotiate trade deals with the United States if they feel Congress will change the terms after an agreement is reached.

A bill granting Mr. Clinton fast-track authority was withdrawn last November after Democrats in Congress said they were not persuaded that the trade deals the President is proposing would provide adequate protection for workers and the environment.

The start of the complex seven-year trade negotiations is the centerpiece of the President's four-day visit to Chile.

The first two days of the trip are dedicated to a state visit to Chile and talks with President Eduardo Frei. This weekend, 34 of the 35 countries of the hemisphere, with the exception of Cuba, which was not invited, will convene in a hemispheric summit meeting to celebrate the spread of democracy and an era of exceptional economic expansion.

Mr. Clinton and Mr. Frei, at a joint appearance today, announced that they would work together to reduce emissions of greenhouse gases that lead to global warming. They also announced cooperative efforts on education, disaster preparedness and anti-drug programs.

Mr. Clinton is to speak to a joint meeting of the Chilean legislature on Friday. To the relief of American officials, Gen. Augusto Pinochet, a lifetime member of the Senate, signaled today that he would not be present. American officials had feared that the appearance of the 82-year-old general, who led an authoritarian regime here from 1973 through 1990, would be a distraction from Mr. Clinton's message of hope, growth and democratic development in Latin America.

Samuel R. Berger, the national security adviser, said Mr. Clinton would not alter his remarks on democracy and human rights, whether General Pinochet was in the audience or not. The operative theory of the trip appears to be that meeting and talking, even if with only modest achievements, are in themselves important benchmarks in the march toward hemispheric economic and political integration.

The official line is that the President does not need fast track to begin the negotiations for the Free Trade Area of the Americas, to which the democratic nations of the region committed themselves at the first modern Latin American summit meeting, in Miami in December 1994.

Charlene Barshefsky, the United States trade representative, said Washington had arranged the talks in its own interest, setting out their terms at the beginning, and had assured itself the co-chairmanship of the talks at the end stage of the negotiations five years from now.

In a briefing before leaving Washington, she brushed off concerns that in the interim Latin American nations will bypass the United States and form regional trade groups that will create economic ties with Europe and Asia and put American exporters at a disadvantage.

Ms. Barshefsky said those regional trade deals are not "an overly positive development" for the United States. But she said the Latin American nations would ultimately have to accommodate United States trade terms if they want unrestricted access to the immense American market for goods and services.

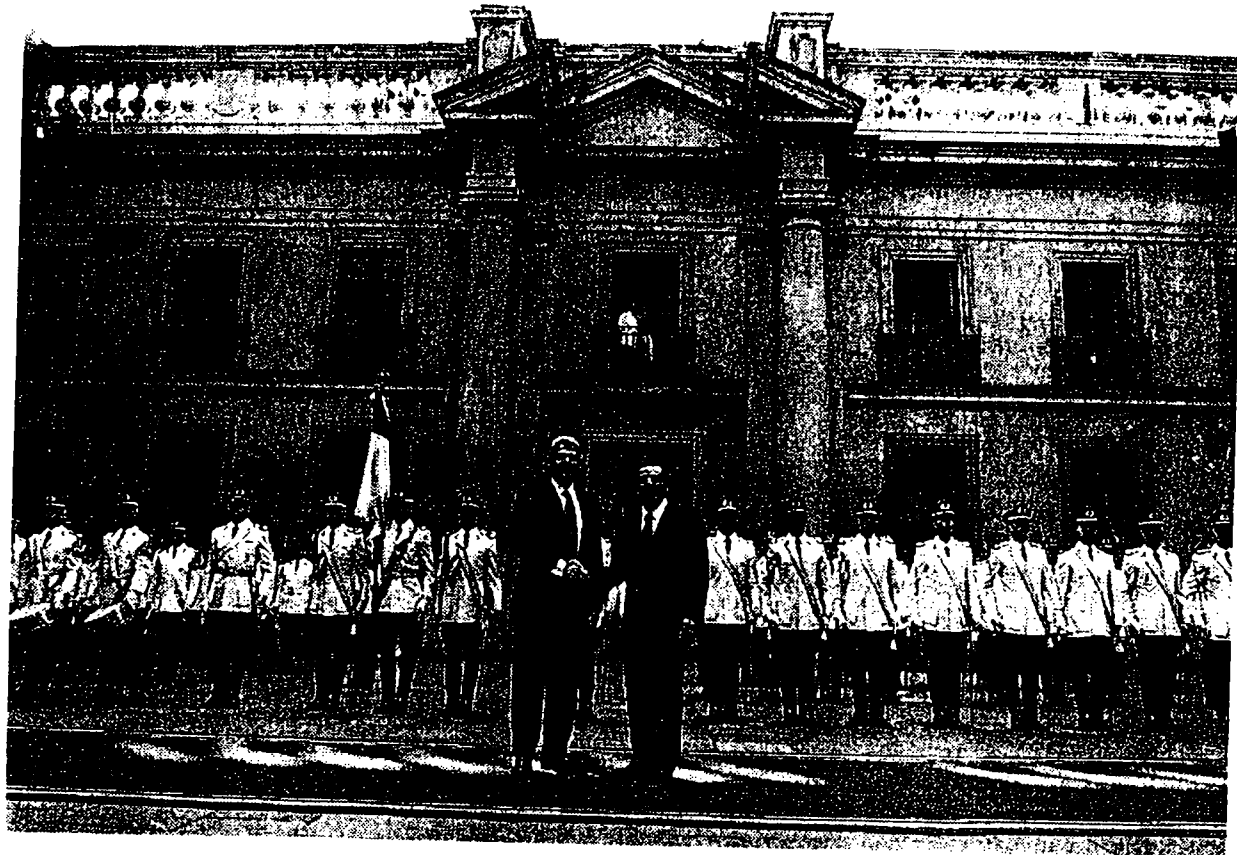
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Reuters

President Clinton is in Chile for a Latin American summit meeting dedicated to creating free trade throughout the hemisphere. He met Chile's President, Eduardo Frei, at the presidential house in Santiago yesterday.

CLINTON STATE VISIT PRESIDENT SIGNS AGREEMENT ON ENVIRONMENT, EDUCATION AND FINANCE AHEAD OF SUMMIT OF AMERICAS

US in deal to bolster ties with Chile

By Gerard Baker and
Associated Press in Santiago

President Bill Clinton agreed a series of initiatives with Chile yesterday at the start of his four days of talks with Latin American leaders.

Mr Clinton, accompanied by a large team of US cabinet members, arrived in Chile after an overnight flight from Washington. His two-day Chilean state visit comes ahead of the second Summit of the Americas at the weekend.

While Mr Clinton had talks with President Eduardo Frei, members of the US cabinet including Madeleine Albright, secretary of state, had meetings with Chilean counterparts.

The two presidents agreed to strengthen ties between their countries with the aim of improving environmental protection, education, and financial supervision.

Praising Chile, Mr Clinton said: "It has become a leader in our hemisphere, and an

even stronger partner and friend for the US." It had "an astonishing record" of progress in developing a strong and growing economy open to international partners.

He said the two nations would set up a commission to promote investment and commerce and to resolve trade disputes.

The two presidents agreed to increase exchanges of students and teachers. They also plan to increase access to the internet in classrooms "so that every child no matter where he or she may live can explore the world of information now available with the stroke of a computer keyboard", they said in a joint statement.

They also pledged to create a pan-American weather forecasting system so as to be better prepared for destructive weather events such as the El Niño phenomenon. Fighting corruption and drug trafficking were also discussed.

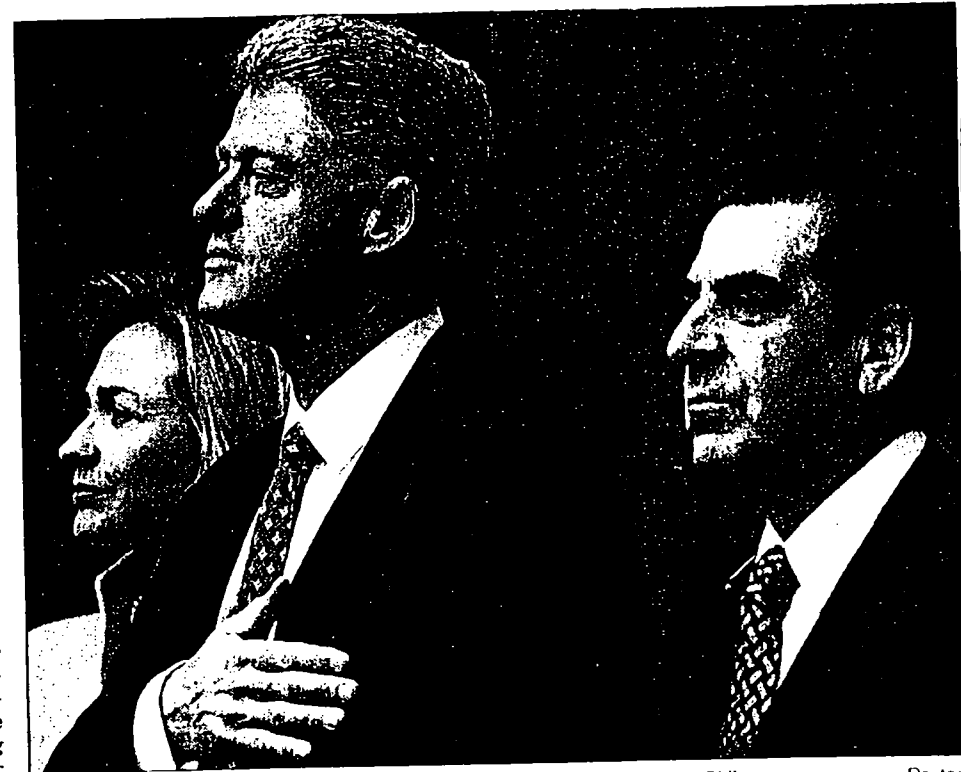
US officials, meanwhile,

were anxious to play down the potential difficulties for Mr Clinton when the summit with Latin American leaders begins at the weekend.

Trade will be the dominant backdrop to the meeting, and trade problems - along with Cuba - are sensitive issues. But US officials pointed out progress was expected at the summit on a range of other areas, including tackling drug trafficking, and improving education and health systems.

"Latin America has made enormous progress in the last 10 years in both establishing democratic constitutions and in achieving rapid economic growth," said one official. "What is now needed is agreement on a range of reforms to build on those achievements."

The summit leaders are keen to portray their discussions as an attempt to demonstrate a hemisphere-wide commitment to improving the quality of life for poorer Latin Americans.



Standing together: Bill and Hillary Clinton with Eduardo Frei, president of Chile

Reuters

FINANCIAL TIMES

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Clinton in pledge to Latin America over free trade

By Gerard Baker in Santiago *Al*

President Bill Clinton yesterday kicked off four days of talks with Latin American leaders with an attempt to reassure them that the US was still serious about promoting freer-trade and opening markets throughout the region.

Prior to this weekend's Summit of the Americas, Mr Clinton told a group of Chilean and US business leaders that he would eventually succeed in getting approval from the US Congress for fast-track trade negotiating authority, without which the US is in effect unable to conclude trade agreements.

"I will continue to work hard with the Congress to build support for fast track. Be patient with us", he said.

Mr Clinton was trying to head off what is expected to be widespread criticism of the US at the summit. Anxious to gain access to the vast US market, many Latin American governments fear the Clinton administration has given up on previous commitments to promote free trade.

The trade issue will be particularly sensitive this weekend since the summit will mark the formal launch of negotiations among the countries of the hemisphere towards creating a Free Trade Area of the Americas by 2005.

Mr Clinton was adamant that meaningful negotiation could begin, even without prior Congressional approval.

The president will face other

tricky diplomatic challenges at the summit. He will also be pressed to move more quickly to normalise economic relations with Cuba, still the object of a comprehensive US embargo.

Last month Washington lifted some minor sanctions such as restrictions on flights between the US and Cuba and limits on financial remittances. But the administration made clear the steps were a direct response to the Pope's visit to Cuba in January and did not represent the first stage in a longer-term easing of sanctions, as many Latin American countries want.

Mr Clinton may also face today a less serious but equally delicate diplomatic problem that symbolises the US's complicated role in Latin America over the last few decades.

Among his audience when he addresses a joint session of the Chilean congress is expected to be General Augusto Pinochet, who ruled Chile in a military dictatorship for 15 years but is now a senator-for-life in the congress. The Clinton administration has avoided making direct personal remarks about Mr Pinochet, but Mr Clinton has never missed an opportunity to praise Chile and other Latin American countries for abandoning dictatorships and turning to democracy. His remarks will be closely watched for any indirect attacks on the Pinochet regime.

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You can take the knife out of a child's hand, but you can't take the knife out of his heart," said Sumiko Fukushima, a supervisor of teachers in Urawa City, in suburban Saitama prefecture.

Fukushima and Abe were among 200 educators who recently attended an "emergency meeting" of school nurses convened by the Education Ministry to discuss the sudden upsurge in school violence. Japanese schools are short of guidance counselors or mental health assistants, so the school nurses' office often becomes the refuge of children who can't cope with the stresses of school. In a typical middle school, nurses said, more than 40 students each day often crowd into the nurses' office, hoping for relief from the unpleasantness of stressful classes.

"Some kids can't express their feelings other than to say 'I have a stomach-ache,'" explained Yasuko Nakamura, one school nurse. "But you have to take in and understand the message under the child's voice. It is clear that the problem is serious, and the fact that the child came to the nurses' office is only the starting point."

To some critics, Japan's system of rote learning, rigorous testing and the forging of group cohesion, with little time left for play or self-expression, seems brutal. But 50 years ago, experts say, this rigid structure, along with the nation's close-knit network of extended family relations, helped lift Japan from the ravages of war, rebuild its industries and create a prosperous Asian titan from a bombed-out ruin of a defeated country.

By marshaling human resources, infusing discipline and demanding obedience and hard work, this system made Japan one of the most literate nations on the planet, taught young workers and managers how to run its innovative factories, crafted social cohesion and in time enabled Japan to become the world's second-largest economy.

No longer war-ravaged, Japanese today enjoy material prosperity. No longer a "village society" of large rural families working together to plant and harvest rice—a labor-intensive process that itself creates close-knit communities—Japan is now a nation of modern cities and industrial workers.

Many school children grow up without brothers or sisters or nearby grandparents. Japan largely abandoned agriculture for urban living and "one child" families became the norm. The "village" of prying neighbors and nearby uncles and aunts has largely been transformed into an anonymous suburb of ferro-concrete, low-rise apartments and modest houses.

Playmates are scarce because Japan's birth rate is so low, nearly 50 percent lower than that of the United States. And the once-feared father is now a subject of derision, by mother and child alike, because the nightly demands on a salaryman to stay out late drinking with the boss means daddy is seldom home.

"The Japanese social system is not designed to give kids happiness," explained Tsutomu Hotta, a prominent lawyer and former Justice Ministry prosecutor.

"After 1975, we became a middle class society," he explained. "Everybody had a car and a TV. Nobody had to worry about having enough food to eat or clothes to wear. They never experienced material want. So children lost any sense of why their parents were working so hard and for what purpose. They also lost the rationale for why they themselves should have to study hard, since they already had everything.

"Now we've entered a new era which requires individuality. But the social system, family and school have not changed their values. ... So today's students have neither dreams nor hopes," Hotta added. "There is nothing that spontaneously interests them."

"Students used to play with older brothers or younger sisters and have large groups of friends and their siblings' friends around the house. Today, those kinds of families are rare. These days kids grow up alone, with the TV set, the computer games and Mom. So these are kids who don't play with others. Many of these kids don't know how to communicate in a group. In our group society there is no group anymore.

"The result is you have a growing number of children who are insecure and selfish and who can't control their emotions."

Dressed for school in his blue suit, white shirt, red necktie and lapel pin, 14-year-old Hiroshi, an only child, seems like a miniature salaryman as he pulls his backpack onto a Tokyo subway. He usually attends (ital) juku (endital) four times a week, says he feels no pressure at school to get good grades, and thinks he'd like to grow up to be a "researcher."

"I like math, because the more you study it, the deeper your knowledge gets," he says.

But Hiroshi's conversation with an adult shows the tell-tale signs

of stress. Whenever he is addressed, Hiroshi look down and away towards the floor, unable to sustain eye contact. He scratches nervously at his right wrist, scabbed and raw from constant rubbing. An allergy, he says. His fingernails look as if they are constantly being chewed. And he admits that his favorite activity is not sports or music or playing with friends, but "going home and sleeping."

Chile considers mixed blessing of free trade By David LaGesse The Dallas Morning News (KRT)

SANTIAGO, Chile President Clinton told Chilean business leaders Thursday that Congress' refusal to grant authority for new pacts is not a rejection of free trade.

The question is how to open trade while protecting the environment and workers' wages, he said, explaining why the United States has developed cold feet on free trade and has not negotiated a promised pact with their country.

"There is a continuing and vibrant debate about how we're going to grow in the global economy in a way that gives everybody a chance to be a part," he said after starting a two-day state visit here.

Clinton, who will attend a hemispheric summit this weekend in Santiago, came early to Chile partly to acknowledge its leading role among Latin American countries in opening its markets.

But skeptics say the U.S. divisions over free trade have emboldened the opposition, even amid the fast-growing economy of Chile.

During Clinton's visit, Chilean environmental and labor organizers are hosting an alternative "People's Summit" of free-trade opponents from the region. Organizers say crowded rooms reflected attendance that far exceeded expectations.

Chile's aggressive embrace of free and open markets has spurred three U.S. presidents to say they wanted a trade pact with Chile. Clinton made his promise at a 1994 summit of regional leaders in Miami.

Congress has refused, however, to give Clinton authority to negotiate new deals, which helped push trade issues to the background of this weekend's Summit of the Americas.

Leaders at least will launch official negotiations toward a region-wide agreement, which would create one of the world's largest markets by the year 2005. The hemisphere's 34 democracies agreed to the concept at the Miami summit.

Despite last year's free-trade setback in Congress, the Clinton administration agreed to participate in the talks. U.S. negotiators hope to win authority to sign a region-wide agreement before it's ready.

But Chilean business and political leaders voiced concern Thursday that anti-trade forces are growing in the United States. They also cited disputes over Chilean salmon, wood and mushroom sales to U.S. companies.

"We cannot hide from you our fear of recent protectionist forces in the United States," said Walter Riesco, head of a Chilean industrial association.

Clinton asked the business leaders to be patient while the United States resolves its internal differences. "You may decide to have the debate yourselves before it's over," he said.

The debate raged openly at the alternative summit taking place at a hotel a few blocks away. Free-trade opponents there called for stronger protections for the environment and labor rights than those included in the North American Free Trade Agreement, signed in 1993 by the United States, Canada and Mexico.

Environmentalists say the agreement has encouraged companies to exploit Mexico's natural resources at unsustainable rates. Labor leaders, meanwhile, say U.S. companies exploit Mexico's workers, who struggle to organize under Mexico's system.

Chile, too, has experienced problems under free-trade agreements it has signed with Canada, Mexico and other countries, local organizers say.

Most of Chile's fast economic growth of recent years came from the sale of its natural resources, particularly minerals and forest products, said Sara Larrain, an environmental advocate here.

Mining companies have spoiled land and water, and Chile is threatened with losing its once-vast natural forests, she said.

"Chile's true economic growth is lower than it reports," Larrain said. "It has not accounted for the environmental cleanup it must undertake."

She noted that Santiago's dense smog typically obscures the nearby Andean mountains, whose snow-streaked peaks were partly visible Thursday for the first time this week.

Conservatives in Chile's Congress, meanwhile, have resisted efforts to reform its labor laws, which are left from the right-wing dictatorship that ruled the country from 1973 to 1990. The laws, for example, prevent unions from organizing in more than one company, limiting their ability to influence wages and work conditions, local union leaders say.

Free trade has brought larger companies to Chile that fight labor reforms, said Isabel Oyanader, who heads a group that organizes women workers in Santiago.

The poorest Chilean workers have seen their spending power diminish with free trade, she said.

"Free trade works for big companies at the macroeconomic level, but not for many workers at the microeconomic level," she said.

Chilean officials say that the benefits of free trade eventually will reach all Chileans, and that many of its social problems are left from the dictatorship.

Since 1990, the country has reduced the portion of its country living in poverty from 40 percent to less than 25 percent, Chilean resident Eduardo Frei said Thursday.

Chile has doubled government spending on social programs since the dictatorship ended in 1990.

"Chile is firmly committed to free trade," he told Clinton.

Jones announces appeal of Clinton suit dismissal By Carolyn Martine The Dallas Morning News (KRT)

DALLAS Paula Corbin Jones, her voice breaking, announced Thursday in Dallas she will continue to fight for her "day in court" and appeal the dismissal of her sexual misconduct suit against President Clinton.

In her first public comments since the dismissal, Jones said she is confident the 8th U.S. Circuit Court of Appeals will call for a jury trial. "That is all I ever sought. And I will continue to seek that simple right."

Flanked by her legal defense team and other backers at a news conference, Jones choked up in the second sentence of her statement, saying she was "shocked" when a federal judge in Little Rock dismissed her case April 1.

Her husband, Stephen, rose to her side and put his arm around her as she fought off tears and continued.

"I was shocked because I believed what Clinton did to me was wrong and that the law protects women who are subjected to that kind of abuse," she said.

In Washington, Clinton's attorney, Robert S. Bennett, said Judge Susan Webber Wright had been "correct on both the law and the facts" and he was confident her decision would stand on appeal.

"It is unfortunate our legal system can ... continue to be abused by Jones' political and financial supporters who wish to harm the president and who, for their own private agendas, disregard the best interests of the American people," Bennett said.

Jones' lawyers expect action by the appellate court in six to 12 months. They say their grounds are strong, although other legal experts have termed the appeal an uphill battle. Her lawyers did not, however, rule out a settlement or mediation as a way of obtaining damages for their client.

"If some adult in control of the other side of this case would like to come forward and make a rational settlement offer, or even agree to engage in rational settlement discussions such as formal mediation," attorney Donovan Campbell said, "we will certainly be open to that."

Clinton ignored questions from reporters about the appeal while in Santiago, Chile, with his wife, Hillary Rodham Clinton.

The conservative Rutherford Institute of Charlottesville, Va., is supporting Jones' legal bills for the appeal. But attorneys are working on a contingency fee basis and hope to recoup their fees in a monetary judgment for Jones.

Jones, 31, has claimed in 1991, when Clinton was governor of Arkansas and she was a state clerk, he summoned her to a Little Rock hotel room where he dropped his trousers and asked for oral sex. Clinton has said he does not recall such a meeting and has denied doing anything improper.

Judge Wright ruled that, even if there was a crude encounter, the actions did not violate the law. Lawyers were unable to prove a negative effect on her job. "Nor was the conduct 'frequent, severe, or physically threatening,'" the judge ruled.

Campbell, lead attorney from the Dallas firm of Rader, Campbell, Fisher and Pyke, however, said the law does not permit "a male supervisor to expose himself to his female subordinates and ask for

sexual favors." There is no "one free flash" rule, he added.

In response to a question that Clinton may be out of office before the case is concluded, he said he expects a decision within two years even if it goes to the Supreme Court.

But he added, "We frankly don't care whether he is president of the United States or busing tables at Luby's Cafeteria when this lawsuit comes to trial."

Jones and her lawyers said any delay in announcing the appeal was prompted by personal considerations, not legal arguments.

She now lives in California with her husband, who was recently fired from his job as a ticket agent for Northwest Airlines, and two preschool sons. She said she had to think about "my husband and my two sweet little boys."

But she also considered the fact the court's ruling affects "many women other than myself."

Campbell denied that Jones' emotional state was a consideration in deciding whether to appeal, although he refused to allow Jones to answer questions. Meanwhile, Susan Carpenter-McMillan, Jones' personal adviser from California, defended her friend's fragility.

"To walk into a room and have a man expose himself and ask for oral sex and to have a judge say that's not outrageous conduct would make any civil woman cry," she said.

"It's been four years of hell," she said, since Jones aired her allegations. "She's the only woman in America who had the courage to step forward. Because of Paula Corbin Jones, the mask was lifted on the facade and we saw there were many other women."

In his deposition in the Paula Jones case, the president conceded after years of denial he had sex with Gennifer Flowers, a former state employee, when he was governor. But he denied he had groped a White House volunteer, Kathleen Willey, or had engaged in a consensual affair with a White House intern, Monica Lewinsky.

Campbell evaded an inquiry about how the Joneses are going to support themselves during the appeal. And Carpenter-McMillan said, "That's a good question." Jones turned down a \$700,000 settlement offer last fall.

Carpenter-McMillan also said there was "no good reason" why Jones lost his job, implying it was political retaliation.

Some legal experts say, at the least, an appeal could answer the question of whether a female plaintiff has to show a tangible job detriment to bring a sexual harassment claim before a jury.

And Judge Wright already has been reversed twice by the appellate court on Clinton-related rulings. An early ruling the Jones case could not go to trial while Clinton was president was reversed, as was a decision to quash a subpoena by Whitewater independent counsel Kenneth W. Starr to obtain notes from conversations between Mrs. Clinton and her lawyers also was reversed.

Jonathan Turley, a law professor at George Washington University, said the appellate court probably can handle the case in a year. Should the case eventually reach the Supreme Court, he predicted the justices would refuse to hear it because the legal issues are not likely to be groundbreaking.

Attorney John Whitehead, head of the Rutherford Institute, said, "We're in it for the long haul, no matter what the costs." He also said he had been "heartened" by recent supportive comments by women's groups. He hopes the support of such groups, absent before, will be forthcoming in the appeals process.

Some presidential experts suggested that, in terms of public opinion, the damage from the Jones suit already has been done.

"An appeal is not the kind of situation where you are going to bring out a lot of testimony that's really spicy or drawn out," said George Edwards, head of the Center for Presidential Studies at Texas A&M University. "If she should win and they do have a trial, it will be nothing but embarrassing for the president. But my guess is public opinion now is reasonably fixed. In the absence of any extraordinary new evidence, I don't think it's likely to have much impact in the future."

Political analyst Stuart Rothenberg said he expected the public to pay little attention to the appeal. "I can't believe anybody is going to care," he said. "If they didn't care when the charge was out there, if they didn't care when the trial hung over the president. It's hard for me to believe the appeal will suddenly ignite public anger toward the White House."

Compared with a report Kenneth Starr is expected to eventually deliver to Congress, Rothenberg said, "Jones' charges pale as a threat to the White House."

Clinton presses summiteers for '2nd generation' reforms

Exhortation to curb inequities draws mixed reviews

By Warren P. Strobel
THE WASHINGTON TIMES

VALPARAISO, Chile — President Clinton warned yesterday that the Western Hemisphere's turn toward democracy will falter unless freely elected governments do more to deliver better lives for their people.

"There must be a second generation of reforms beyond free elections and free markets, because for democracy to thrive, people must know that everyone who is willing to work will have a fair chance to share in the bounty of the nation," the president said.

His speech was part praise for Chile and other nations that have ended authoritarian rule and part exhortation to attack the persistent inequities in their societies.

The mixed message was delivered in an address to a joint session of the National Congress of Chile, which returned to democratic rule in 1990 after 17 years of dictatorship. Noticeably absent from the chamber was former military leader Gen. Augusto Pinochet, now a "senator for life."

Some officers in the crowd noticeably did not join in the applause for Mr. Clinton, whose speech included the line that, in a democracy, the military's job is "to defend the people, not to rule

them."

The nations of the Western Hemisphere are to gather today in Santiago for a two-day, 34-nation summit. U.S. officials never tire of noting that only Cuba, which is not invited, does not have a democratically elected government.

"With a single exception, the day of the dictators is over," Mr. Clinton said. "Having resolved to protect democracy, we must now do much, much more to perfect democracy."

There is growing concern in Washington that unless ordinary people in Latin America, which has one of the world's highest disparities between rich and poor, feel improvements in their daily lives, democracy will be seen as a failed experiment and authoritarian habits will resurface.

A strong democracy, he said, requires "protecting the rights of workers, standing up for the rights of women and children and minorities, fighting the drugs and crime and terrorism that eat away at democracy's foundations, reaching out across all sectors of society . . . to ensure that everyone has a stake in shaping the future."

The package of proposals and ideas that Mr. Clinton brings to the Summit of the Americas is aimed at furthering these so-called "second-generation reforms."

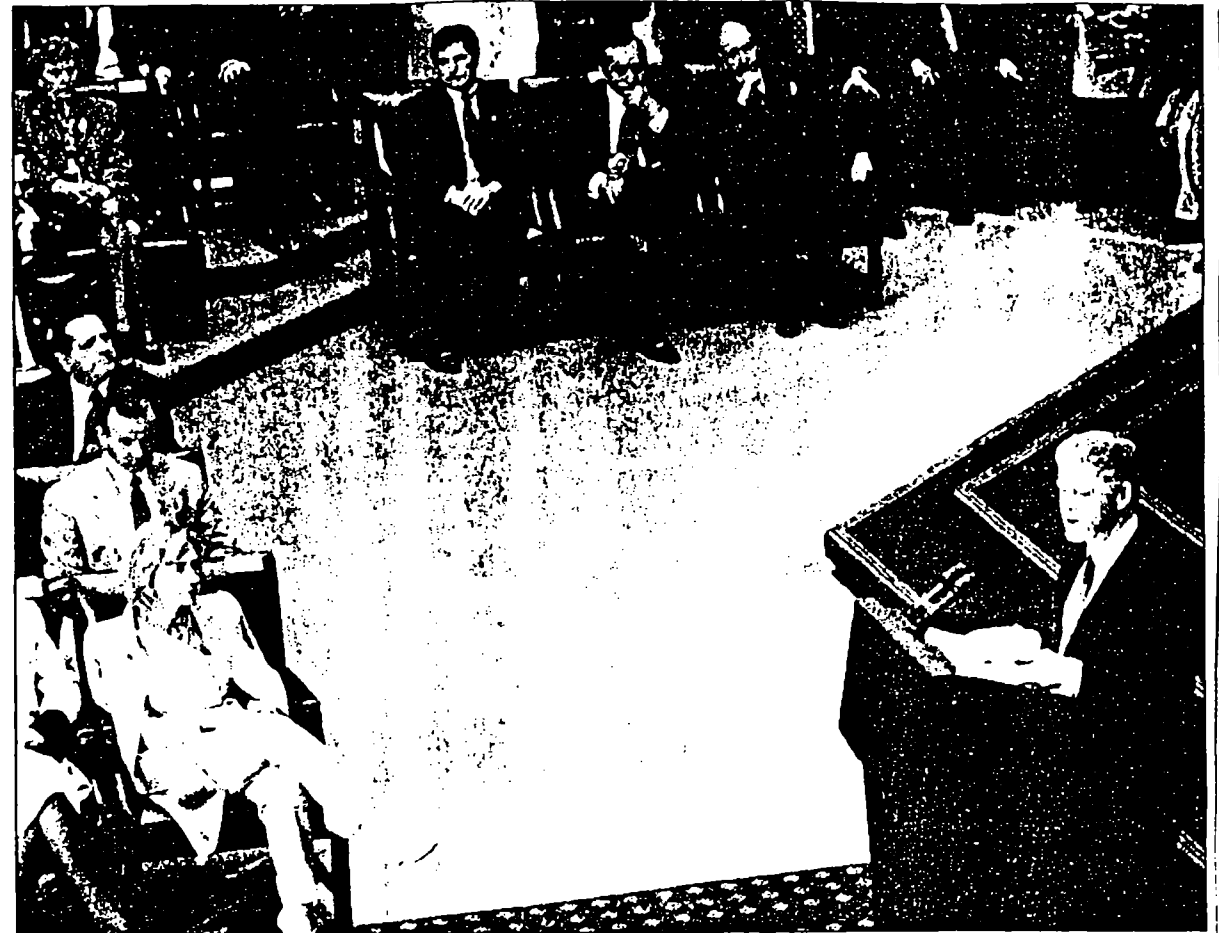
The United States is advocating

The United States is advocating priority attention to education, especially at the primary and secondary levels, as the best way out of poverty.

priority attention to education, especially at the primary and secondary levels, as the best way to lift people out of poverty. The 34 leaders also are expected to announce a new regional anti-drug effort and a new envoy, under the Organization of American States, to document press restrictions in the hemisphere.

James Steinberg, Mr. Clinton's deputy national security adviser, said these and other efforts are meant as a preventive strike against any backsliding on democracy.

"We need to take these steps now before this becomes a serious problem," he said, adding that the president's message is: "Let's not



AP
First lady Hillary Rodham Clinton listens as President Clinton addresses the Chilean Congress and military in Valparaiso yesterday. They are in Chile for the second Summit of the Americas, opening today in Santiago.

assume we can keep that [democratic] consensus, unless we're active, vigilant and engaged."

Mr. Steinberg said leaders like Chile's Eduardo Frei, Mexico's Ernesto Zedillo and Brazil's Fernando Henrique Cardoso "realize it's not enough just to have the ma-

chinery of democracy." They have made education a policy priority, he said.

Richard Feinberg, a former White House expert on Latin America who was in the audience yesterday, said predictions of the collapse of democracy in the re-

gion are wrong.

"In general, democracy is stronger today than it was four years ago," when the first Summit of the Americas was held in Miami, said Mr. Feinberg. "Problems remain, but I think there's been a lot of progress."

The Washington Times

SATURDAY, APRIL 18, 1998

Case of jailed American imperils aid to Honduras

By Tom Carter
THE WASHINGTON TIMES

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Members of Congress are threatening to cut off \$26 million in aid to Honduras unless the wheels of justice begin moving for an American citizen who has been awaiting trial in a Honduran jail for nearly five years.

A Honduran Embassy official in Washington this week linked the

case of Gustave Patrick Valle to that of a Honduran awaiting execution in Arizona, saying the Honduran had been denied his right to a consular visit under the Vienna Convention.

The International Court of Justice last week unsuccessfully urged the state of Virginia to postpone the execution of a Paraguayan man for similar reasons.

Without taking a position on Mr.

Valle's guilt or innocence, Sen. Patrick J. Leahy, Vermont Democrat, put a hold in December on \$1 million in U.S. aid for reform of the Honduran justice system. And in early March, Rep. Sonny Callahan, Alabama Republican, asked Secretary of State Madeleine K. Albright to take "immediate action" on the Valle case.

"The Honduran justice system is antiquated and essentially non-

functioning," said Tim Rieser, an aide to Mr. Leahy. "They should either put [Mr. Valle] on trial or release him. There are egregious flaws in the way this case has been handled."

After getting no response from Mrs. Albright, Mr. Callahan told the Clinton administration's top human rights official, John Shat-

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tuck, this month that he is considering putting a hold on all aid to Honduras, which totals about \$26 million a year.

"The very fact that an American is being held in a foreign prison for five years without being given the opportunity to be heard is unacceptable," said Mr. Callahan, head of the House Appropriations foreign operations subcommittee, at an April 4 human rights hearing.

California-born Mr. Valle, 49, acknowledges killing Luis Canales in a July 1, 1993, gunfight in Talanga, Honduras, but maintains it was an act of self-defense and that the victim was a hired hit man.

There is considerable evidence and eyewitness testimony to back his claim that political bosses in cahoots with a judge and the local prison director wanted his 300-acre sugar cane farm — and tried to assassinate him to get it.

Honduran police records show that Mr. Valle had reported two other attempts on his life during the previous 24 hours, one of them by Mr. Canales.

Mr. Valle's sisters, in Alabama and Florida, have mounted a costly campaign on Capitol Hill and the Internet to win their brother's freedom. And they have won the backing of several powerful congressmen.

The family says it is no coincidence that the family farm is in the middle of an area recently named a free-trade industrial zone — alongside a coast-to-coast "dry canal" highway that greatly increases the value of the land.

"My brother is not in jail because of the law, he's in jail because of the law, he's in jail because powerful people wanted my father's land. It's so complicated and corrupt. Everyone has something to hide. They are all protecting each other. It's a nightmare," said Maria Skumanich, Mr. Valle's sister, who lives in Miami.

The Honduran human rights office corroborated much of Mr. Valle's story in 1994, concluding that he killed in self-defense, that witnesses and defense lawyers had been intimidated, and that local judges had falsified documents to keep him in jail.

Mr. Valle came to Honduras in 1990 to take over his father's farm. He married a local woman and be-

gan putting down roots. This apparently upset people who had designs on the Valle farm, which was slated to become part of the valuable free-trade zone.

The Honduran government says its justice system is working — albeit slowly.

"The reason it takes so long is that is the process in Honduras. That is just the law. It is in the hands of the court system," said Benjamin Zapata, spokesman for the Honduran Embassy in Washington.

In defending the Honduran courts, Mr. Zapata questioned the fairness of the U.S. justice system.

"I understand the family of Valle, just like I understand the family of the Honduran who could be executed in Arizona next week," he said. "Roberto Villafuerte, a Honduran citizen ... apparently his rights have not been fully respected, like the Paraguayan in Virginia."

Angel Francisco Breard, 32, of Paraguay was executed in Virginia on Tuesday in spite of an appeal to the International Court of Justice in The Hague by the government

of Paraguay, which argued Breard had been denied his right to talk to a consular official.

Virginia officials acknowledged the fact but maintained it had no bearing on the outcome of the trial, where Breard admitted raping and killing a woman.

Now the Honduran government is arguing that Villafuerte, who was convicted of killing his girlfriend, was similarly denied his rights under the Vienna Convention of 1969.

The State Department and the U.S. Embassy in Honduras have been deeply involved in the case of Mr. Valle. But most of the diplomacy has been quiet, as U.S. officials fear too much public pressure could simply anger the Hondurans and make matters worse.

"We have raised the Valle case at every level," said a State Department official this week. "We are concerned. He hasn't been given proper judicial treatment. It's been five years. But we worry that we don't give the Hondurans a reason not to act" by publicly embarrassing them.

The Washington Times
SATURDAY, APRIL 18, 1998

Top of page:

Col 1: The Canadian government, alarmed over the economic impact of depleted fisheries on its Maritime provinces and under political pressure to support a troubled industry, is now backing sealers with temporary subsidies and even Coast Guard escorts to hard-to-reach ice floes, upsetting environmentalists and sparking protests. (SEALS, moving Saturday.)

Col 2: Three young siblings, whose only crime was their reluctance to testify against their father, were jailed for 12 days in Los Angeles County's overcrowded Central Juvenile Hall and brought to court in handcuffs and leg chains, according to their attorneys and other court officials. (SHACKLE, moved.)

Cols 3-5: Wild art of local house on shaky foundation.

Col 6: Local transit story.

Above fold:

Col 2: Signaling Mexico's continued economic recovery and a possible boost to President Clinton's free-trade initiative, the monthly U.S. trade deficit with Mexico in February shrank to its lowest level since the disastrous peso devaluation in late 1994, the Commerce Department reports. (TRADE-MEXICO, moved.)

Below fold:

Cols 3-5: After Russia's ornery lawmakers rejected Sergei V. Kiriyenko for the post of prime minister for the second time in a week Friday, those taken with the congenial, young, acting-government chief might have been wondering, "What's not to like?" But among the tough-guy Communists and nationalists who dominate the state Duma, the lower house of the Russian parliament, the soft-spoken, bespectacled Kiriyenko is regarded as a nerd. (with art) (RUSSIA-TIMES, moved.)

Bottom of page:

Cols 1-3: What city officials who recruited tenants for an apartment project never anticipated was that once the investment started to go sour, it would lead to a small but militant tenants' movement of Chinese citizens and foreign investors. (with art) (CHINA-TENANTS, moving Saturday.)

Cols 5-6: Congress may be disappointed if it thinks it can turn many people off smoking by jacking up the price of cigarettes; even sharply higher prices probably cannot stop many heavily addicted smokers from lighting up. (TOBACCO-SMOKERS, moving Saturday.)

Clinton Hails Chile's Growth in Democracy (Valparaiso, Chile)
By Jonathan Peterson (c) 1998, Los Angeles Times

VALPARAISO, Chile In a legislative hall that once symbolized tyranny, President Clinton on Friday declared that "freedom's victory has been won throughout the Americas" but cautioned that the awakening region "must now do much, much more to perfect democracy."

"No one loves freedom more than those who have had it and lost it," Clinton told a packed joint session of the Chilean congress that was missing its most notorious member, former dictator Augusto Pinochet. "No one prizes it more than those who have lost it and regained it. I know here I am in a room full of people who love freedom."

The chamber broke into applause. To the relief of Chilean officials, Pinochet, who ruled the South American nation until 1990 and now serves as a senator, said he was ill and stayed home while Clinton spoke.

Clinton, speaking on the eve of a hemispheric summit in Santiago, said that to perfect their fledgling democracies, Chile and its neighbors should act to strengthen their judicial systems, improve police professionalism, strengthen the schools, enhance access to health care, combat corruption and respect press freedoms.

On a separate note, he alluded to his personal embarrassment on failing to win from the U.S. Congress broader authority to negotiate trade deals. "We want and will resolutely pursue a free-trade agreement that includes our two nations," he told legislators of the nation once touted as the next member of the North American Free Trade Agreement, along with the United States, Mexico and Canada. "And I will not be satisfied until we achieve that goal."

But more than anything, Clinton's address was a bid to express in lofty terms his views on democracy: its flexible nature, the ways to bolster it and that it can be fleeting. "Democracy is never perfect, but because it is open and free, it is always perfectible," he said. "In the words of our President Franklin Roosevelt, who tried so hard to be a good neighbor to Latin America, democracy is a never-ending seeking for better things."

Such lofty sentiments did not seem abstract inside the legislative chamber of marble and wood. Just nine years ago, Pinochet transferred the national congress from the capital of Santiago to this coastal city of 300,000, as part of an effort to disperse political power and potential resistance to his autocratic regime.

The general's political survival, however marginal, has been a source of great controversy in Chile, where many speculated on whether he would show up for Clinton's speech and embody a distracting spectacle to the president's oratory on freedom. "From our perspective ... he (Clinton) was prepared to give the same message whether Pinochet was there or not," a U.S. national security aide said afterward.

And while there have been persistent reports that some major participants in the upcoming Summit of the Americas want the United States to allow Cuba to participate, Clinton in his speech referred to Cuban President Fidel Castro, saying, "With a single exception, the day of the dictators is over" in the Americas. "The 21st century will be a century of democracy."

Reflecting an overarching theme of the second summit, which begins Saturday Clinton's message was that initial steps toward free markets and free elections are insufficient to preserve democracy for the long haul.

"As Chileans understand perhaps more clearly than any of their fellow Americans, there must be a second generation of reforms," Clinton said. "For democracy to thrive, people must know that everyone who is willing to work will have a fair chance to share in the bounty of the nation. Leaders must ensure that the political system, the legal system, the economic system are not rigged to favor those who already have much, but instead give everyone a stake in shaping the future."

True democracy requires "a strong and independent legislature," he said, and top-level respect for it, even when lawmakers "do not do what the president would like them to do."

Education, he continued, "is the key," particularly in a time when liberalized economies can widen the gulf between haves and have-nots and provide great rewards to those with knowledge while greatly penalizing those who lack skill. Strong education will "encourage" the dreams of the young, he said, noting, "It can give people the power to overcome the inequalities between rich and poor. It can give nations the opportunity to fulfill their destiny."

Clinton has gotten a friendly if not ebullient reception in Chile, where there was a jarring but not significant earthquake and a rebel grenade attack against a Chrysler auto dealership; no one was injured in the incident.

As his motorcade entered Valparaiso on Friday morning, a group of children cheered and waved. But nearby, a group of onlookers held up a sign that said in Spanish, "Clinton: Your Business Is the Poverty of Latin America."

U.S. Trade Deficit Widens to Highest Level Since '87 (Washn) By Art Pine (c) 1998, Los Angeles Times

WASHINGTON Reflecting the growing impact of the Asian economic slump, the U.S. foreign trade deficit widened again in February to its highest level since late 1987, the government reported Friday threatening to intensify protectionist sentiment in Congress.

The United States imported \$12.1 billion more in goods and services than it exported during the month, the Commerce Department said, up \$500 million from a revised \$11.6-billion gap in January.

Although the rising trade deficit is likely to help the economy now by preventing it from overheating, it is likely to make it harder for President Clinton to win support for his "fast track" trade bill, as he vowed in Chile on Thursday, and for other trade-expansion measures.

Commerce Undersecretary Robert Shapiro, seeking to head off protectionist measures, held a press conference to urge Congress to join "in working for open trade and open markets" so that "this prosperity can continue." The February deficit was larger than analysts had expected, prompting economists to speculate that the impact of the Asian economic slump here may prove to be somewhat greater than they had forecast. But they said they still expected it to be fairly mild.

At the same time, however, economists were struck by the fact that the Asian countries did not appear to be trying to export their way out of their recession by flooding U.S. markets with their products.

Although the U.S. trade deficit with Japan soared in February, the deficit with other countries hit hard by the Asian crisis actually shrank as exporters in the region continued to experience difficulty obtaining the financing needed to step up their shipments.

The deficit with South Korea plunged by 31.1 percent, for example, while that with Indonesia shrank by 8.2 percent. Analysts attributed those improvements in large measure to normal seasonal patterns and said they might not continue much longer.

Rather, if anything, the figures showed that the biggest impact of the Asian crisis so far has been to choke off demand in Asia for U.S.-made products such as capital goods, which have become more expensive there as countries' currencies have lost value against the dollar.

Japan bought fewer U.S. goods and services than in any month in three years, and the U.S. trade gap with Japan where the deficit jumped to \$5.3 billion, from \$4.4 billion the previous month.

U.S. officials have been pressuring Japan to stimulate its domestic economy, but privately they are pessimistic. Although the Japanese government proposed a \$75 billion economic stimulus package last week, it still has not disclosed the details.

Many analysts believe the soaring trade deficit with Japan could prove the administration's biggest problem in warding off protectionism in Congress. "Clearly we're heading for trouble there," said Lawrence Chimerine, analyst at the non-partisan Economic Strategy Institute.

Meanwhile, the Federal Reserve Board issued a report showing that the U.S. manufacturing sector continued to weaken in March, partly as a result of the collapse in orders from Asia.

Although industrial production rose 0.2 percent in March following two months of declines of the same magnitude, the gain came primarily from a sharp increase in the output of utilities. Manufacturing production again slowed sharply.

The increase in the trade deficit for February came despite a sharp 16.2 percent drop in the value of petroleum imports, reflecting the past few months' drop in oil prices.

Latinos Express Concern Over Decreased College Admissions (Washn) By Robert L. Jackson (c) 1998, Los Angeles Times

WASHINGTON Latino leaders on Friday brought to the nation's capital their concerns about decreased minority college admissions in California, warning that the poverty and drop-out problems among Latino youth will only worsen unless the trend is reversed.

Officials of the Congressional Hispanic Caucus and other organizations who sponsored a Capitol Hill news briefing said they were determined to overcome anti-affirmative action policies in California.

"Racial, gender and ethnic intolerance as well as the existence of double standards continues to exist," Angelica Santacruz, a board

member of the Hispanic Association of Colleges and Universities, told reporters. "As long as everyone is not yet invited to participate or even compete on a level playing field to demonstrate their aptitude and potential, affirmative action is needed."

Figures released earlier this month by the University of California system showed the number of black students accepted for fall's school year by UC Berkeley plunged 66 percent, and the number admitted to UCLA dropped 43 percent, as the state's premier public institutions selected the first freshman class in two decades without preference for race, ethnicity or gender.

Declines among Latinos were smaller but still substantial 53 percent at Berkeley and 33 percent at UCLA.

On the federal level, the Latino groups said they would press for defeat of a congressional amendment proposed by Rep. Frank Riggs, R-Calif., that would ban affirmative action in college admissions nationwide. The Riggs amendment to the Higher Education Act was modeled on Proposition 209, the anti-affirmative action measure approved by California voters.

While barring recipients of the act's funding which includes virtually every university and college in the country from discrimination and preferences in admission, Riggs said his proposal would permit schools to recruit qualified women and minorities "to achieve the twin goals of diversity and minority outreach without the need for preferences that favor one minority group over another."

Those participating in Friday's briefing, however, deplored the prospect of a nationwide drop in minority college admissions similar to the trend in California. Esther Aguilera, executive director of the Hispanic Caucus, said: "We should be seeing an increase in Latinos and other minority students in the University of California system because of increases in (Latino) population. We should be striving for multiplicity at all campuses."

Carmen Joge, representing the National Council of La Raza, said Latino children have a higher poverty rate than any other group, and too many drop out of school before finishing the eighth grade.

"Despite this, Latinos are underrepresented in federal education and related programs that were designed to serve the neediest of our children," Joge said.

Richardson Earns Promise of Peace Talks From Afghan Warlords (Kabul) By Dexter Filkins (c) 1998, Los Angeles Times

KABUL, Afghanistan Bill Richardson, the U.S. ambassador to the United Nations, flew into this untamed, shattered land Friday and came away with a promise from its competing warlords to talk peace for the first time in more than a year.

Richardson, the highest-ranking American diplomat to visit Afghanistan since 1974, said he hoped that the agreement secured from the ruling Taliban militia and the main rebel groups would end fighting that has dragged on for more than 20 years, defied numerous mediators and left more than 1 million people dead.

Beyond an agreement to begin talks, Richardson's accord contained few details and little evidence that either side was willing to share power. Minutes after he departed from the headquarters of rebel general Abdul Rashid Dostum, the two sides began shelling each other with the spectacular nighttime bursts visible from Richardson's plane.

Still, Richardson said he was hopeful that the Afghan people were so fed up with fighting that they might with high-profile prodding from the United States finally be willing to silence their guns.

"I believe the Afghan people want this war to end. I saw it in their eyes," he said afterward in Islamabad, Pakistan. "It appears we have a breakthrough."

Richardson, the globe-trotting envoy known for his savvy in Third World crises, hopscoched across this country in a small, propeller-driven plane, from the ruins of central Kabul to the steppes of northern Afghanistan.

In Kabul, he drove through a city that appeared more moonscape than metropolis, where the population lives and sleeps amid the rubble. In Sheberghan, in northern Afghanistan, he was welcomed by ethnic Uzbek horsemen frolicking at "bazkashi," a traditional polo-like game played with the carcass of a beheaded goat.

"I welcome Ambassador Richardson to Afghanistan," said Dostum, the battle-hardened leader of the Junbush-i-Milli party, from the tarmac of his remote air base. "We are honored to have a top American here after so many years."

Richardson said he came to Afghanistan to jump-start a U.N.-sponsored peace process that had sputtered.

He said his visit highlighted a renewed American interest in the region, which has long been overlooked by U.S. diplomats.

WORLD

In Brief

AFRICA

U.N. Team to Withdraw From Congo

UNITED NATIONS—U.N. Secretary General Kofi Annan announced yesterday that he would immediately withdraw a U.N. team investigating massacres in Congo, accusing President Laurent Kabila's government of repeated obstruction.

Annan, in a statement issued through his spokesman, said the government had constantly put obstacles in the way of the 26-member team, sent to Congo in August, and showed a "total absence of cooperation."

"Attempts by forensic experts to excavate suspected sites of mass graves were blocked. The authorities also harassed and intimidated witnesses who provided testimony to the investigators," he said.

But Andre Kapanga, Congo's U.N. ambassador, said his government "deplores this decision because it has never asked the United Nations to withdraw the investigative team."

Rwandan Army Claims 70 Hutu Deaths

BULINGA, Rwanda—The Rwandan army said it killed 70 ethnic Hutu militiamen during a battle Wednesday in the central province of Gitarama.

The battle at the village of Buramba followed a sweep by the Tutsi-led army rebels who had been attacking civilians in the area, the radio said.

About 100 people were killed last week in Hutu militia attacks in Gitarama. Around 160—including many rebels—were killed in fighting in Gitarama villages in March after hundreds of rebels attacked a prison.

EUROPE

Belfast Records 1st Killing Since Accord

BELFAST—A man was shot to death in Belfast, but police said it was too early to say whether the attack was part of Northern Ireland's sectarian and political conflict.

If confirmed, the killing would be the first such attack since last week's landmark Northern Ireland peace accord.

The man was shot outside a taxi office in Catholic west Belfast, police said.

Gunmen Shoot at Investigators in Kosovo

PRISTINA, Yugoslavia—A joint Yugoslav-Albanian commission sent to investigate a border clash in the province of Kosovo was fired on by gunmen from the Albanian side, the Yugoslav army said.

The joint commission was supposed to investigate an incident Thursday in which Yugoslav border guards seized weapons and ammunition after a shootout with up to 60 Albanian gunmen.

The incident took place in the Decani area, near the southwest Kosovo border town of Djakovica in an area regarded as a stronghold of guerrillas of the separatist Kosovo Liberation Army. Tension has been high in Kosovo since February when at least 80 ethnic Albanians, including women and children, were killed in a police crackdown against alleged separatists.

Poland Honors Hero of Warsaw Ghetto

WARSAW—Poland gave its highest honor, the Order of the White Eagle, to Marek Edelman, who led the heroic resistance in the Warsaw Ghetto against German invaders 55 years ago and then became a top cardiologist and democracy campaigner.

Edelman was a commander of the Jewish Fighting Organization that took up arms in 1943 against the Nazis, who were murdering Polish Jews, and defended the area of the city into which the Jews of Warsaw had been forced during the Holocaust.

ASIA

Taiwan Appoints Negotiator With China

TAIPEI—Taiwan hinted it was easing a ban on official contacts with communist China, naming a heavyweight negotiator who still holds a state post to end a 33-month impasse in bilateral talks. Jan Jyh-hong, deputy secretary general of Taiwan's Straits Exchange Foundation, will lead seven foundation officials to Beijing April 22-24, the semi-official body said.

Jan, who joined the foundation yesterday, retains his post as planning director in the cabinet's Mainland Affairs Council, Taiwan's China policy agency, the statement said. Jan will "exchange opinions with his mainland counterpart in Beijing on future visits and exchanges between the sides," a foundation statement said.

Death Toll Rises From Tainted Liquor

GAIBANDHA, Bangladesh—The number of people killed by a batch of home-brewed liquor rose to 65, a day after hundreds of protesters attacked the narcotics control office, police said.

The government has ordered an investigation into deaths connected to the tainted liquor, drunk during celebrations of the Bengali New Year here on Tuesday, police said. Eighteen people died immediately after they drank the liquor. About 200 fell sick, and 47 have died over the past three days.

THE AMERICAS

Appeal Rejected for Paraguayan Candidate

ASUNCION, Paraguay—Paraguay's highest court rejected an appeal by leading presidential candidate Gen. Lino Oviedo and confirmed his 10-year jail sentence for a military coup attempt in 1996, a court spokesman said.

Oviedo, a former army commander-in-chief, was jailed late last year by a military tribunal set up to investigate events in April 1996, when Oviedo holed up in his barracks outside Asuncion in defiance of government orders.

Oviedo is leading opinion polls ahead of elections scheduled for May 10. He was elected as the candidate of the ruling Colorado Party last year despite opposition from President Juan Carlos Wasmosy—the target of the 1996 coup bid—and other party leaders.

Journalist Killed in Colombia

BOGOTA, Colombia—A journalist was shot dead in southern Colombia in a mob-style hit outside the school where he worked as a professor, authorities said.

Nelson Carvajal, 35, was the third journalist killed in Colombia this year, and his death brought to 46 the number killed in the country over the last decade. Police spokesmen said Carvajal was shot 10 times by an unidentified assassin in Pitalito, a town in southern Huila Province.

He had worked for a local affiliate of Colombia's RCN news radio network and had also served as a representative of the opposition Conservative Party on the Pitalito town council.

QUOTE OF THE DAY

"It is impossible to break me."

Sergei Kiriyenko, President Boris Yeltsin's nominee for Russian prime minister—Page A14

—Compiled from news services

The Washington Post

SATURDAY, APRIL 18, 1998

Clinton Honors Chile's Restored Democracy

By THOMAS W. LIPPMAN
Washington Post Staff Writer

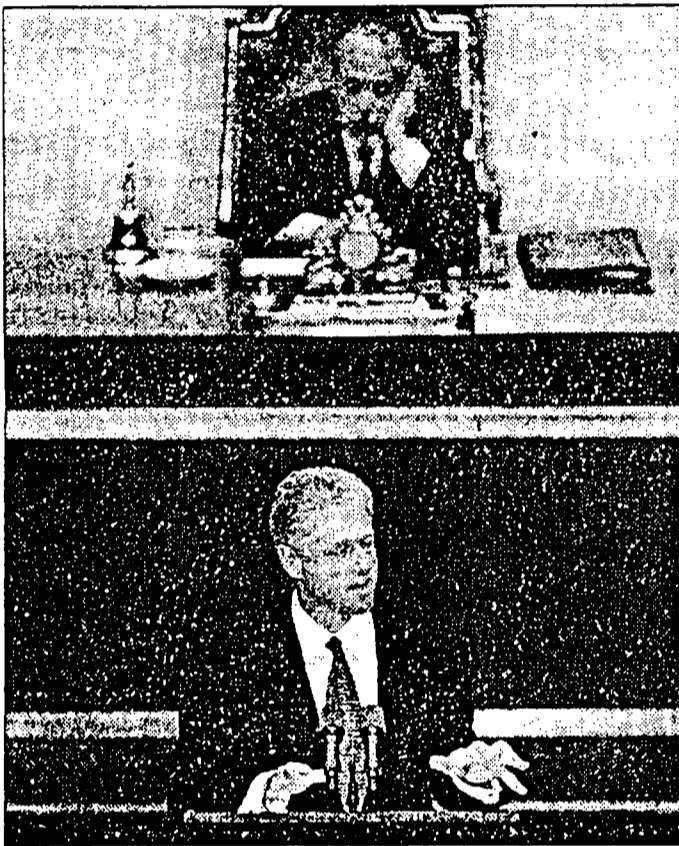
VALPARAISO, Chile, April 17—In the sweep of world events, a decision by Chile to participate in U.N. peacekeeping in Western Sahara might command few headlines, but to the White House it dramatizes the rehabilitation of this country's entire political system.

Chile's armed forces, once the country's oppressors under military rule, now stand for resurgent democracy in a nation that "honors its soldiers for their commitment to defend the people, not to rule them," President Clinton said today.

"The success of this nation goes beyond your borders," Clinton said in a tribute to Chilean democracy delivered here before a joint session of the national Congress. "I thank you for what democratic Chile has done to promote peace in El Salvador, Haiti, Bosnia, the Persian Gulf [and] between Peru and Ecuador. Your country served on the United Nations Security Council. You have taken the initiative to attack corruption and crime across the Americas. For all that, I thank you."

Long reluctant to take part in international peacekeeping missions, Chile is doing so more and more now that its armed forces are no longer commanded by Augusto Pinochet, the general who seized power in a coup in 1973 and retained leadership of the military even after civilian government was restored in 1990.

White House deputy national security adviser James B. Steinberg said Chile is participating in the U.N. weapons inspection program in Iraq and the international peacekeeping force in Bosnia. In addition, he said, President Eduardo Frei told Clinton today that Chile is prepared to join the U.N. mission in Western Sahara, polic-



Clinton addresses Chilean lawmakers, describing Chile as "a shining star in America's constellation." Senate President Zaldivar is seated behind him.

ing a cease-fire between troops from Morocco—which claims Western Sahara as its own—and guerrillas of the Polisario Front seeking independence.

Under an agreement brokered by former secretary of state James A. Baker III, a U.N.-sponsored referendum is scheduled to determine Western Sahara's status later this year.

Chile's international role "is really a remarkable achievement," Steinberg said. "And I think it reflects not only the maturing of the democracy here but also the fact that the military itself is much

more focused on a different kind of role. . . . And it really does reflect the growing democratization and civilian control with respect to the military here as well."

In the U.S. view, Chile's military has been sanitized to the point that Clinton asked Frei to ensure that U.S. defense contractors receive fair consideration as Chile shops for modern fighter jets. Some analysts say, however, that the armed forces still harbor officers loyal to Pinochet who may have participated in human rights abuses during his rule.

Clinton delivered his tribute to

Chile's restored democracy in a futuristic building constructed to mark the 1990 inauguration of the first Congress since Pinochet abolished the legislature in 1973. Pinochet, now a senator for life under a special provision of the constitution, did not attend, citing an unspecified illness, according to local journalists.

Clinton, accompanied by first lady Hillary Rodham Clinton, Secretary of State Madeleine K. Albright and senior White House officials, was effusively welcomed by Senate President Andres Zaldivar Larrain and his applauding colleagues.

"Nothing was unhappier for our people than the interruption of democracy," Zaldivar said, "and nothing more gratifying than its restoration." He thanked the United States for its "support in those difficult moments."

Clinton responded in kind, calling this country "a shining star in America's constellation—stable and resilient, with budget surpluses, a high savings rate, a high growth rate, low unemployment and low inflation."

He said, "No one loves freedom more than those who have had it and lost it. No one prizes it more than those who have lost it and regained it." Keeping to the theme he brought here for this state visit and this weekend's Summit of the Americas, the president called on Chile to help stabilize democracy throughout the hemisphere by ensuring that ordinary people reap its benefits in the form of better education, health care and jobs and the elimination of corruption.

After a private lunch with Frei, Clinton visited the wine-producing town of Casablanca—Spanish for White House—and promised its residents that delegates to the summit "will do our best to discuss things and work together on things that will make your lives better."

The Washington Post

SATURDAY, APRIL 18, 1998

Clinton, in Chile, Calls for Deepening of Restored Democracy

By JOHN M. BRODER

VALPARAISO, Chile, April 17 — President Clinton, speaking to a joint meeting of the Chilean Congress with one notably empty chair, praised Chile for the restoration of democracy but said freedom requires more than elections and open markets.

Gen. Augusto Pinochet, who was voted out of power in 1990 after 17 years of dictatorial military rule, was not present for the speech, having told the President of the Senate he was too ill to attend. But if he had, he would have heard the American President say, "No one loves freedom more than those who have had it and lost it."

"Freedom's victory now has been won throughout the Americas," Mr. Clinton said. "With a single exception," he added, referring to Cuba, "the day of the dictators is over."

But Chile and other Latin nations still must address glaring problems before they can truly boast of open, free and democratic societies, Mr. Clinton said. Corruption remains endemic, the judicial systems are weak, wealth is unevenly distributed and freedom of expression is not firmly established, he said.

"Free elections are democracy's essential first step, but not its last," the President said. "Across the Americas, there are still too many citizens who exercise their right to vote, but after the election is over, feel few benefits from the decisions made by their officials. This kind of popular frustration can fuel the ambitions of democracy's foes."

This concept of deepening democracy and distributing its benefits to all citizens is the core of Mr. Clinton's message to Latin American leaders, who are gathering in Chile's capital, Santiago, for a two-day Summit of the Americas on Saturday and Sunday.

Elections and open markets not enough, Latins are told.

But the American President is offering trade, not aid, as the prescription for curing Latin America's lingering inequalities. The 34 leaders assembled at the summit meeting will begin a seven-year negotiation aimed at establishing a free trade zone encompassing the entire hemisphere by 2005. Mr. Clinton is advocating increased spending for schools, courts, clinics and housing, but is offering little American money to support them, instead counting on international organizations to finance regional social programs.

In his speech, Mr. Clinton said Chile and other relatively new democracies in the hemisphere must resolve to cement the transition to democracy and establish a second generation of social reforms.

"To those anywhere in the Americas who would seek to take away people's precious liberties once again, or rule through violence and terror once again, let us reaffirm President Aylwin's historic words at Santiago Stadium, 'Nunca mas.' Never again."

Patricio Aylwin, a Christian Democrat, was elected President of Chile after General Pinochet was denied a second eight-year term in a national plebiscite in 1988. Mr. Aylwin took office in 1990; General Pinochet became a Senator for Life that year but has not taken an active role in the legislative process.

The general's right-wing allies in the Congress did not react favorably to Mr. Clinton's remarks. They re-

fused to applaud the speech and generally sat dourly throughout the President's 19-minute address.

Afterwards Hernan Larrain, a Senator from the conservative Independent Democratic Union, criticized Mr. Clinton for interjecting himself into Chile's internal affairs.

"He wouldn't like it if we gave our opinions about when the Americans had slavery," Mr. Larrain said. "Nobody can tell us how democracy works."

Jorge Martinez Bush, a high-ranking Chilean Navy officer in the Pinochet era, voiced annoyance at Mr. Clinton's reference to Mr. Aylwin's victory address.

The Chilean Congress meets in Valparaiso, a seaside city 90 miles from the capital, as a result of one of General Pinochet's last official acts. He moved the Congress to a large ungainly building here in an attempt to decentralize the Government and to distance the legislative branch from the seat of executive, judicial

and military power in the capital.

Mr. Clinton was introduced by Andres Zaldivar Larrain, the President of the Senate, who described Chile as a country that loves its restored democracy.

"Nothing was more painful for our people than to see it interrupted," Mr. Zaldivar said. "Nothing was more pleasurable than to reconquer it. We have learned that its conservation requires a constant attitude of tolerance and respect, and that its perfection demands maturity and persistence."

Mr. Clinton, speaking on the floor of the chamber behind a bulletproof lectern flown in from Washington, struck much the same note, and broadened the message to include the other nations of the region.

"Now, having resolved to protect democracy, we must now do much, much more to perfect democracy," the President said. "And we must do it throughout the hemisphere."

The New York Times

|| SATURDAY, APRIL 18, 1998

Hourly News Summary Around the World, Around the Clock...with United Press International.

-0-

President Clinton is in Santiago, Chile for the start of the "Summit of the Americas." He and 33 other leaders from the hemisphere will discuss the eventual establishment of regional trade pact.

The president has spent the past two days touring areas of Chile. He received a very cheerful reception in the small town of Casablanca.

Clinton and Chilean President Eduardo Frei will make opening remarks at the Summit.

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Russian President Boris Yeltsin has arrived in the seaside resort town of Kawana for an informal summit with Japanese Prime Minister Ryutaro Hashimoto. The two leaders are expected to discuss economic cooperation and possibly outline joint development of the Kurile Islands, the subject of a territorial dispute that has kept bilateral relations chilly since World War II.

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Vice President Al Gore toured tornado ravaged Nashville on Friday. He promised federal aid to the victims.

At least seven people died as a result of the storm.

-0-

Former Khmer Rouge leader Pol Pot, believed responsible for the death of millions of Cambodians in the late 1970s, has been cremated in the Cambodian jungle near Thailand. A BBC report says only his Khmer Rouge captors were present as the body and belongings of the 73-year-old former dictator were burned on a small funeral pyre in a simple Buddhist ceremony.

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The space shuttle Columbia rocketed into space yesterday afternoon carrying thousands of creatures. The crew will be carrying out a number of experiments.

Shuttle Columbia blasted into orbit carrying 152 rats, 18 mice, 233 fish, 60 snails, 1,500 crickets and possibly one bat.

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The operators of the Limerick nuclear plant outside Philadelphia called an alert Friday when an unidentified gas odor was detected in the turbine building of Unit One, which was off-line for maintenance. PECO officials say the odor was contained in the building and quickly dissipated, but an investigation is being conducted to determine a cause.

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Researchers from the Massachusetts Institute of Technology in Cambridge say Friday they have discovered a material that could lead to the manufacture of cheaper, lighter and more energy-efficient batteries.

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By Dave Winslow (UPI)

Hourly News Summary Around the World, Around the Clock...with United Press International.

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The Oklahoma City bombing happened three years ago today. 168 people were killed. Hundreds are gathering in Oklahoma City this morning to remember the victims. Their names will be read and 168 seconds of silence will be held in their honor.

Country singer Randy Travis will be there to sing "Amazing Grace."

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Leaders from 34 Western Hemisphere nations are talking about establishing a huge free trade zone by the year 2005 with a gross output of more than 13 trillion dollars. It would be the world's largest free trade group.

The leaders are meeting in Santiago, Chile at the Summit of the Americas. Talks also focused on education, reducing poverty, and increasing health services throughout the hemisphere.

The one Western Hemisphere nation not represented at the meeting is Cuba. It's not clear if Cuba will be invited to the next summit but President Clinton has been criticized by other leaders for the 35-year U.S. economic sanctions against the island nation.

Canadian Prime Minister Jean Chretien says he's planning to meet Cuban President Fidel Castro in Havana.

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China has freed a top student activist and sent him into exile in the United States. Speaking shortly after Wang Dan's departure Wang's mother said she was "extremely happy" with her son's unexpected parole.

Wang was released five months after China freed top activist Wei Jingsheng and just two months before President Clinton is set to visit China.

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About two dozen thrill-seekers were shaken up when they were trapped for two hours on top of a roller coaster loop at Six Flag's Great America amusement park outside Chicago.

Gurnee, Illinois firefighters used ladder trucks to rescue the riders from a double-looped Demon roller coaster yesterday. At least four people suffered minor injuries.

Latin America Fears Stagnation in Trade Talks With U.S.

By CALVIN SIMS

SANTIAGO, Chile, April 18 — President Clinton and 33 other leaders from the Western Hemisphere opened talks here today aimed at making good on their commitment four years ago to create a free-trade zone stretching from Alaska to Tierra del Fuego.

But many Latin American governments, disappointed that Mr. Clinton failed to gain so-called fast-track negotiating authority from Congress last year, expressed serious doubts that a hemispheric agreement on trade would ever be signed.

"There will be a lot of smiling and back-slapping this weekend," said a Latin American finance minister, who spoke on condition that he remain anonymous, "but the reality is that we are growing frustrated and more and more skeptical that the United States is really committed to free trade."

Trade experts have said that unless Mr. Clinton gets fast-track negotiating authority — under which Congress can approve or reject trade accords negotiated by the White House, but not amend them — there is little hope of negotiating a free-trade pact by 2005, a goal set in 1994 at the first Summit of the Americas in Miami.

Facing strong opposition from United States labor unions and members of his own party, Mr. Clinton withdrew fast-track legislation in November after it became clear it would not be enacted.

In a speech at the opening session of the summit meeting today, Mr. Clinton promised to persuade Congress to grant him the authority he wants.

"The United States may not yet have fast-track legislation but we will," he said. "I assure you our commitment to the free-trade areas of the Americas will be in the fast lane of our concerns."

Clinton Administration officials have said that while fast-track authorization will eventually be necessary to conclude a trade accord, the lack of such authority should not preclude the start of formal negotiations here.

Trade officials from Canada, chairman of the hemispheric negotiations, agreed, saying the discussions would proceed despite the lack of fast-track authority.

"Of course it would have been preferable for President Clinton to arrive in Santiago with fast track, but the reality is that much work can and will be done at the front end, without fast-track authority," Canada's International Trade Minister, Sergio Marchi, said in a speech in Toronto this week.

The immediate goal for this weekend, officials said, is to determine the objectives and composition of working commissions that will negotiate various aspects of the agreement and to select the site of a third meeting. Agriculture, services and intellectual property are expected to be among tough negotiating areas.

President Eduardo Frei of Chile,

who is host of the summit meeting, said today that he hoped the weekend meetings would give a definitive push toward the creation of "a hemispheric community."

"In a globalized world, the development of our economies is based on the liberalization of trade," Mr. Frei said. "We must continue fighting protectionism. It is necessary that the talk of free trade translate into real works."

Although government and trade officials say otherwise, a major indication that talks have slowed is that leaders will spend considerable time this weekend discussing other issues, like poverty, democracy, freedom of expression, justice, education, human rights and drug trafficking.

In his speech, Mr. Clinton called on Western Hemisphere countries to do more to address the social problems that plague the region.

"Poverty throughout the hemisphere is still too high, income disparity is too great, civil society too fragile, justices system too weak," Mr. Clinton said. "Too many people still lack the education skills necessary to succeed in the new economy."

The President called for the region to undertake a second generation of reforms with priority given to providing children with education.

Administration officials said summit leaders planned to announce a package of more than \$6 billion in international support for education. Of that, \$3 billion would be in loans from the Inter-American Development Bank and \$3 billion would come from the World Bank. Some \$130 million will come from the United States Agency for International Development.

As the United States wavers on fast-track authority, Latin American countries are forging trade links among themselves, Canada, Europe and Asia — alliances that threaten to put American companies at a competitive disadvantage.

South America's largest trading nations — Brazil, Argentina, Chile, Paraguay and Uruguay — have formed the Mercosur Customs Union, which accounts for two-thirds of the continent's economic activity.

Talks are already under way to merge the Mercosur alliance with the five-nation Andean pact, formed by Venezuela, Colombia, Ecuador, Peru and Bolivia. Together, the two trading groups would form a market of 310 million consumers.

In addition, investment between Latin American countries is rising as more local companies take roles in government privatization throughout the region. It is not uncommon, for example, for Chilean or Argentine companies to hold major stakes in utilities, railroads or pension funds in Brazil, Bolivia or Peru.

Ricardo French-Davis, a United Nations economist in Santiago, said regional groupings were good dress rehearsals for a hemispheric pact.

"It's much easier for the United States to negotiate with a group of countries that has already ironed out its internal problems," he said. "I suggest that everybody take a deep breath and calm down. A hemispheric trade agreement is going to take a while."

Clinton Laments Americas' Problems

By ANTHONY FAIOLA
Washington Post Foreign Service

SANTIAGO, Chile, April 18—On the inaugural day of the second Summit of the Americas, President Clinton heralded the United States' new "partnership" with Latin America, along with the region's economic and democratic transition in the 1990s. But at the same time, he issued a critical analysis of the lingering social problems that leaders here are attempting to grapple with at this weekend's summit and beyond.

"Poverty throughout the hemisphere is still too high, income disparity is too great, civil society too fragile, justice systems too weak, too many people still lack the education and skills necessary to succeed in the new economy," Clinton told the hemisphere's 33 other leaders—all except Cuban President Fidel Castro. "In short, too few feel the change working for them."

Clinton's comments cut to the heart of something that has been overlooked generally during his state visit to the summit site in Santiago, the Chilean capital, that began Thursday. Despite how far Latin America has come politically and economically, critical problems still plague the region's fragile democracies.

Although Latin America has experienced overall economic growth of 15 percent since the first Summit of the Americas in 1994 in Miami, it still has a disparity between rich and poor that is among the greatest in the world. And while there have been leaps from dictatorships into democracies, trouble spots and lapses in the democratic tradition remain throughout the region. Meanwhile, the nar-



BY GREG GIBSON—ASSOCIATED PRESS

In his address, President Clinton praised the hemisphere's economic transition but said too few people "feel the change working for them."

cotics trade is still flourishing in countries such as Colombia and Bolivia, despite attempts to combat the problem.

In efforts to address those issues, several initiatives were agreed to today—and will be signed in a formal accord Sunday. Clinton agreed to launch "security measures" for Latin America including a "multilateral counter-drug alliance" that would attempt to tighten law enforcement on money laundering and help fight an increase in drug consumption.

National security adviser Samuel R. "Sandy" Berger said the measure was not meant to supplant the United States' policy of "certifying" nations for drug cooperation. Instead, the new measure would "supplement" it.

"Let's see how it evolves—the object of both is to increase and intensify cooperation" in the drug war, Berger said. "This will be another instrument at our disposal."

The measures to be signed in Sunday's communique, however, basically lay the groundwork for more specific agreements—and several contained vague language. The na-

tions agreed, for instance, to improve extradition procedures for narcotics-related crimes, but no legislation was suggested that would make such extraditions mandatory.

The first day of the summit also focused on improving Latin American literacy rates. The plan includes a doubling of new loans from the Inter-American Development Bank to \$3 billion, and a 50 percent increase in money from the World Bank to \$3 billion. The money would be used to improve teacher quality, reduce class sizes and increase technology.

"A lot of these democracies are very new, and the gap in education is very wide," said U.S. Education Secretary Richard W. Riley. "I think it is noteworthy [that] virtually all these countries have placed education as a top priority."

FOR MORE INFORMATION

To read the text of President Clinton's opening address at the summit, click on the above symbol on the front page of The Post's Web site at www.washingtonpost.com

The Washington Post

SUNDAY, APRIL 19, 1998

Latin Journalists Under Fire

Hemisphere's Leaders Move to Protect Endangered Reporters

By ANTHONY FAIOLA
Washington Post Foreign Service

SANTIAGO, Chile, April 18—Isabel Chumpitaz, a radio journalist championing the rights of poor farmers in the Peruvian city of Piura, was at home with her family when 12 men stormed in with shotguns and pistols earlier this month.

The assassins, widely believed to be on a mission to silence her popular program "The People's Voice," brutally beat her and shot her to death. Then they tried to rape her mother.

"The reality is that Latin America is still the most dangerous place in the world to be a journalist," said Joel Simon, program coordinator for the Americas for the Committee to Protect Journalists, a New York-based advocacy group.

Even as the era of dictators fades into memory in Latin America, human rights experts say that violence and intimidation against journalists remain among the biggest obstacles to strengthening the region's budding democracies.

In light of the extraordinary violence against journalists, some of it linked to governments, President Clinton and leaders of every other nation in the hemisphere except Cuba will sign an accord Sunday endorsing the creation of a new position of special press advocate at the Organization of American States. The advocate will have authority to bring such cases before the Inter-American Court on Human Rights.

The new position, for which the United States will grant \$300,000 in seed money, was approved today after lobbying by Clinton and U.S. officials. Among the leaders signing the decree will be Peruvian President Alberto Fujimori and Argentine President Carlos Menem, both of whom have been accused of sanctioning threats toward, limitations on and intimidation of the press.

There are still restrictions (on

the press) in Latin America, and there are still crimes of impunity and intimidation that go completely unpunished," said White House aide Sidney Blumenthal. "We hope this new position will be the beginning of real change."

In 1997, 10 journalists, out of 24 worldwide, were killed in Latin America. And more than 100 documented incidents of intimidation and violence were recorded in the region, making it the world's most dangerous for journalists, said the Committee to Protect Journalists. In Colombia, 43 journalists were killed between 1988 and 1997; during the same period, 18 were killed in Peru and 12 in Mexico.

The violence has happened as Latin American journalism has grown more aggressive. Indeed, reporters' jobs have become increasingly dangerous as new democracies have emboldened the media to conduct in-depth investigations into government corruption and organized crime, Latin American media and human rights experts say.

Though violence can be attributed to several sources, many Latin American governments, most of which are not accustomed to a prying press, have not responded well.

Peru has been the site recently of some of the worst acts of intimidation. Although there is no evidence to suggest that the murder of Chumpitaz had links to the Fujimori government or his private intelligence agency led by the shadowy Vladimiro Montesinos, Peruvian journalists believe that the assassination was related to her role as a crusading reporter critical of policies concerning the poor.

Several other acts are believed to be tied to what appears to be Peru's quest to limit press freedom. Last year, Peru revoked the citizenship of Baruch Ivcher, an Israeli immigrant whose Channel 2 produced a series that looked at torture by the Peruvian Army and examined Montesi-

nos's huge salary.

There have also been institutional attempts to limit press freedoms. In Argentina, press liberties were dealt a blow as the Supreme Court—hand-picked by President Menem—forced the newspaper Pagina 12 to print a response this week from Antonio Petric Domagoj, an alleged underworld figure, after the paper ran an expose on him and his connections to Menem.

"Freedom of the press exists, but it is very manipulated by the government—a government that still resists the idea that they must be held to account by the public," said Horacio Verbitsky, a columnist with Pagina 12, whom Menem called "one of the biggest terrorists in Argentina." Menem added that Verbitsky was "passing judgment on honest and decent people."

"We are living in a time when the press is trying to emerge to be a democracy-building force," Verbitsky said. "But the government isn't making this easy."

To be sure, not all acts against the press were committed by governments. But the new OAS press advocate position is designed to give Latin American journalists another way to have their cases studied by the international community, pressuring nations to conduct their own investigations and curbing their interference and intimidation of the press.

Human rights experts, however, cautioned that the advocate's success would ultimately depend on whether the OAS would enforce the court's judgments, by, say, linking loans or aid from international organizations or other governments to resolving such cases.

"I think we need to see some real power in this new position," said Jose Miguel Vivanco, executive director of Human Rights Watch/Americas. "Otherwise, I'm not optimistic it will result in any real change."

The Washington Post

SUNDAY, APRIL 19, 1998

Zapatistas' Luster Fades—Along With Hopes for Peace

Chiapas Massacre Forces Mexico To Make New Offer to Rebels

By JOHN WARD ANDERSON
Washington Post Foreign Service

SAN CRISTOBAL DE LAS CASAS, Mexico—He emerged from the jungle on horseback, wearing military fatigues and a black ski mask, a double bandolier wrapped around his chest, puffing on a pipe while reciting poetry and leading a ragtag, poorly armed band of Indian guerrillas in a popular uprising against an overwhelming foe.

When Subcomandante Marcos appeared in this colonial town in the Chiapas highlands four years ago and declared war on Mexico, he became an instant sensation, acclaimed as a passionate leftist intellectual, defender of the downtrodden, mysterious sex symbol and military genius. On the eve of Mexico's long-awaited leap from the Third World to the First, he was the very picture of a romantic, modern revolutionary—an articulate, photogenic, latter-day Zapata with his own Internet home page, ready to lead Mexico's impoverished Indians in a fight for justice and equality.

Today, that luster is gone, and with it has faded the hope that the conflict in the southern state of Chiapas—the most resource-rich yet impoverished state in Mexico—will be resolved any time soon. The ongoing rebellion, stalled peace negotiations, and disarray in the government's Chiapas policy seem to foreshadow continuing instability in the state.

"From the very beginning, Marcos had no guns. It was a big bluff, played brilliantly, but he had a lousy hand," said political analyst Jorge Castaneda. "My honest impression is that now he has nowhere to go. He's isolated, he has this strange international constituency, he's surrounded by the army. I think he is lost."

Marcos and his Zapatista National Liberation Army—named after Mexico's early-20th-century champion of landless peasants, Emiliano Zapata—were always outgunned, but many analysts say they also were outmaneuvered and outsmarted by a government that led them into a pro-

tracted peace negotiation, signed an agreement, then refused to honor it.

As the Mexican economy crashed and people found their own financial problems more pressing than the plight of Mexico's 10 million Indians, as the Zapatistas boycotted the watershed 1997 elections and played no role in handing the ruling party its worst electoral defeats in history, Marcos and his group found themselves increasingly relegated to the sidelines of Mexico's agenda.

"They didn't expect how much energy and attention would go into the elections, and how far they would fall off the agenda of civil society," said Eric Olsen of the Washington Office on Latin America, a private think tank. "Everyone's attention went elsewhere, and they ended up with a negotiating process that did not lead to anything. I think the government sort of won."

That was the consensus opinion until last Dec. 22, when the massacre of 45 unarmed Chiapas peasants by a group aligned with the ruling Institutional Revolutionary Party (PRI) changed the dynamics of the Chiapas conflict. Suddenly, it was back in the international headlines, breathing new life into the Zapatista cause and focusing attention on the policies and circumstances that led to such a tragedy.

Chief among those, analysts say, were the stalled peace negotiations that left the conflict unresolved, fueled a sense of mistrust and permitted a power vacuum that was filled by armed groups sympathetic to one side or the other. The groups have stepped in to settle longstanding political, economic, religious, social, ethnic and personal feuds, contributing to a sense of lawlessness and insecurity. Under threat of attack, thousands of people have fled their homes and are living in refugee communities.

After months of denying the existence of the armed groups, federal officials now say there are about 12 such groups, responsible for 300 to 600 killings in recent years. Although independent analysts say most of the groups are aligned with the PRI and

receive funding and weapons from ruling party loyalists, they say the killings have been divided about evenly between supporters of the PRI and the Zapatistas.

The Chiapas stalemate came after government and rebel negotiators agreed to reforms expanding the rights of Mexico's indigenous people, and then the government refused to implement them.

The so-called San Andres accords, signed in February 1996, allowed Indian communities to form local governments according to their customs, recognized the right to education in indigenous languages and guaranteed "adequate" representation in local and national legislatures and in prosecutors' offices, among other initiatives. It was to be the first in a series of negotiated accords to

remedy centuries of discrimination against Mexico's Indians.

But when the government of President Ernesto Zedillo still had not proposed the constitutional and legislative changes necessary to implement the accords seven months after the signing, Zapatista negotiators suspended peace talks, saying the government could not be trusted. The impasse is now 19 months old.

"The federal government, but particularly the presidency, is responsible for the deterioration of the situation," said Margarito Ruiz, an official with the Independent Front of Indian Peoples. "The Zapatistas have behaved more maturely by saying there is no point in restarting peace talks ... when the government has not respected the San Andres accords to begin with."

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During the 10-month San Andres negotiations, "there was a very clear message that the Zapatistas had to convert themselves into a peaceful political organization, and they effectively said yes, but the government did not follow through on the next step," said Manuel Camacho Solis, who was the government's first peace negotiator with the Zapatistas. "The government signed the agreement, then said, 'Let's negotiate again.'"

The Zedillo administration has never fully explained why it did not move on the San Andres accords, but said that part of the problem was that

"From the very beginning, Marcos had no guns. It was a big bluff, played brilliantly."

Jorge Castaneda,
political analyst

the agreement needed to be recast to be consistent with existing law.

Many political analysts, on the other hand, said the administration could not stomach the autonomy its negotiators had agreed to give to indigenous communities.

Meanwhile, as the government accused the Zapatistas of unilaterally ending discussion, painting the group as unreasonable and intransigent, the conflict remained in limbo and disappeared from the headlines.

Some say Marcos's stardom and ego got in the way, and his relations with reporters soured. The only way he could crack the news was through photo opportunities with luminaries who beat a path to his Lacandon jungle hideout, including film director Oliver Stone, former French first lady Danielle Mitterrand and actor Edward James Olmos.

A march on Mexico City last year that was supposed to demonstrate support for the Zapatistas simply underscored how weak they really were. Since they had voluntarily holstered their weapons early in the conflict, they had no way to force the government to bargain. When Presi-

dent Ernesto Zedillo seemed to praise the Zapatistas for not killing people, it was seen as a public emasculation. Marcos slid from heroic to pathetic. The cause lost momentum.

Until the Dec. 22, 1997, Acteal massacre.

"The government preferred pushing Chiapas to the back burner—it was benign neglect—and it was working," said political analyst Federico Estevez, who served as an aide to President Zedillo early in his term. "But then the massacre came and the government was forced to get the ball rolling again."

Under intense international and domestic pressure, on March 14 Zedillo proposed constitutional changes and legal reforms to grant greater rights to Indians. The government said the package contained the measures agreed to in the San Andres accords, rewritten to conform with Mexican laws.

Marcos immediately rejected Zedillo's initiative, demanding full implementation of the San Andres accords, disarmament and disbanding of all paramilitary-style groups in the state and withdrawal of the army from Chiapas as prerequisites to renewing negotiations. Critics blasted the government for trying to impose a solution.

In a recent meeting with foreign reporters, Emilio Rabasa Gamboa, now the government's top Chiapas trouble-shooter, said Zedillo's proposal was not meant to be a definitive solution to the Chiapas problem but the government hoped it would be a catalyst to bring people together to resolve the conflict. He said the government hopes that as the bill moves through the current session of Congress it will attract a broad consensus and become a vehicle for renewing the dialogue.

An aide to Zedillo, lamenting the breakdown in talks and the continuing stalemate and tension in Chiapas, said the government had no choice but to act on its own. "It's better than nothing," he said.

Zapatista sympathizers and many independent analysts said, however, that while the reforms clearly will benefit Mexico's Indians, that does not mean they will lead to a Chiapas solution.

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Top of page:

Col 1: In Latin America, it's no longer just the wealthy who are victimized by brutal kidnappings now middle-class people, too, fear being abducted for ransom. (KIDNAP, moved.)

Col 2: Homing pigeons are the couriers in South African diamond mines where employees are accused of stealing the goods at an alarming rate. (PIGEONS, moving Sunday.)

Cols 35: Art of Russo-Japan summit. (Refers to story inside.)

Col 6: As leaders of 34 nations gather in Santiago, Chile, for the second Summit of the Americas, White House officials press an ambitious series of measures to preserve political freedom amid fears that fledgling democracies could backslide toward a darker past. (LATIN-SUMMIT-TIMES, moved.)

Above fold:

Col 2: Feature on Los Angeles International Airport.

Cols 3-4: Parallel surveys in Israel and the United States reveal agreements and disagreements on many issues, as well as potential support among Israelis for liberal, American-style faith. (POLL, moved.)

Below fold:

Col 5: Analysis of California Proposition that would de-emphasize education bureaucracy.

Bottom of page:

Cols 5-6: History has shown that running the corporate giants produced by mega-mergers is a daunting challenge, and one that may result in failure more often than success. (MERGERS, moving Sunday.)

Price Hike for Cigarettes May Not Curb Smoking (Wash) By Alissa J. Rubin (c) 1998, Los Angeles Times

WASHINGTON Growing up in a working-class neighborhood of the Maryland suburbs just outside Washington, Tymiko Jones succumbed to peer pressure and started smoking when she was only 15. Now, seven years later, she smokes half a pack a day of Newports when she is by herself, and as much as three packs if she is out with friends.

Trained as a physical therapist but able to find only part-time work, she spends nearly \$1,000 a year on cigarettes a substantial share of her sub-\$20,000 income. If Congress approves the anti-smoking legislation pending in the Senate, her habit would drain at least another \$500 from her wallet.

Like Jones, most of America's smokers fall toward the bottom of the income scale and can least afford the increase. But will the price hike persuade Jones and others like her to quit, as Congress hopes?

"Even if the price goes up I'll keep on smoking," Jones said. "It keeps me calm."

As Jones' answer illustrates, Congress may be disappointed if it thinks it can turn many people off smoking by jacking up the price. Even sharply higher prices probably cannot stop many heavily addicted smokers from lighting up.

Quitting is by no means impossible, however, the federal Centers for Disease Control estimates that 44 million Americans have done it. And even if the tax, instead of inducing millions more to quit, merely reduced the number of cigarettes consumed by today's smokers, the impact on public health would be positive.

"The health risk is related to the amount of intake ...," said Jack Henningfield, a professor of behavioral science at Johns Hopkins Medical School in Baltimore. "It's not an all-or-nothing issue."

And more important to Congress is the hope that higher prices would keep future Tymiko Joneses from starting to smoke as teens. Research suggests that price increases probably would keep many teen-agers from developing a habit that is so hard to break.

The bill approved by the Senate Commerce Committee would lift the cost of cigarettes by 65 cents a pack in the first year and \$1.10 a pack within five years. In states that already levy stiff taxes on tobacco, the price easily could exceed \$4 a pack for premium brands such as Marlboro.

Although the legislation, which is expected to come to a Senate floor vote at the end of May, is aimed at stopping tomorrow's smokers before they start, its financial burden would fall almost entirely on today's smokers.

And today's smokers, like Tymiko Jones, mostly populate the low end of the income scale, with many falling below the poverty line. Nearly half of federal tobacco taxes are paid by persons earning less than \$30,000 a year.

"It is hard to imagine a more regressive tax hike, and in magnitude it swamps any other tax proposed or enacted in recent memory," said J.D. Foster, executive director and chief economist for the Tax Foundation, a nonpartisan Washington organization that studies tax policy.

"Essentially we're going to tax the 45 million Americans who were the unfortunate kids who started smoking at age 14," said Donald Garner, a law professor at Southern Illinois University.

Those 45 million Americans believe they have enough problems as it is. Dave, a 33-year old carpenter and Marlboro smoker from rural Warrenton, Va., said of the proposed cigarette price increase:

"It stinks that they are going after smokers. Every time the government wants some money, it's, 'Let's tax the gas, everybody drives; let's tax the smokers, a lot of people smoke.' ... They always go after the little people." The Senate Commerce Committee went to great pains not to call its proposed price increase a tax, much as it may look like one. Cigarette manufacturers would be required to pay annual lump sum amounts to the government and pass along the cost to consumers.

Tax or not, economists find that higher prices would lead many adults to reduce their daily cigarette consumption and some to reduce it to zero. Smokers typically say that if Congress voted a price increase of the magnitude approved by the Senate Commerce Committee, they would smoke less.

The cost of quitting is also high. A seven-day starter kit for the nicotine skin patch costs close to \$30, and the follow-up kit for the next two weeks costs \$48.00. Nicorette gum costs just about as much.

Smoking rates are expected to continue to decline even without federal legislation. The bottom line: The Congressional Budget Office says cigarette consumption might fall between 23 percent and 45

countries were read a description of the pact.

Under the accord, secretly hammered out in Oslo and nearby locations while official negotiations were carried out in Washington, Israel agreed to return part of the West Bank and Gaza Strip captured in the 1967 Six-Day War to the Palestinians in exchange for peace and official recognition of Israel's statehood.

Five years later, the scope and timing of Israeli pullbacks from the occupied territories have proven an obstacle to full implementation of the accord.

In both America and Israel, large majorities favor returning some of the occupied land: 69 percent of Americans, 71 percent of Israelis.

Only 18 percent of Americans believe that the on-again, off-again peace process has made Israel more secure; 28 percent of Israelis do. By comparison, 35 percent of Americans and 33 percent of Israelis believe that the peace process has made Israel less secure.

And the day is apparently far off when Israelis would be willing to call Palestinians not just neighbors but friends. Two-thirds of Israelis say they hold an unfavorable impression of Palestinians; 35 percent say it is "very unfavorable."

Perhaps surprisingly, though, Americans hold a more negative view of Palestinian Authority President Yasser Arafat's intentions than do Israelis.

Although essentially half of Israelis believe that Arafat sincerely wants peace, they nevertheless don't like him, with 83 percent holding an unfavorable impression.

Both American and Israeli Jews believe that Israeli Prime Minister Benjamin Netanyahu is sincere about moving the peace process forward: 60 percent in the United States, 63 percent in Israel.

Opinion over Israeli Prime Minister Benjamin Netanyahu is divided.

A 36 percent plurality of each group, Israelis and Americans, believes that Netanyahu's government has made things between the United States and Israel worse. Only 19 percent of Americans and 20 percent of Israelis believe that his government has made things better.

Kidnapping in Guatemala: A Case Study (Guatemala City) (c) 1998, Los Angeles Times

GUATEMALA CITY Throughout the Salvadoran conflict, Luis Navarrete and his family never budged from their ranch near San Jose Cancasque, about 12 miles from the Honduran border deep in rebel territory. "We did not get involved with either side, and they left us alone," said Luz Navarrete, his wife of 25 years.

In February, 10 heavily armed men wearing police uniforms roused the 70-year-old Navarrete from bed and took him. They left behind his daily heart medication and a note demanding a \$500,000 ransom. When the family said that they could not pay, the kidnapers cut off communication.

"Even if I sold everything, I would not have that much money," said his wife, gesturing toward the laundry sink on the patio, the pig in the paved-over front yard and the concrete-block house.

Such modest comforts make the Navarrete family seem prosperous amid the adobe huts of Chalatenango, El Salvador's poorest province. In addition, Navarrete often lent money to other farmers, people in the area said. His wife explained that he could make loans not because he is wealthy, but because he harvested sesame seeds at a time when neighbors were planting corn. He would lend them money and, when they repaid him, sow again.

Now, with planting season approaching, area farmers said they do not know where they will get the money for seeds and fertilizer without Navarrete.

Police say they are tracking the movements of a gang they suspect in the kidnapping and that they think the gang members will lead authorities to Navarrete. Then their plan is to rescue him. Their biggest concern, they say, is whether he could have survived this long without his heart medicine.

Kidnapping in Guatemala: Evolution of a Crime (Guatemala City) (c) 1998, Los Angeles Times

GUATEMALA CITY Kidnapping used to be a problem of the very rich. Leftist guerrilla groups throughout the region carefully planned abductions for multimillion-dollar ransoms to finance their causes.

Their victims read like a cross between the Social Register and a sort of Latin American Forbes 400 list: Monterrey industrialist Eugenio Garza Sada was kidnapped and killed in Mexico in 1973; guerrillas grabbed businessman Ernesto Regalado Duenas of El Salvador in 1971; and other choice targets unwillingly contributed millions of dollars to rebel coffers in the rest of Latin America.

Such abductions became less frequent as the wealthy hired security consultants, installed alarm systems and took other precautions.

Even so, guerrillas still prefer kidnappings they can justify on ideological grounds. The favorite targets of the National Liberation Army, Colombia's second-largest guerrilla group, are foreign business executives and international oil company employees. The ELN, as the group is known, opposes foreign ownership of Colombian

companies

and still do business in Colombia despite the threat of guerrilla kidnappings. But the increased risks and costs for security guards, training and ransoms are reflected in the deals that they make with the government. That ultimately costs the national treasury money.

As the civil wars intensified in Central America and Colombia in the late 1970s and the '80s, insurgents, the armed forces and the extreme right all began kidnapping for political reasons: to trade for imprisoned comrades or to "persuade" victims sometimes by torture to betray secrets, leave the country or change their behavior.

Colombian drug kingpin Pablo Escobar brought political kidnappings to a new level when he abducted nine prominent journalists and held them for 18 months in 1990 and '91. He used his captives in his successful campaign to force the Colombian government to ban extradition of Colombians, a prohibition that was not lifted until last year, five years after his death in a shootout with the army.

Political kidnappings continue. Last year, the Revolutionary Armed Forces of Colombia (FARC), the nation's largest guerrilla group, enforced its opposition to local elections by kidnapping 440 mayors, city council members and candidates for municipal office. On their release, under threat of death, nearly all of the captured candidates withdrew from their races.

Guatemala: A Country Held Hostage by Kidnapping By Juanita Darling (c) 1998, Los Angeles Times

GUATEMALA CITY In life, Beverly Sandoval was the family merrymaker, the oldest daughter who played practical jokes and decorated the Christmas tree.

In death, she has become the symbol of a nation's pain and rage.

Her burial on a misty day in November resembled a state funeral. Guatemalans filled the long road to a cemetery outside the capital, tossing flowers onto her hearse. Mourners waved banners reading, "Basta Ya!" (Enough Already).

"What we want is for there to be no more Beverlys," said her stepfather, Gerbert Sole, fighting back tears. The 20-year-old forestry-engineering student died in an epidemic that has stricken thousands of middle-class families like hers throughout Latin America.

She was kidnapped.

In Guatemala, kidnapping has spread so rapidly that citizens' groups only started keeping statistics in 1997. "What I can assure you is that since 1996, (kidnapping) has increased monstrously and become more and more damaging," said Michelle de Leal of Anguished Mothers, one of three anti-kidnapping organizations here.

Colombia has recorded more than 1,000 kidnappings every year since 1993. The number of abductions rose by nearly two-thirds from 1993 to 1997, according to Pais Libre, an anti-kidnapping organization.

The toll also is growing in neighboring countries as kidnapers expand operations by exporting their skills. In addition, Mexico, Brazil and Ecuador are suffering rushes of abductions, authorities said.

Kidnapping is a simple crime to commit and a difficult one to investigate, making it an easy, quick way to get money.

The region's armed conflicts of the 1970s and 1980s left a legacy of former soldiers and guerrillas who know how to use guns and abduct people but have few other skills. Now they are using their wartime training to organize kidnapping rings. Other criminals are learning from their example.

Critics blame the police and courts for ineptitude and corruption that allows kidnapers to get away with their crime. The low risk makes it worthwhile to abduct for ransoms of \$50,000 or less; thus, the pool of potential victims has broadened considerably. Kidnapping is no longer just a crime against the wealthy.

Today's victims are people like Beverly, a leather wholesaler's stepdaughter who was driving through the mountains near the colonial town of Antigua. They include a teen-ager waiting for a school bus in Guatemala City; a septuagenarian sleeping in his concrete-block ranch house in northern El Salvador; and a retired teacher bird-watching a few hours' drive from the Colombian capital, Bogota.

Psychiatrists and law enforcement officials warn that so many abductions create societies that are at once fearful and callous. "We are trying to sensitize people with television and publicity campaigns so that we don't just become accustomed to this," said Ruben Dario Ramirez, Colombia's anti-kidnapping czar. "We have to struggle for freedom and side with those who have lost their freedom." Kidnappings are often brutal, and victims sometimes are killed over ransoms that are less than the winnings from a lucky weekend in Las Vegas.

In Pereira, Colombia, kidnappers suffocated 4-year-old Brian Steven Ramirez when his parents failed to come up with a \$5,000 ransom in December 1996. Eight-year-old Oscar Suazo was found hanged in rural Honduras in February after his coffee-growing family told abductors they did not have the \$11,000 needed to free him, his father told police.

Because victims usually are killed unless the kidnappers' demands are met, most countries have legalized ransom payments. "Before, the idea was that every family had to offer up its dead, like a sacrifice," said Marta Lucia Aristizabal, a Colombian psychiatrist who has worked with more than 400 kidnapping victims and their families. "But that was cruel."

Instead, authorities are trying other strategies.

Police departments have set up special anti-kidnapping units, legislatures have passed stiffer sentences including instituting the death penalty for kidnapping in Guatemala and families have taken precautions, such as sending their children to private school in unmarked buses. Still, the number of abductions remains alarming.

Colombia recorded 92 kidnappings in January, on its way to what appears to be another 1,000-plus year. In Guatemala, the citizens' group Neighborhood Watch recorded 503 abductions from January to mid-March. Guatemalan police officially say those figures are inflated but refused to provide their own statistics. Privately, officers acknowledge that they receive an average of 10 kidnapping reports a week and believe that less than half of all abductions are reported.

Law enforcement officials are so concerned that Colombia organized a regional meeting last week to brainstorm and try to find solutions by sharing information and experiences.

Critics say the problem is that there has been too much talk and not enough action. Guatemala's Neighborhood Watch even advocates a constitutional state of emergency that temporarily would set aside civil rights to permit roundups of suspected murderers, drug dealers and kidnappers.

Central America's experience shows that the end of civil war can be just the beginning for abductions.

During the decade of the 1980s, when El Salvador was at war, a total of 38 kidnappings were reported to police. Last year alone, there were 39. Police acknowledge that citizens may be reporting more abductions because of increased confidence in the 6-year-old civilian police force that replaced the military police, but they say they believe the numbers reflect mainly rising crime.

In July 10 months after 16-year-old Abraham Suster was released by kidnappers who captured him outside his high school police found the underground cell where he was held for nearly a year. The cell contained both his book bag and a rental agreement that led to another hiding place.

Guillermo Sol Bang, a prominent industrialist and leader of the extreme right-wing Nationalist Republican Alliance, or Arena recognized the second place as the same cell he was held in for six months in 1991.

Kidnapping survivors Eduardo Sahame, a well-known businessman abducted before Sol Bang, and Alberto Antonio Hill, a 24-year-old who was released four months before Suster's kidnapping, each remembered one of the cramped spaces from their captivity.

Economic Reform Plan May Be Litmus Test for Democracy (Mexico City) By James F. Smith (c) 1998, Los Angeles Times

MEXICO CITY The government's package of reforms to revive the sickly banking industry, the acknowledged weak link in Mexico's economic recovery, is becoming a litmus test for the nation's newly democratized political system.

The executive branch earlier this month sent to Congress a legislative package that would rewrite the way Mexico manages its financial system, including greater independence for the central bank and an end to restrictions on foreign investment in Mexican banks.

Finance Ministry officials are getting used to appearing constantly before committees of the lower house of Congress, which came under control of opposition parties for the first time in elections in July, to

defend the package of proposals.

The measures are expected to pass sooner or later, but not without horse-trading and amendments sought by opposition parties, which are determined to prevent the long-dominant Institutional Revolutionary Party from continuing to dictate every policy change in Mexico.

Effective legislative oversight, opposition deputies insist, will help avoid the hurried, ill-conceived financial reforms of recent decades that helped get Mexico into so much economic trouble in the first place.

No one disputes the immense scale of the banking crisis that arose after the December 1994 peso devaluation and severe recession that followed in 1995. Of the 18 Mexican banks that were privatized starting in 1991, 13 either have been taken over by the government or sold since 1994.

While shareholders lost fortunes, the government bailed out depositors by purchasing the assets of bankrupt and troubled banks, much like the U.S. savings and loan bailout of the 1980s.

From the government's bank rescue fund

sits with a huge pool of 552 billion pesos, nearly \$65 billion in assets, many of highly questionable worth. Even after selling off the better assets, the cost of the bailout is expected to be equal to 14 percent of Mexico's annual gross domestic product.

The surviving, recapitalized banks have just barely begun to resume any significant lending. Economists say greater access to capital is critical if Mexico is to continue its broad recovery, which since 1996 has been built on manufacturing exports (thanks to the weakened peso) rather than domestic economic activity. With the Asian crisis slowing world exports, healthier bank lending to spur domestic growth is more vital than ever.

"We have managed to recover effectively from the crisis, but the demand for credit in the second half of this year and next year is going to be tremendous, and we need healthy banks to be able to respond to that demand," said Victor Herrera, director general of Standard and Poors in Mexico City.

Martin Werner, the Finance Ministry under-secretary who has engineered the financial reform package, said last week that his team was working virtually full time with Congress to explain the measures and get them approved.

He described the process as a "test of fire" for Mexico's emerging political democracy as well as a central aspect of economic transformation.

Mexico has been beset by six-yearly crises since 1982 as successive PRI governments have brazenly overstimulated the economy at election time, usually with disastrous consequences. In 1995, after the peso lost more than half its value, inflation soared to more than 50 percent and unemployment more than doubled.

The package of financial measures includes:

Giving full control over exchange rate policy to the Bank of Mexico, the country's central bank. Currently the bank shares that responsibility with the Finance Ministry, which has a tie-breaking vote. President Ernesto Zedillo also recently appointed former Finance Secretary Guillermo Ortiz to a six-year term as governor of the central bank, ensuring that Zedillo's supporters will exert continued influence long after the elections in the year 2000.

Giving more autonomy and power to the National Banking and Securities Commission to supervise the banking industry, in theory reducing the likelihood of further banking scandals like those that have helped sink several banks in recent years, most recently Confia. That Monterrey-based bank has now been bought by Citibank.

Removing all limits on foreign investment in Mexican banks. Current law restricts foreign investment in the biggest Mexican banks to 20 percent.

Create two new separate bodies, one to sell off the bailout assets and the other to provide deposit insurance. Such insurance would be reduced from the current unlimited coverage to a ceiling of about \$125,000, encouraging large depositors to be more diligent about the banks' management of their investments.

Dolores Padierna, a deputy for the opposition left-of-center Party of the Democratic Revolution, said she expects the package to be approved in amended form but not under duress from the PRI.

"We cannot afford to fail again," she said. "There is a real need to achieve financial reform, but the banking crisis is problem is too serious to act without thorough analysis."

Her party will agree to consider the less controversial aspects soon, including the central bank reforms, but the banking assets issue and foreign investment limits are more complex and may require a few months' debate, she said.

...Sanford, a former North Carolina governor and U.S. senator, dies at 80. IGE A3

...case of a woman who has been blind since birth and smoking will be proved by a separate committee this month will pass Congress. IGE A4

...an internal conflict for the alternative, Northern Ireland's main Protestant party endorses a peace agreement. IGE A7

...ties between North and South America and within no breakthroughs on reuniting miles. IGE A9

...the Washington Times



...comeback win ... Bickerstaff and ... wins take a timeout during ... victory over Boston last ... Washington can make the ... voys if Orlando and New ... sey both lose today. IGE C1

...draft day ... Redskins take a tight end ... Peyton Manning and ... Leaf were picked first and ... IGE C1

METROPOLITAN

...and when ... day's bombings in Louisiana ... have local residents ... during when and where the ... one will explode. IGE A10

...e's hunger index ... Fonda's remarks ... arguing Georgia are the ... t in a list of smears against ... South. IGE B1

...got rhythm ... Gershwin would have ... d 100 this year. A ... er-winning musician and ... rammy-nominated wife ... rm Gershwin's songs ... y at the Smithsonian's ... Auditorium. IGE D1

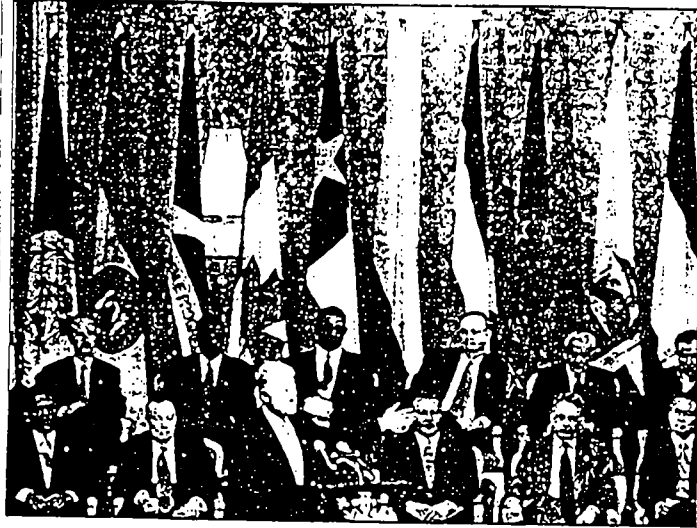
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President Clinton addresses 33 hemisphere leaders at the Summit of Americas in Santiago, Chile, yesterday.

Summit opposes U.S. on Cuba

Most hemisphere leaders see no reason to isolate Fidel Castro.

By Warren P. Strobel
SANTIAGO, Chile — Nations attending a Western Hemisphere summit yesterday pressed for new overtures toward Cuba, leaving the United States alone in its policy of trying to isolate Fidel Castro. Most dramatic was a request that Canadian Prime Minister Jean Chretien will visit Cuba sometime in the next several weeks. His trip follows a visit to the island earlier

this year by Pope John Paul II. Other leaders at the 34-nation Summit of the Americas, where Cuba is the only nation of the hemisphere not invited, called for its inclusion at the next such gathering. "This should be the last summit without Cuba," said Prime Minister Owen Arthur of Barbados. President Alberto Fujimori of Peru said that Cuba's exclusion is "unfair because the country is no threat to anybody." U.S. officials played down the dispute, which came on the first day of a summit that the United States, the only major power at the conference, describes as evidence

that the once-feuding nations of the region are now cooperating on a broad range of issues, from drugs to development. Cuba was not formally on yesterday's agenda, which dwelt on ways to bolster the Western Hemisphere's new democracies and improve its education systems. On these topics, there were abundant signs that leaders from north to south are on the same wavelength. Even on the subject of Cuba, nations share the goal of promoting see CUBA, page A4

There's more in Clinton's trips than wanting to leave town. A4

Justice supports Jones stance in high court case

The solicitor general wants to oppose the "one-free-flash rule" in arguments Wednesday.

By Frank J. Murray
The Justice Department has unexpectedly asked the Supreme Court to uphold a novel doctrine of sexual harassment law that likely would assure a trial in Paula Jones' lawsuit against President Clinton. The question, raised in a separate case, that could revive the Jones case is whether a single instance of boorish sexual overture — the "one-free-flash rule" — is enough to make a woman fear for her job, or if she must prove directly related punishment or "tangible job detriment." Congress intended to strike at the entire spectrum of disparate treatment between men and women, not simply discrimination that causes tangible harm. Solicitor General Seth A. Waxman said in his brief that proposed less damages in such cases but not vindication. The Justice Department filing puts the Clinton administration directly at odds with Mr. Clinton's personal attorney, who called a ruling in the case of Burlington Industries vs. Kimberly Elterth "substantially out of step" with federal case law. On rare occasions in such Supreme Court terms, the Justice Department asks to argue its views in a case even though it is not a party. Mr. Waxman expects to learn tomorrow if he will be given time to

argue that theory as friend of the court at Wednesday's hearing. Without mentioning the Jones case, Mr. Waxman and the Equal Employment Opportunity Commission's brief contradicted the doctrine cited by Judge Susan Webber Wright when she threw Jones vs. Clinton out of her court. The court finds that a showing of a tangible job detriment is an essential element of plaintiff's *quid pro quo* sexual harassment claim. Judge Wright wrote in her April dismissal. She relied on decisions from the 8th and D.C. circuits that women claiming a boss demanded sex in exchange for job favors must prove retaliation or harm — "tangible job detriment." Mrs. Jones' attorneys were startled yesterday at the government's blunt opposition to legal arguments put forth by the president's attorneys. "Here you've got the United States, speaking through its solicitor general, telling the Supreme Court something diametrically opposed to the position being advanced by the president of the United States in his own private litigation," said Donovan Campbell Jr., Mrs. Jones' lead counsel in the case now on appeal. In Mrs. Elterth's case, the sexual overtures were primarily crude remarks by a boss located in another city who said he could make her job easy or hard, while Mrs. Jones claims that when she was an Arkansas state secretary and Mr. ve JUSTICE, page A5

GOP members almost rule out impeachment hearings in 1998. A5

Special Report

Staring death right in the face

Witnessing execution has lasting effect

By Gerald Mizerewski
When Angel Francisco Breaud died by injection at 10:39 p.m. Tuesday, the last faces he saw were the six official witnesses who sat in a glass-encased room about 10 feet away — close enough to see the convicted killer's hands go limp. Virginia used to hang killers in public. Now the condemned die behind closed doors. But the public is still there in spirit, in the eyes and minds of those chosen to witness executions. Sometimes the witnesses are simply curious Virginians — men and women who filled out a witness application form. Sometimes they are friends or loved ones of the victims. Either way, it's a gut-wrenching experience, those who have acted as witnesses told The Washington Times. Flash back to July 17, 1997, when cop-killer Roy Bruce Smith was pronounced dead at 9:07 p.m. Smith's body, strapped to a gurney, was wheeled away by prison guards. Case closed, the state said.

Coming home from the execution that night, Manassas police Lt. Kevin Colovos had a chance to witness the execution of the man who killed a highway officer. No. In his mind, Smith just got off easy. It was his friend, Sgt. John Conner III — who died hard, shot in the side yard of a housing development. "I hate to sound like a sadistic person, but [the killer only] went to sleep at his execution," said Lt. Colovos, 45. "John suffered. John suffered tremendously." Here's what Lt. Colovos and the other witnesses went through that evening: The procedure rarely changes. Breaud's witnesses saw and heard the same things as those who watched Smith die. A few hours before an execution, the six official witnesses are taken by van into the high-security com- see DEATH, page A6

Va. prosecutors have distaste for putting criminals on death row. A6



Manassas police Lt. Kevin Colovos witnessed the quiet execution of the killer of Sgt. John Conner III (painting). He feels the murderer got off easy.

Suspect in killing hangs self in jail cell

Aaron Needle's trial in the September death of Alfredo Enrique Tello Jr. was to start tomorrow.

By Kristin Trugman
Montgomery County jail guards found Aaron B. Needle hanged by a bedsheet in his cell yesterday, only two days before his trial on charges that he killed, dismembered and burned another teenager in September. Montgomery County police said. "No foul play is suspected. He was in the cell alone," said police spokeswoman Ann Evans. Mr. Needle, 18, was charged in the slaying of Alfredo Enrique Tello Jr., whose charred remains were found in a vacant home in Aspen Hill. Also charged in Mr. Tello's death is Samuel Sheinbain, 17, who fled to Israel shortly after the killing. see NEEDLE, page A6

Nichols may make deal, link others to bombing

The prosecutor in Oklahoma says he would consider a plea bargain.

By Valerie Richardson
DENVER — For three long years, Timothy McVeigh and Terry Nichols have maintained a stony silence on who else may have helped them plot the deadliest act of terrorism on American soil. That pact may soon shatter. Speculation is swirling that Nichols, 42, may be ready to enter into a plea bargain that would give him a lesser sentence in exchange for information about the Oklahoma City bombing conspiracy. see NICHOLS, page A5

The April 19, 1995, blast destroyed the Alfred P. Murrah Federal Building, killing 168 persons. Rumors of a plea bargain began flying last week when Oklahoma City District Attorney Robert Macy, who had vowed to seek the death penalty for Nichols in a state trial, told reporters he would consider such a deal in exchange for "substantial" information about the bombing. "That's a significant retreat from his prior position," said Scott Robinson, a Denver defense lawyer and trial expert. "As long as he said, 'No deal, it's die or fry, there was no possibility of Nichols talking.'"



Oklahoma City bombing conspirator Terry Nichols is said to have a "shred of human decency."

Shroud of Turin display gives new life to debate

The ancient cloth is thought by some to bear the image of Christ.

By Jude Webber
TURIN, Italy — The Shroud of Turin, a yellowing sheet bearing the inexplicable image of a crucified man that some revere as Christ's burial cloth, went on display yesterday for only the fourth time this century. Enclosed in a glass case filled with inert gas, the fragile linen cloth was hung in Turin's cathedral, where up to 50,000 people a day are expected to line up to contemplate one of Christianity's most

enduring — and controversial — mysteries. Cardinal Giovanni Saldarini, Turin's archbishop and the custodian of the Shroud, prayed before the cloth at an inaugural Mass in the 15th-century church, where it was draped in purple. "The Shroud is visible in order for eyes to see it — but it is not visible only to satisfy even the most legitimate desire to know nor still less to satisfy curiosity, rather to appear to us as a solemn reminder full of impressive details of the Gospel accounts of the Passion of Jesus," he said in his sermon. The public will be allowed in from today until June 13. It is the see SHROUD, page A9

Summit opposes U.S. on Cuba

■ Most hemisphere leaders see no reason to isolate Fidel Castro.

By Warren P. Strobel
THE WASHINGTON TIMES

SANTIAGO, Chile — Nations attending a Western Hemisphere summit yesterday pressed for new overtures toward Cuba, leaving the United States alone in its policy of trying to isolate Fidel Castro.

Most dramatic was a report that Canadian Prime Minister Jean Chretien will visit Cuba sometime in the next several weeks. His trip follows a visit to the island earlier

this year by Pope John Paul II.

Other leaders at the 34-nation Summit of the Americas, where Cuba is the only nation of the hemisphere not invited, called for its inclusion at the next such gathering.

"This should be the last summit without Cuba," said Prime Minister Owen Arthur of Barbados.

President Alberto Fujimori of Peru said that Cuba's exclusion is "unfair because the country is no threat to anybody."

U.S. officials played down the dispute, which came on the first day of a summit that the United States, the only major power at the conference, describes as evidence

that the once-feuding nations of the region are now cooperating on a broad range of issues, from drugs to development.

Cuba was not formally on yesterday's agenda, which dwelt on ways to bolster the Western Hemisphere's new democracies and improve its education systems. On these topics, there were abundant signs that leaders from north to south are on the same wavelength.

Even on the subject of Cuba, nations share the goal of promoting

see CUBA, page A4

• There's more to Clinton's trips than wanting to leave town. A4

CUBA

From page A1

democracy there, said U.S. National Security Adviser Samuel R. Berger.

But it is clear that there is little agreement on the means.

U.S. officials were particularly cool toward Mr. Chretien's planned visit to Cuba, of which he informed Mr. Clinton in a phone call several days ago.

"We have not seen much evidence that constructive engagement with Cuba has produced any material results with respect to human rights or democracy, but I would hope that Prime Minister Chretien would pursue that agenda," Mr. Berger said.

There also have been some rumblings about readmitting Cuba to the Organization of American States, although U.S. officials said they have heard no formal proposal on that score.

U.S. policy is to keep the Castro regime isolated until it undertakes democratic reforms, as nations from Nicaragua to Chile have. Admitting Cuba to the OAS would be "mighty ironic," Mr. Berger said, since its charter now has a provision to toss out any country where democracy is overturned.

As to these summits, Orlando Rodriguez, a representative of the Cuban opposition group Concilio Cubano, said it would be wrong for democracies to invite someone such as Mr. Castro "who is the opposite of what democracy is. It's a question of morals and principles." Rather, he said, members of Cuba's democratic opposition should be invited to attend at the next summit, which will take place in Canada in two or three years.

Complaints from Latin nations and Canada — as well as Europe — about U.S. policy toward Cuba are nothing new. But they come at a time when Washington is trying to put its relations with Latin America on a more equal footing, replacing the mutual recriminations and suspicions of the recent past.

For example, the summit leaders yesterday agreed to launch a new, hemispherewide anti-drug

U.S. officials were particularly cool toward Canadian Prime Minister Jean Chretien's planned visit to Cuba.

alliance that will include mechanisms for evaluating each nation's progress in fighting drug trafficking. The initiative is aimed at taking the sting out of Congress' annual drug certification process, a unilateral judgment that other nations regard as insulting and patronizing given the U.S. standing as the world's No. 1 drug consuming nation.

Rep. Benjamin A. Gilman, New York Republican, and Rep. Dennis Hastert, Illinois Republican, criticized the summit nations' stand on narcotics. "The renewed assault on the annual drug certification process sounds pretty much like the old 'blame America first' crowd is back in business, focusing this time exclusively on drug 'demand' in the United States," they said in a statement circulated here.

White House officials said that, in fact, the sessions yesterday were remarkably free of anti-American rhetoric.

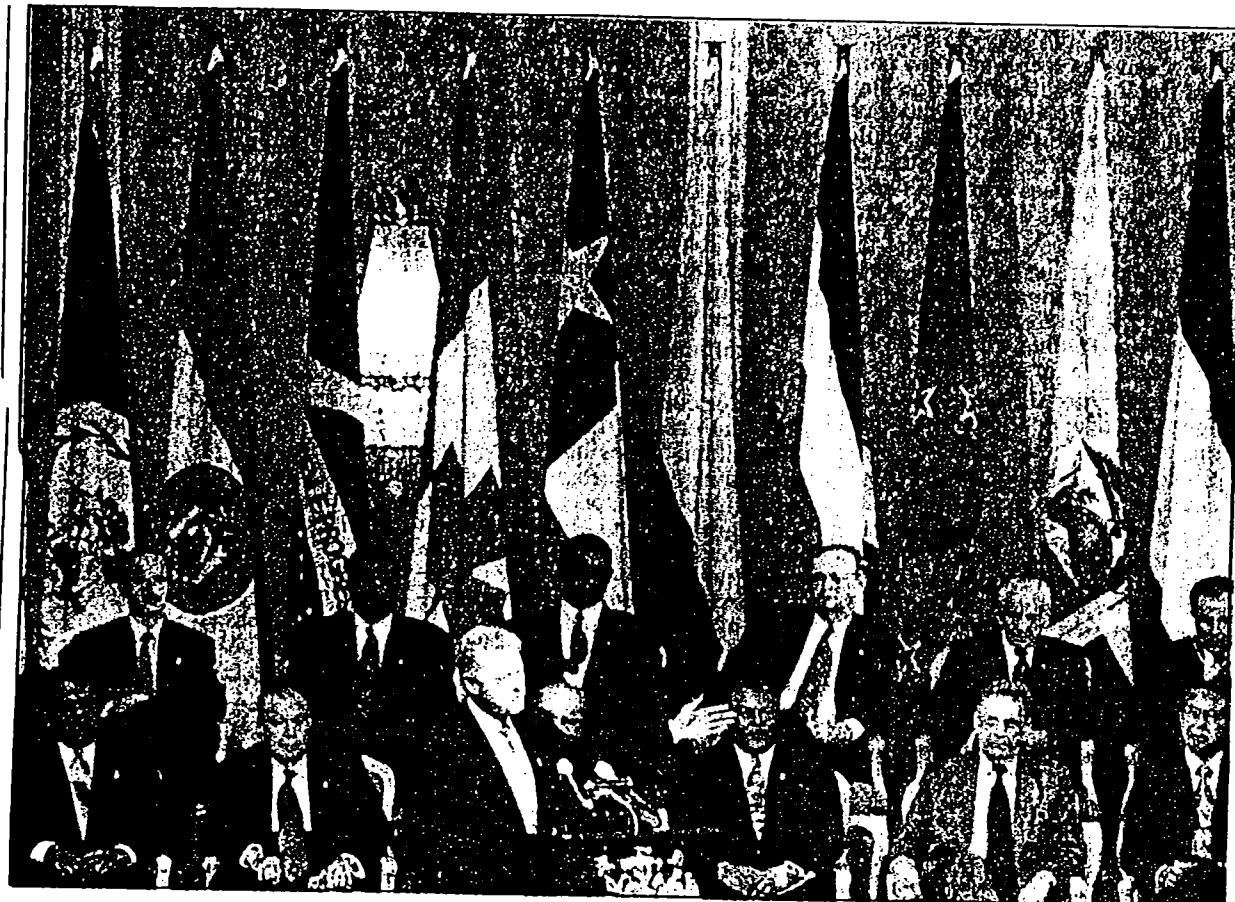
Washington's leadership in the hemisphere has been called into question by several developments, most prominently Congress' refusal to give Mr. Clinton "fast-track" trade negotiating authority. In his opening statement to the summit, the president tried to allay those concerns, saying, "The United States may not yet have fast-track legislation, but we will."

U.S. officials, trying to tread a fine line, said it is possible for the United States to simultaneously be a leader and a better partner.

"It's clearly more of a partnership... But I don't think that takes away from the recognition of our leadership, the expectation of our leadership," said Thomas F. "Mack" McLarty, the president's special envoy to Latin America. "One does not preclude the other."

The Washington Times

SUNDAY, APRIL 19, 1998



President Clinton addresses 33 hemisphere leaders at the Summit of Americas in Santiago, Chile, yesterday. AP

The Washington Times

SUNDAY, APRIL 19, 1998

Wandering Clinton seeks a place to leave his mark

By Warren P. Strobel
THE WASHINGTON TIMES

SANTIAGO, Chile — All his life, President Clinton wanted nothing more than to make it to Washington. Now it seems all he wants to do is leave.

Since March 22, Mr. Clinton has spent six full days in Washington. In the interim, he's been to Ghana, Uganda, Rwanda, South Africa, Botswana, Senegal, Kansas City, Chicago, Kentucky's tobacco country, Camp David, Houston for a forum on race, tornado-ravaged Alabama and now Chile.

The trite explanation for the president's wanderlust is that he wants to escape the uninviting milieu of Washington, where his administration remains mired in the muck of scandal.

That may be part of the story, but White House officials and outside observers say there is more.

Mr. Clinton has long thrived by taking his message outside of Washington, where he can meet the voters and go over the heads of a Republican Congress and a cynical national media. On Capitol Hill, the 1998 midterm election year is shaping up as one of the quietest legislative sessions in recent memory, giving the president less reason to hang around.

And much of his foreign travel, like the summit of Western Hemisphere leaders that opened here yesterday, was set long in advance, reflecting the dreams of a second-term president who wants to secure a legacy in foreign affairs.

"Presidential travel probably goes up the longer a president is in office," especially if he wins a second four-year lease, said presidential scholar Stephen Hess of the Brookings Institution.

Mr. Clinton has planned at least four more foreign trips this year, including a May trip to Germany, England and possibly Ireland; a



Costa Rican President Jose Maria Figueres greets Chilean President Eduardo Frei at the Summit of the Americas as their wives meet in the background. President Clinton joined the leaders yesterday in Chile.

late-June mission to China and possibly Japan; a September tour of India, Pakistan and Bangladesh; and a November trip to Malaysia for an annual Asia-Pacific summit.

"Presidents, particularly Bill Clinton, get interested in international affairs the longer they're in office," Mr. Hess said. "This might be part of the legacy operation."

Pundits like Mr. Hess can speculate all they want, said White

House spokesman Joe Lockhart.

The truth is, Mr. Lockhart said, the president has a strong agenda at home, and "he's going to the places where he thinks he can highlight the need to pursue these policies." He cited the Kentucky stop, where the president pushed anti-smoking legislation the day after a leading tobacco company pulled out of last year's tobacco deal.

The president's foreign travels bring results, too, the spokesman said, citing his previous visit to Northern Ireland, which the White House believes was instrumental in spurring the process that led to a peace accord earlier this month.

Still, there are signs that Mr. Clinton and his aides are worried about the amount of time he has spent on the road lately. The president can hardly tar Republicans

"Presidents ... get interested in international affairs the longer they're in office. This might be part of the legacy operation."

—Stephen Hess,
Brookings Institution

as presiding over a "do-nothing Congress," as he plans if they don't pass his legislative priorities, if he has been gone all the time himself.

The White House has drafted a hectic in-town schedule for the president next week. With Congress returning from recess, it is designed to demonstrate that the president is active and engaged. He meets Tuesday with Democratic leaders to discuss their legislative agenda for the rest of the year. The president may soon hold his first Washington news conference in months.

"There'll be, certainly, a lot more action in Washington the next few weeks," Mr. Lockhart said.

While the 12-day Africa trip, to nations never before visited by a U.S. president, went well logistically, Mr. Clinton's hectic international schedule is beginning to take its toll.

Fresh advance people have been dragged into the elaborate preparation process for a presidential trip abroad. One veteran White House advance official flew directly from Africa to Germany, where Mr. Clinton next month will celebrate the 50th anniversary of the Berlin airlift, returned to the United States for a day and then went on a scouting trip to China.

The Washington Times
SUNDAY, APRIL 19, 1998

As Top Dissident Lands in U.S., China Is Hoping to Score Points

Thousands of Activists Languishing in Obscurity

By ERIK ECKHOLM

BEIJING, April 19 — Wang Dan, a leader of the 1989 Tiananmen democracy movement, entered freedom, and exile, in the United States today in a move the Chinese Government clearly hopes will score points with the Clinton Administration.

Mr. Wang's release from prison had been repeatedly requested by Washington as a tangible sign of progress on the sticky issue of human rights and it comes two months before President Clinton's planned visit to China. The American and Chinese Governments both say they want to cement a strategic partnership, building closer economic and political ties despite differences over trade and human rights.

The Chinese Government said that Mr. Wang, who was serving an 11-year sentence on charges of conspiring to subvert the state was freed on medical parole after arriving in Detroit on Monday. Mr. Wang was hospitalized for medical evaluation but said he expected to hold a news conference in New York on Thursday. (Page A6)

A White House spokesman with President Clinton's entourage at a meeting in Chile of hemisphere leaders, Eric Rubin said today of Mr. Wang's release, "This is something we have been urging them to do for quite some time."

Rights advocates in China and elsewhere, while welcoming Mr. Wang's release, worried that it could

lead to a reduction in international pressure for systemic change in China where open opponents of Communist rule are readily imprisoned, often without trial or public attention.

With Mr. Wang's departure and the similar release into exile last November of another famous democracy advocate, Wei Jingsheng, none

Continued on Page A6



Wang Dan had a physical exam after arriving in Detroit yesterday.

FREE-TRADE ZONE OF THE AMERICAS GIVEN A GO-AHEAD

LEADERS SCHEDULE TALKS

But Opposition in U.S. Shifts Focus of Summit Meeting to Social Conditions

By CALVIN SIMS

SANTIAGO, Chile, April 19 — Leaders of 34 countries in the Western Hemisphere took a first step today toward creating the world's largest free-trade zone, one that would span the Americas.

In a joint declaration signed by President Clinton and 21 other presidents and 12 prime ministers, the leaders said that talks on the subject would begin in September and they pledged to make "concrete progress" toward a goal of signing an agreement by 2005.

But reaching a final agreement is by no means certain, mainly because of strong opposition in the United States Congress, which has so far failed to grant Mr. Clinton the so-called fast-track negotiating authority that is considered crucial to reaching a hemispheric free-trade accord.

For that reason, the leaders here attending the second Summit of the Americas focused much of their attention this weekend not on free trade but on improving social conditions in the region.

As part of their final communique, the leaders agreed to a sweeping social action plan that is intended to improve education, reduce poverty, expand democracy, guarantee human rights and fight drug trafficking in the hemisphere.

"We all admit that too many of our citizens have not yet seen their own lives improved as a result of our participation as free nations in a global economy," Mr. Clinton said at the meeting's closing ceremony at the Chilean Ministry of Foreign Affairs.

"We have, therefore, committed ourselves here to a second stage of reforms designed to bring the benefits of freedom and free enterprise to ordinary citizens throughout the Americas."

Human rights groups, which have long criticized free-trade agreements as failing to address social needs, applauded the social action plan while questioning whether it would be enforced once the leaders leave Santiago.

"This is the silver lining to Clinton's failure to get fast track — a shift away from trade to human is-

Continued on Page A14

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Tears for Bombing Victims

Greg Leasure, whose sister was one of 168 victims in the Oklahoma City bombing, was consoled yesterday at a third anniversary memorial.

A RECORD BACKLOG TO GET CITIZENSHIP STYMIES 2 MILLION

AGENCY PROMISES ACTION

The Wait for Naturalization, 6 Months in 1996, Is Now Three Times That Long

By MIRTA OJITO

More than two million immigrants throughout the country are waiting to become citizens of the United States. The largest backlog of naturalization applications since the Federal Government began keeping those records at the turn of the century.

The backlog means that for those in the pipeline — legal residents of the United States who, for the most part, have already waited five years for the right to apply — the waiting time for citizenship is up to 18 months, immigration officials said. Before the backlog started increasing in 1996, the normal waiting time was 6 months.

Advocates for immigrants estimate that without emergency measures, the wait could be much longer than 18 months in some places. In New York, they say, it could take five years at the current pace of about 4,600 cases decided per month.

"I just think the Government has completely abandoned these people," said Luke E. Williams, executive director of the Coalition for Humane Immigrant Rights of Los Angeles. "You know, if anybody else in the United States had to wait two years to get an ID or an important piece of paper, it wouldn't be tolerated."

Immigration officials and advocates say the backlog is a result of an inefficient, antiquated agency, interference by Congress and a soaring number of citizenship applications that was prompted by anti-immigrant sentiment and recent laws that cut benefits to noncitizens.

For those eager to become United States citizens, any delay is crucial. It could mean the difference in keeping a job, receiving government benefits or being able to bring siblings from abroad. And, of course, without citizenship, immigrants cannot vote.

"I feel American, but I can't even decide who represents me," said Olga, 26, a Russian hairdresser who has lived in Jackson Heights, Queens, for 14 years and did not want to reveal her last name. She filed her citizenship application two years ago, but with no word on its fate, she has decided to send another.

"How many times do I have to show them how much I want to become an American citizen?" she said.

The backlog is so great that it has created a secondary one — people who have waited so long to have their applications reviewed that their criminal background checks have expired after 15 months, forcing them to have fingerprints retaken.

There are about half a million people in that situation in the six cities with the heaviest flow of applicants: Los Angeles, New York, San Francisco, Miami, Chicago and Newark.

Caught in the backlog are people like Nafuah Ally, a 43-year-old mathematics teacher from Guyana who works at Jamaica High School in Queens. Mr. Ally applied for citizenship in November 1995. He has been

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Arkansas Deadline for Starr: A Cover-Up, or Just Politics?

By JEFF GERTH
and STEPHEN LABATON

UNFINISHED BUSINESS

A special report.

LITTLE ROCK, Ark. — After 30 months a Federal grand jury here has nearly completed its examination of evidence compiled by Kenneth W. Starr that President and Hillary Rodham Clinton and their aides have long sought to suppress embarrassing details of their old financial dealings with the owners of a corrupt savings and loan association in Arkansas.

Latest the most visible part of the investigation by Mr. Starr, the White-water independent counsel, has been the work of a Washington grand jury examining whether Mr. Clinton or his aides tried to hide a relationship between the President and Monica S. Lewinsky. But it is Mr. Starr's prosecutors here in Arkansas who have worked longest, looking into the possibility of a larger pattern of evasion, an effort to obscure the Clintons' involvement in the failed White-water venture and its link to the savings and loan, Madison Guaranty.

Now Mr. Starr must decide whether that effort — including a memo drafted by Mrs. Clinton and labeled by Government regulators as meant to "deceive Federal bank examiners" — amounts to a criminal cover-up, or simply reflects an acceptable exercise in political damage control.

Mr. Starr has not announced what

he will do about the work of the Arkansas grand jury, which will finish its term on May 7, and has sent no signals that new criminal charges will be brought. But he is required under the independent counsel law to submit a final report to the special court that supervises him. And if he determines that Mr. Clinton may have committed an impeachable offense, Mr. Starr must outline the evidence to Congress.

For years, prosecutors have examined whether the Clintons played a role in trying to cover up a criminal conspiracy in Arkansas in the mid-1980's. Interviews with witnesses and lawyers involved in the \$30 million inquiry, as well as a review of previ-

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INSIDE

West Bank Shootings

A confrontation between Palestinians and Jewish settlers left a settler dead and one man wounded on each side, but the stories of what happened varied widely. Page A8

Furmoil in Hollywood

Universal Studios remains in disarray three years after being bought by Seagram, still searching for a turnaround strategy. Page D1

The Reward? The Bulls

The New Jersey Nets qualified for the playoffs for the first time since 1994 and will now face Chicago in the first round. SportsMonday, page C1.

Linda McCartney Dies

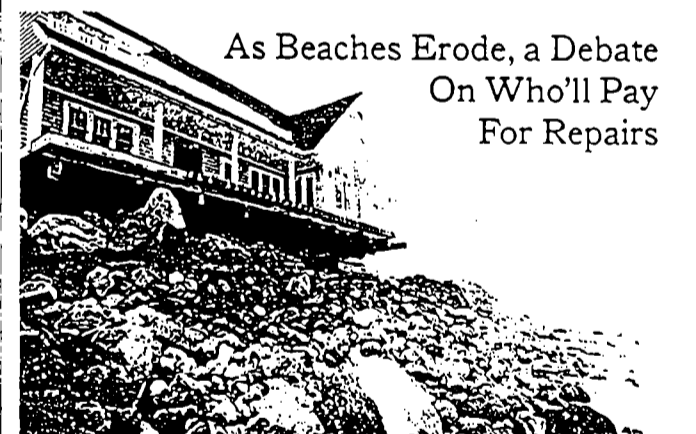
The photographer of rock stars, wife of the former Beatle Paul McCartney, animal-rights advocate and outspoken vegetarian was 66. Page A18

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PHILIP H. FRANKLIN, DESIGNER; AWARD-WINNING PHOTOGRAPHY BY JAMES HAMILTON



As Beaches Erode, a Debate On Who'll Pay For Repairs

Shoreline erosion is a problem in New Jersey and on Long Island as more build near the ocean. In storms in February, homeowners in Southampton, N.Y., piled rocks and dirt, hoping to avert disaster.

By ROBERT HANLEY

From the East End of Long Island to the southern tip of New Jersey, these are pricey times for the owners of billions of dollars' worth of shorefront homes and businesses.

Two howling northeasters in midwinter destroyed a \$750,000 beachfront home in Southampton, N.Y., and damaged a half-dozen others, flooded and tore up a major highway leading north from Sea Isle City, N.J., to the mainland and devoured old dunes shielding homes on the barrier islands of both states.

Already feeling vulnerable to an angry sea, coastal residents this year face another battle. The Federal Government, which shore-

front residents have always con-

sidered their savior, is balking at playing a major financial role in the restoration of beaches.

With more people building closer than ever to the water's edge, the problem of erosion has become a serious one. And with more property in danger, a debate is growing over who should pay for rebuilding eroded beaches, or whether they should be rebuilt at all.

For the Federal fiscal year starting Oct. 1, the Office of Management and Budget has earmarked \$2.7 billion for the Army Corps of Engineers to rebuild beaches in New Jersey and on Long Island. Coastal business owners and local officials and their allies on Capitol Hill want \$50.6 million to continue existing beach projects and to study the need for

new ones.

President Clinton has tried since 1995 to cut Federal spending on such projects, but each time Congress has restored the money and the White House has acquiesced.

This year, White House officials have suggested that they may not be as accommodating. A senior White House official, who spoke on condition of anonymity, said Mr. Clinton may use line-item vetoes on some projects if Congress again requires full financing. The line-item veto was recently struck down by a Federal court, but the Administration has appealed that ruling to the Supreme Court.

But the debate is over more than money. The issue is how much of an obligation the nation has to pro-

Continued on Page A20

Winding Tobacco Road

Path Toward Legislation to Curb Smoking Appears Unclear as Lawmakers Weigh In

By DAVID E. ROSENBAUM

WASHINGTON, April 19 — With Congress on a two-week spring break, the weekend television interview programs have explored the issue of tobacco legislation from every possible direction.

News and found that no consensus was in sight.

Last weekend, tobacco executives and lobbyists said a bill approved by the Senate Commerce Committee early this month would bankrupt cigarette manufacturers, create a huge black market in tobacco products, spawn a

huge Federal bureaucracy and otherwise wreak havoc.

On Friday, Speaker Newt Gingrich told an interviewer that the Senate bill was so liberal that it stood little chance of enactment.

On television this morning, Senator Kent Conrad of North Dakota, who represents the Senate Democratic leadership on tobacco matters, advocated legislation that would be even tougher on the cigarette companies than the Senate Commerce Committee's bill, and he observed that his bill had more co-sponsors than any other.

Senator John McCain, the Arizona Republican who is the chief sponsor of the Commerce Committee bill, said in his interview today that he took heart in the fact that his legislation was being attacked from both sides. Mr. McCain then criticized President Clinton as refusing to lead on the tobacco issue.

It is impossible to know how much credence to give all these statements. But the best bet is probably not to take any of them at face value. What the tobacco industry representatives and the politicians seem to be doing is positioning themselves for a flurry of activity that will begin when Congress returns this week.

First, consider the tobacco execu-

Continued on Page A15

Critics Assail PBS Over Plan For Toys Aimed at Toddlers

By LAWRIE MIFFLIN

Remusement was the adult reaction when the poly-pooly Teletubbies floated onto the public television landscape this month, four smiling, vividly hued plush characters with antennae on their heads. This was something new: television designed for 1- and 2-year-olds.

But now the Teletubbies, British imports appearing on PBS, are breaking ground again, this time in a way that alarms some children's advocates. The merchandising schemes have begun, spawning talk about "filling the 1-to-2-year-old niche" in the market, and causing concern about nurturing a consumer mentality in children not yet able to speak properly.

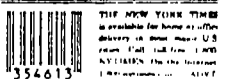
"A child that young doesn't say, 'Buy me that,' but in the store she will grab for something," said Dr. Kathryn Montgomery, president of the Center for Media Education and a respected researcher on media and children. "And parents want to please their children. Marketing like this helps encourage that first 'buy

me that' exchange between a parent and a child before the kid even knows how to say 'Buy me that.'"

Dr. Montgomery and others also worry that Public Broadcasting Service programmers might be influenced in choosing programs by considerations of how much money PBS could make from toys and other products tied to the program. With public television's chronic financial need, such windfalls could be tempting enough to sway judgments about a program's suitability, critics warn — a notion that PBS rejects.

And those connected with Teletubbies do expect a windfall. "If this isn't the most important toy a Christmas this year, then something desperately wrong will have hap-

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FREE-TRADE ZONE OF THE AMERICAS GIVEN A GO-AHEAD

LEADERS SCHEDULE TALKS

But Opposition in U.S. Shifts Focus of Summit Meeting to Social Conditions

By CALVIN SIMS

SANTIAGO, Chile, April 19 — Leaders of 34 countries in the Western Hemisphere took a first step today toward creating the world's largest free-trade zone, one that would span the Americas.

In a joint declaration signed by President Clinton and 21 other presidents and 12 prime ministers, the leaders said that talks on the subject would begin in September and they pledged to make "concrete progress" toward a goal of signing an agreement by 2005.

But reaching a final agreement is by no means certain, mainly because of strong opposition in the United States Congress, which has so far failed to grant Mr. Clinton the so-called fast-track negotiating authority that is considered crucial to reaching a hemispheric free-trade accord.

For that reason, the leaders here attending the second Summit of the Americas focused much of their attention this weekend not on free trade but on improving social conditions in the region.

As part of their final communiqué, the leaders agreed to a sweeping social action plan that is intended to improve education, reduce poverty, expand democracy, guarantee human rights and fight drug trafficking in the hemisphere.

"We all admit that too many of our citizens have not yet seen their own lives improved as a result of our participation as free nations in a global economy," Mr. Clinton said at the meeting's closing ceremony at the Chilean Ministry of Foreign Affairs.

"We have, therefore, committed ourselves here to a second stage of reforms designed to bring the benefits of freedom and free enterprise to ordinary citizens throughout the Americas."

Human rights groups, which have long criticized free-trade agreements as failing to address social needs, applauded the social action plan while questioning whether it would be enforced once the leaders leave Santiago.

"This is the silver lining to Clinton's failure to get fast track — a shift away from trade to human is-

Continued From Page A1

sues," said José Miguel Vivanco, executive director of the Americas division of Human Rights Watch.

"As a matter of principle, this social action plan is wonderful because it addresses the grave social ills and abuses of power that these governments have long ignored. In practical terms, however, this type of rhetoric often doesn't result in any action because there's no mechanism for accountability."

Education is at the center of the plan, which calls for all governments in the region to provide universal access to elementary school education by 2010 and to provide high school education for 75 percent of the region's youngsters by the same year.

"Education is the determining factor for political, social, cultural, and economic development of our peoples," the communiqué says. "In order to meet our goals within the agreed time frames, we affirm our commitment to invest greater resources in this important area."

Under the plan, the region will have access to \$8.3 billion in new loans and grants, mainly from the international lending organizations. The money would be used for a variety of programs, including a number that would improve teaching, and to buy textbooks and other materials.

As part of the plan, the leaders also promised to lower barriers to home ownership, strengthen democratic institutions, improve training for judges and prosecutors and cooperate in the fight against drugs.

Thomas L. McLarty, President Clinton's special adviser for Latin America, said in an interview that the social action plan was the next

logical step for Latin America as it completes a first round of reforms, which have included a return to democracy in many countries and a restructuring of inefficient economies.

Perhaps the most discussed issue of the social action plan was its creation of the position of rapporteur, or monitor, at the Organization of America States to report on freedom

of expression. The rapporteur would investigate cases of press repression and other free-speech abuses.

Despite the rise of democracy in Latin America after decades of military dictatorship, freedom of the press remains a goal rather than a reality across much of the region. Often those opposed to free speech are the democratically elected governments promising to protect it.

In the last decade, at least 120 journalists have been killed in Latin America while reporting on corruption, drugs and human rights abuses. Several Latin American governments, like Argentina's, have introduced legislation that critics contend would intimidate the press and quash investigations.

In Latin America, the press is often the only check on government.

In many of the countries, the executive branch exercises considerable control over the judiciary and the legislature, which are often dominated by members of the President's party or by the President's appointees.

Clinton Administration officials have long expressed concern about making new trade deals with countries that do not have independent

news organizations to help guard against corruption. That concern has been echoed by those involved with international business and investment.

While the meeting focused less on trade issues than the organizers had hoped, trade experts said setting a date to begin free-trade talks and establishing a logistical framework for those negotiations would hopefully keep the momentum for an agreement alive.

But the experts acknowledged that the lack of fast-track authority — under which Congress would be able to approve or reject a trade agreement negotiated by the Administration but not to amend it — had hurt the United States' credibility on free trade.

The Free Trade Area of the Americas would have 34 member nations (Cuba is not included) with 750 million people and a gross domestic product of more than \$9 trillion. The United States accounts for 85 percent of the region's economy.

The population would be more than double the 370 million of the 15-nation European Union.

Last year, United States exports to the hemisphere totaled \$286 billion, or 42 percent of its global exports. In the five years since 1992, trade within the Western Hemisphere has risen to \$592 billion, from \$375 billion.

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Continued on Page A10

"Yes, yes, they announced the changes a month ago with a lot of fanfare," he said. "But unless they are ready to send a small army of people out here, it's not going to be enough to make a noticeable dent."

Mr. Williams said there were crates full of files in the hallways of the district immigration office in Los Angeles. Even now, he added, his clients were unable to get immigration officials to answer simple questions about missing forms or future appointments.

Angélica Salas, an administrator who works with Mr. Williams, said that despite the help Los Angeles was receiving, the agency was as disorganized as ever. Recently, she said, community organizations were handed a list that included 30 centers in California where applicants could get their fingerprints. When the immigrants arrived at several of the centers for fingerprinting, employees there told them they had no idea what they were talking about.

Just five years ago, most immigrants were shunning citizenship. That was before new Federal and state laws that restricted benefits like welfare for noncitizens and threatened deportation. Now more applications are filed every year than in the years from 1911 to 1920, when there was an unprecedented wave of immigration from Europe. In 1996, 1.3 million applied for citizenship, and the figure climbed to 1.5 million in 1997. Close to 2 million applications are expected this year.

"We simply had a record number of applications hit a 1950's sort of system, totally unprepared to deal with that volume," said Andrew L. Llubes, an immigration service spokesman in Washington.

A report released last week by The Citizenship Now Collaborative, a national coalition of six immigrant rights groups, blames the Immigration and Naturalization Service and Congress for allowing citizenship applications to mushroom while the two bickered about how best to run the agency.

Congress has been particularly hard on the agency since 1996, when it was discovered that an earlier initiative to reduce the backlog had resulted in sloppy work. Hundreds of people with criminal backgrounds were granted citizenship. Republicans accused the Clinton Administration of rushing the naturalization process to gain votes for Mr. Clinton's 1996 re-election from immigrants, who are thought to largely vote Democratic.

The debate led Congress to delay much-needed money for the immigration service, and forced the agency to rush a series of measures to placate Republicans in Congress. Immigration officials say the measures will ultimately improve the system. Now, however, they are having the opposite effect.

The waiting time in some cities has been doubled by the mandated measures, which include having two people and a supervisor go over the same citizenship application and waiting to receive clearance from the Federal Bureau of Investigation for each set of fingerprints (formerly, a lack of response from the F.B.I. was a sign of a clean criminal record).

"Congress exaggerated our flaws," said an immigration official in Washington who spoke on the condition of anonymity. "They used a 50-pound hammer to hit a fly. Creating the hammer and training people how to use it made the backlog grow wildly."

Margie McHugh, executive director of the New York Immigration Coalition, said neither Congress nor the immigration service has realized the impact of the new procedures. "In the meantime, more and more people have filed," she said. "At this rate, the backlog will only continue to grow and more and more people will fall behind."

The backlog has already affected Sunny Chan, a 27-year-old radio operator from China and aspiring journalist who thinks he was turned down for a job in London because he did not have a United States passport.

"I was so embarrassed sitting there," Mr. Chan of his job interview. "How could I explain to them who I was?" He has not heard from immigration officials since he was interviewed in August of 1996, shortly after he sent his application in. "I have written letters, called many times, even stood in line for four hours," Mr. Chan said. "They tell me there is nothing they can do and I have to wait."

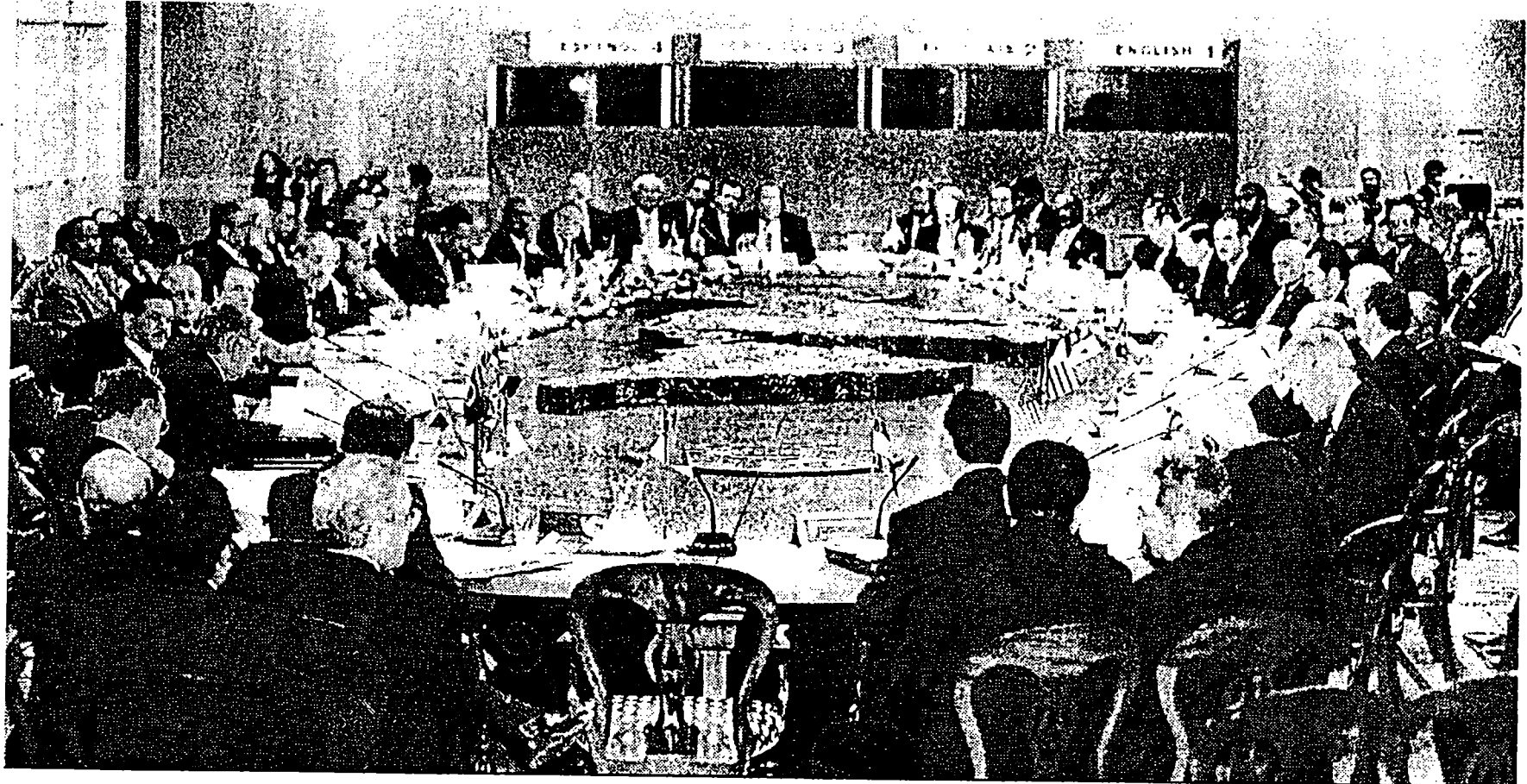
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President Clinton, right, and other leaders at Chile talks. The empty chair belonged to President Alberto Fujimori of Peru, who was briefly absent. Associated Press

Shenbein's Older Brother Got Immunity

Grant Was Made in Exchange For Testimony About Slaying

By **NATHAN SHAWBERG** and **HERN SHEIN**

Montgomery County prosecutors gave the brother of a slaying suspect Samuel Shenbein immunity from criminal charges in exchange for testimony about Samuel Shenbein's alleged role in the slaying and their father's role in helping Samuel Shenbein flee to Israel, according to the agreement, which was provided yesterday to The Washington Post.

Montgomery prosecutors said yesterday that they found no evidence to connect Robert Shenbein, Samuel Shenbein's older brother, with a crime, but they said that Robert Shenbein would not cooperate in the investigation until he was granted immunity. The grant of immunity was also a condition for Robert Shenbein to return from Israel and testify before a grand jury.

Samuel Shenbein, 17, and Aaron Needle, 18, were charged with first-degree murder in Alfredo Enrique Tello Jr.'s death, and Needle was to go on trial in Montgomery County Circuit Court today. Needle was found hanged in his cell in the Montgomery County jail on Saturday afternoon. The medical examiner has ruled his death a suicide and determined that the cause of death was asphyxiation.

Samuel Shenbein is fighting extradition from Israel. The judge hearing Shenbein's case is not expected to make a decision before July, and if the judge orders him extradited it probably will be appealed, delaying a final decision for as much as two years.

However, in the aftermath of Needle's suicide, new details emerged yesterday about the events that followed the death of Tello, whose charred and limbless body was found Sept. 19 in the garage of a vacant Aspen Hill home near Shenbein's home.

Samuel Shenbein's case will not go to trial, prosecutors said yesterday that they were released from some constraints on discussing evidence that would have been used against him.

Authorities recovered the weapons allegedly used in the slaying.

■ **Shenbein's attorney asks why his client was not on a suicide watch.** Page A10



After Loss, a New Life

Aren Almon Kok shows her baby to Oklahoma City firefighter Jon Hansen during service for victims of the 1993 federal building bombing. Kok's first daughter was photographed that day in the arms of a firefighter. Yesterday also marked the anniversary of the 1993 Branch Davidian raid and fire near Waco, Tex. Story on Page A4.

Defining the Terms of Harassment

Case Before High Court Could Affect Mary, Including Paula Jones

By **JOAN BISKUPIC**
Washington Post Staff Writer

CHICAGO—Kimberly Ellerth was 23, fresh out of college and recently married when she landed a prized marketing job with Burlington Industries in its Chicago office. But eventually her dream job became unbearable, she said, after a boss began making sexual advances toward her.

The supervisor would accompany

Ellerth on business trips, and once in a hotel lounge, after ogling her body, he allegedly said, "You know, Kim, I could make your life very hard or very easy at Burlington."

Later, in a telephone conversation, he reportedly said, "I don't have time for you right now, Kim, unless you tell me what you're wearing." Shorter skirts would help, she remembers him saying. Another time, he allegedly rubbed her knee and said she was not "loose enough for him."

Ellerth did not submit to his propositions and lost neither her job nor a promotion as a result. But after about a year, when the boss supposedly refused to authorize a project of hers and asked in a telephone call, "Are you wearing shorter skirts yet?" Ellerth quit.

She began thinking, "This isn't fair. This isn't right." So she sued Burlington for sexual harassment.

See COURT, A6, Col. 1

Chinese Dissident Arrives In U.S.

Release of Key Leader In '89 Protest Smooths Way for Clinton Visit

By **WILLIAM BRANIGAN** and **STEVEN MUISEN**
Washington Post Staff Writers

Chinese dissident Wang Dan, a leader of the 1989 pro-democracy demonstrations that were crushed at Tiananmen Square, landed in Detroit yesterday after his release from a Chinese jail and was promptly admitted to a hospital for tests.

Wang, 28, was freed on "medical parole" by Chinese authorities and flew into exile as part of a reported deal between Beijing and Washington to smooth the way for a June summit in China. He arrived at Detroit Metropolitan Airport on a flight from Beijing and was immediately driven to Henry Ford Hospital with a police escort.

By releasing Wang well in advance of President Clinton's visit, China analysts here said, Beijing can score political points with Washington and still avoid the appearance of yielding to international pressure. While making a gesture to the United States, China also risks itself of an internationally prominent political prisoner and one of the country's most persuasive and persistent advocates of greater freedom and democracy.

Wang, in a statement issued from the hospital and distributed by the group Human Rights in China, thanked the United States "for its efforts in pressing for

See DISSIDENT, A15, Col. 1

Summit Ends With Promises

Hemisphere Leaders Focus on Trade

By **ANTHONY FAOLA** and **THOMAS W. LIPPMAN**
Washington Post Foreign Service

SANTIAGO, Chile, April 19—The second Summit of the Americas ended here today with President Clinton and 33 other Western Hemisphere leaders signing a declaration that promised everything from a rethinking of the drug war to negotiations that could create the world's largest free-trade zone.

The leaders treaded lightly on the challenges to democracy still looming in Latin American trouble spots from Paraguay to Peru, concentrating on "a second generation" of issues, such as education and economics. The topics reflected what participants labeled an overall deepening of Latin America's transition from dictatorships to democracies and from state-owned behemoths to free-market systems.

Clinton underscored his belief that a greater pool of people must benefit from those changes if they are to hold. The Americas have undergone a "profound revolution in the last few years, a revolution of peace and freedom and prosperity," the president said. "Here in Santiago, we embrace our responsibility to make these historic forces lift the lives of all our people."

"It is a future worthy of the new Americas in a new millennium."

In Latin America, which long has been the inferior partner in a gener-

See SUMMIT, D1, Col. 2



Brad Weeks, 8, a third-grader at Timber Lane Elementary School near Falls Church, absorbs a math lesson. The school begins year-round classes in August.

In Fairfax, Year-Round Classes

Elementary School Is Area's First to Try Longer Schedule

By **VICTORIA BENNETT**
Washington Post Staff Writer

Come Aug. 3, when most Washington area children are hanging out at the neighborhood pool enjoying the dog days of summer, 9-year-old Tiffany Jones will be back in class at Timber Lane Elementary School.

The Fairfax County third-grader can hardly wait. "Summer is way too long anyway," Tiffany said. "Besides camp, it's mostly me and my mom running here, running there—not fun," she said. "I'd rather be in school."

That's good, because Tiffany doesn't have much choice if she wants to remain at Timber Lane, and neither do the school's 559 other students. This summer, Timber Lane will become the only public school in the Washington

area with a year-round schedule of classes.

The shorter summer vacation means that students won't forget as much of what they learned the previous school year, so teachers won't have to spend as much time reviewing old material in the fall, Timber Lane officials say.

In return, students will get longer breaks in October, January and April, but they'll have the option of taking enrichment or remedial classes during parts of those breaks. If they enroll in the special classes, they'll be getting up to six more weeks of school than children on a traditional calendar.

It's an experiment that other Washington area districts have considered in recent years but decided not to pursue, mostly because of parents'

See SCHOOL, A8, Col. 1

Heavy-Handed IRS Unit Under Scrutiny

Senate Panel to Examine Tax Fraud Division's Overzealous Approach

By **BOBETT D. FROWSON**
Washington Post Staff Writer

Bookkeeper Debbie Shofner had quite a story to tell law enforcement agents about two restaurants along the Virginia coast that were, she said, nests of criminal tax evasion, money-laundering and drug dealing.

The FBI didn't believe her. So she shopped her tale of phony financial books, late-night drug

runs and stacks of cocaine to the Internal Revenue Service.

Days later, on Easter weekend 1994, rifle-carrying IRS agents and other law enforcement officers with drug-sniffing dogs stormed into the Jewish Mother restaurants in Virginia Beach and Norfolk and the nearby homes of the owners and managers. They carted off cash registers, computers, Rolodexes and other financial records and even roused one

manager from his shower, according to court records.

But they found no cocaine, no money-laundering and, most importantly, no evidence of tax crimes. Shofner, who had a prior conviction for financial fraud, had fabricated the story to hide her own criminal embezzlement.

Five months later, the government sheepishly told the restaurant owners that the case was closed and they could pick up

their belongings.

The raid was ordered by the IRS's Criminal Investigations Division, whose 3,158 special agents are responsible for probing serious allegations of tax fraud. But the heavy-handed tactics, poor attention to detail and embarrassing results in the Jewish Mother case are emblematic of too many CID operations, according to for-

See IRS, A11, Col. 1



Incoming Police Chief Charles M. Ramsey sees no quick fixes ahead.

Big Problems in the Precincts

New D.C. Police Chief to Face Crises in Equipment, Buildings

By **CHERRY W. THOMPSON**
Washington Post Staff Writer

When it rains, D.C. police officers assigned to the 4th District on upper Georgia Avenue NW arm themselves with buckets and mops. These are their weapons of choice to clean the pigeon droppings that wash into offices through the poorly sealed windows and leaky roof.

After a hard summer run, the officers must defend themselves against the horde of mosquitoes that get into the building through holes in the ceilings big enough for adolescents to crawl through.

In the office where police officers process evidence from crime scenes, the air conditioning hasn't worked for a year. And when any of the 50 women who work there want to shower, they must use a stall in a custodian's closet because there are no shower facilities for women.

The conditions in the 4th District building are among the worst in the D.C. police department's seven district stations, and they are among the long-ignored problems awaiting Charles H. Ramsey, Mayor Marion Barry's nominee to be police chief. Ramsey's confirmation hearing before the D.C. Council starts today.

The U.S. attorney's office, a special

See POLICE, B1, Col. 1

INSIDE

Linda McCartney Dies at 56

■ Linda McCartney, a photographer, musician, vegetarian and the wife of former Beatle Sir Paul McCartney, died of cancer. **OBITUARY, Page B4**

Safe Juice

■ The FDA this week will announce proposed regulations designed to improve juice safety, including warning labels on some products. **NATION, Page A2**

Tobacco Allies

■ Opposition to national tobacco legislation has been building steadily without a loose coalition of diverse and unusual constituencies. **NATION, Page A7**

Gates's Big Week

■ Bill Gates has a big week ahead, with the unveiling today of Windows 98 and Microsoft's legal showdown in an appeals court here. **NATION, Page A12**

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quid pro quo liability on the employer; the supervisor must have ... [subjected] the victim to adverse job consequences as a result of her refusal to submit."

Casey, the company's lawyer, defines a "tangible" job loss as "anything that rises to the level of something that would affect one's career."

"Congress simply cannot have intended for [federal law] to make employers strictly liable for the behavior of their supervisory employees at all times and all places," he said.

But Ellerth's lawyer, Ernest Rossiello, said that if a supervisor is going to use his authority to win a sexual demand, the company should be held accountable, whether the employee was punished or not. If a supervisor has the power to threaten some consequence, he said, that is enough to invoke the company's responsibility.

"In a lot of cases there is no job loss or bonus forfeiture," Rossiello said in an interview. "But why should a woman have to come into work and have to be humiliated, like, 'Hey tootsie, nice legs.'"

Rossiello said Ellerth remains upset over the episode and has nightmares. "This has screwed up her whole life," Rossiello said. "She had a good life and a good job. This was exactly the job she went to college for." After working as a substitute teacher, Ellerth is now a homemaker with two small children.

Ellerth, whose version of events at Burlington was recorded in a lower court proceeding, has refused all recent requests for interviews. In a session earlier this year with Court TV, she remained composed until she was pushed for details about her time at Burlington. Then she broke into tears, continually reaching for tissues as she talked about how "humiliating" and "degrading" the experience was: "It made me feel like a piece of meat."

Since the alleged abuse occurred four years ago, the two sides have been locked in a dispute over

whether the incidents, even if true, constituted sexual harassment. As a result, Ellerth has never had a trial on the merits of her case. The man she accused of harassing her, Theodore Slowik, continues to work for Burlington, because company officials say they investigated and believe nothing improper occurred.

Legal experts say it is not uncommon for a worker to feel the threat of retaliation for spurned advances but have no paper trail to show to management or the courts.

Alice Jansen claims that she too was subjected to sexual harassment in much the same way that Ellerth describes. Jansen was 39 and recently divorced when she found a well-paying secretarial job at a packaging company in Chicago. But the relief she felt at getting work to support two children and pay a mortgage quickly disappeared.

"First, he started talking about my looks, asking me to wear skirts," Jansen said of her boss. "Then ... he would pat his crotch as he talked to me. He was always coming in asking for a 'quickie,' meaning oral sex, she said.

Jansen flushes as she says, "Just the mere fact of someone telling me he wants [oral sex]. I was angry. How does he get away with it?" But she ended up keeping her job even after her boss left the company. Because of the similarity of the cases, the dispute was consolidated with Ellerth's in the 7th Circuit, but Jansen has since decided to settle her claim. Ellerth's moved forward and will be heard by the Supreme Court on Wednesday.

Many groups with a stake in the matter will be watching.

The Equal Employment Opportunity Commission filed a brief in the case arguing that claims such as Ellerth's are legitimate and should be heard. "The employee may decide not to accede to the demand, and the supervisor may decide not to enforce it, and those decisions may affect the extent of

recoverable damages," Solicitor General Seth P. Waxman wrote in a brief for the EEOC. "But as long as the employee reasonably believes that the threat is genuine, and the supervisor has authority to grant or withhold the benefit," the employee should be able to bring a sexual harassment complaint.

In a similar vein, the National Employment Lawyers Association has told the court that because job supervisors have such authority in society, courts should find that unlawful harassment occurs when a boss makes a threat, whether or not the threat is carried out.

On the other side, the U.S. Chamber of Commerce has urged the court to find in *Burlington Industries v. Ellerth* that an unfulfilled threat is actionable only when it was sufficiently severe to change the conditions of the job and only if the employer knew or should have known about it and failed to take action.

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Summit Ends With Promises

34 Leaders Focus On Trading Zone, Drugs

By ANTHONY FAIOLA
and THOMAS W. LIPPMAN
Washington Post Foreign Service

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SANTIAGO, Chile, April 19—The second Summit of the Americas ended here today with President Clinton and 33 other Western Hemisphere leaders signing a declaration that promised everything from a rethinking of the drug war to negotiations that could create the world's largest free-trade zone.

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Clinton underscored his belief that a greater pool of people must benefit from those changes if they are to hold. The Americas have undergone a "profound revolution in the last few years, a revolution of peace and freedom and prosperity," the president said. "Here in Santiago, we embrace our responsibility to make these historic forces lift the lives of all our people. . . . It is a future worthy of the new Americas in a new millennium."

In Latin America, which has long been the inferior partner in a general-

See SUMMIT, A14, Col. 2

SUMMIT, From A1

ly paternalistic relationship with the United States, the summit is widely viewed as a key turning point in equalizing that relationship. Latin officials, for instance, believe a great leap forward was made in the creation here of a Multilateral Counter Drug Alliance that would use the Organization of American States as a tool to evaluate each nation's record of combating drug trafficking—a process seen here as a potential alternative to the highly disparaged U.S. procedure of "certifying" the anti-drug cooperation of individual nations.

"We saw the [U.S.-Latin America] relationship change during this summit," Chilean Foreign Minister Jose Miguel Insulza said in an interview. "If Richard Nixon hadn't used the term 'mature partnership' to describe his ignoring of Latin America in the 1970s, that is exactly the term we would be using to describe the relationship today. We are talking more equally, and we are no longer having one-way conversations. The U.S. is listening to us too."

But U.S. officials were quick to point out that some changes are not likely to be immediately forthcoming. In discussing the U.S. drug certification process, national security adviser Samuel R. "Sandy" Berger declared: "We would have to obviously have a long discussion with Congress before there were any changes in U.S. law. I think that's not contemplated at this point." In general, however, he echoed Insulza's assessment of the hemispheric relationship.

"One of the things that is very striking about this meeting," Berger

said, "is that . . . there is no sense of America trying to dominate [the other] countries. . . . There is a genuine spirit of partnership."

That new relationship manifested itself in a number of ways, not all pleasing to the Americans. One clear indication of hemispheric willingness to question U.S. policy came in the form of private calls for reinstatement of Cuba to the OAS and in public declarations that Cuban President Fidel Castro should be included in future hemispheric summits.

On the heels of Pope John Paul II's visit to Cuba in January, it was revealed this weekend that Canadian Prime Minister Jean Chretien, who will host the next summit, possibly in 2000, has accepted an invitation to visit Havana next week, becoming the first Canadian leader to do so in 21 years. Meanwhile, other leaders here spoke of ending Cuba's isolation.

"The exclusion of Cuba is unfair because that country isn't a threat to anyone," Peruvian President Alberto Fujimori told reporters. "The Cuban president should have been allowed to come here and express his point of view and to listen to criticism of him."

But the Cuba issue was one of the few divisive notes in what was generally a diplomatic love fest. Indeed, the language of the final communique is so lofty that it almost echoes Marxist utopian rhetoric from bygone generations—the difference being that trade and capital markets, rather than economic collectivism, are offered as the keys to a happier future for the region.

As expected, the summit participants agreed to a strict schedule of

negotiations for a proposed Free Trade Area of the Americas, despite the fact that Clinton arrived in the Chilean capital without "fast track" authority—the power to sign trade accords that Congress could then only vote up or down, without amendment. The lack of fast track, which Clinton failed to win from Congress last November, ironically was viewed here as a deal maker, rather than a deal breaker. Countries such as Brazil—which had resisted the initial U.S. format for trade talks—found the United States now willing to compromise on the structure of negotiations to keep the prospect of a vast free-trade zone alive.

Although it will still be tough to persuade many opponents at home, U.S. Trade Representative Charlene Barshefsky said that the proposed free trade area "is embraced by all of the countries without exception as integration to a broader agenda of strong democracies, the alleviation of poverty and the empowerment of people and sustainable development." In the summit communique, the nations agreed to sign an accord by 2005, with the first round of negotiations to begin as early as June.

The 34-page "plan of action" goes on to address everything from new techniques to combat the drug trade to standards for transporting nuclear waste through the Panama Canal. Other new drug proposals include hemispheric efforts to crack down on money laundering, combat drug addiction and support "alternative development" programs that would give farmers who grow drug-producing plants the incentive to cultivate

legal crops.

The summit plan also focused on combating illiteracy and pledged to "ensure, by the year 2010, universal access to and completion of quality primary education for 100 percent of children and access for at least 75 percent of young people to quality secondary education." To reach that goal, the Inter-American Development Bank and the World Bank have already committed \$6 billion in concessionary loans for education over the next three years.

The plan calls further for a strengthening of the judicial systems in Latin America—still among the region's weakest institutions—through creation of a new justice center that would train judges and prosecutors on applications of law. The document also outlines a tighter regulation of the region's banking system, greater cooperation in rooting out money laundering and greater participation in U.N. peacekeeping missions by Latin America militaries.

Indeed, at the same time as the United States engages in a new partnership mentality toward Latin America, the nations in the hemisphere appear more willing to work with Washington to address their myriad social and economic problems. There may be a lingering "us vs. them" attitude, especially in South America, but they were not much on display here.

"You now have recognition by all these governments of the need to rebuild civil society at the local level," one senior U.S. official said. At the first summit of the Americas, in Miami in 1994, he said, "we couldn't get that recognized. Some of them wouldn't even talk about it."

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First Lady Works Summit's Foothills

By THOMAS W. LIPPMAN
Washington Post Staff Writer

TEMUCO, Chile—Up in Santiago, 500 miles to the north, President Clinton and the leaders of 33 other Western Hemisphere nations were signing high-minded proclamations of their commitment to expand education, economic opportunity and access to justice for all their people.

At the same time Saturday, outside this drab highland town, first lady Hillary Rodham Clinton was jolting over a dusty gravel road to visit a rural clinic for the indigenous Mapuche people where conventional medicine is blended with traditional cures.

Despite the difference in setting, both Clintons were promoting the same notion: democracy and prosperity must be built from the bottom up, as well as from the top down.

That was the theme of the second Summit of the Americas, which ended yesterday, and of all of President Clinton's public statements during his four days in Chile. Largely at Clinton's behest, the summit participants endorsed his premise that democracy means more than elections—it must be reinforced and made permanent through a "second generation" of political, legal and social reforms that give ordinary people a stake in it.

The summit's final declaration, issued yesterday, could have been written by either Clinton. "The strength and meaning of representative democracy lie in the active participation of individuals at all levels of civic life," it said. "The democratic culture must encompass the entire population."

For the first lady, the trip to Temuco provided an opportunity to practice her husband's policy at the retail level. At a new Mapuche school and cultural center, at the clinic and at a meeting with women who have started modest businesses, she hailed Chile as a model of Latin American reform, where people once oppressed now see democracy and education as their keys to a better future.

"During the time of military dictatorships [in Latin America], civil society was largely destroyed," she told reporters aboard her plane. "There was no way for people to claim or enforce any of their rights. Now it's necessary to rebuild civil society," an effort that in her view starts at the grass roots.

Mrs. Clinton, who has traveled through Africa twice, as well as South Asia and South America, has become an enthusiast for small-scale, cooper-



BY MARIANA RAZO—REUTERS

Mapuche artisan Agustina Painiqueo, right, shows Hillary Clinton a spindle and woven products in Temuco, Chile.

ative development projects that give villagers a sense of opportunity and participation. With her outlook largely shared by Secretary of State Madeleine K. Albright and Agency for International Development Administrator J. Brian Atwood, the administration has been channeling foreign aid and other resources into developments that fit this description—and especially into Mrs. Clinton's favorite cause, "micro-credit," or modest loans to aspiring entrepreneurs, mostly women.

A summit announcement said AID will provide \$120 million over three years to finance micro-credit programs, and summit participants "pledged to work with multilateral institutions and regional organizations to invest in the range of \$400-\$500 million over the next three years; combined, donor efforts should provide new financial resources to over 1 million new microentrepreneurs."

They also promised to crack down on child labor, strengthen health care, put more money into education, "strengthen mechanisms for gender equity," protect indigenous cultures and "find ways to ensure that the rural and urban poor secure title to their property."

Well and good, the first lady said,

but the outcome will be determined by the day-to-day efforts of ordinary people reinforcing each other.

At the Mapuche school and cultural center—which directors said was built after years of struggle with a central government that discouraged use of the Mapuche language, and only with the help of Peace Corps volunteers—Mrs. Clinton was greeted by colorfully dressed women who said the center had given them an opportunity to produce and sell their rugs and pottery, for which there previously was little market.

That was exactly the point, Mrs. Clinton told them: Progress begins in the community.

In Santiago, she said, "the leaders will be talking about how to protect democracy, how to create a justice system that works for all people, how to fight poverty and protect human rights, how to make sure every boy and girl is educated and every person has health care, how to protect the rights of indigenous people to be able to use their own language and follow their own customs, and how to create respect among all people throughout our entire hemisphere."

That might seem an ambitious, not to say utopian, program, but according to Mrs. Clinton, ordinary citizens can make it happen if they

work together to make their new democratic systems produce.

The day's final stop was listed on her schedule as a "micro-credit event," the second of her visit to Chile. At the first, Friday, the president also took part. The format calls for local people who have made breakthroughs in their lives with tiny amounts of financial assistance to tell their stories and hear words of encouragement.

Here Mrs. Clinton heard from women who banded together in a flower-selling cooperative, and from a woman who obtained a foundation grant to learn goose-raising in France. All said they were formerly "housewives" raising children but now are able to contribute financially to their families.

That is what Mrs. Clinton likes to hear. "I especially like the part about how this kind of work makes women feel good about themselves," she said. "I have personally seen how effective micro-credit is all over the world. . . . It's a very good investment to make micro-credit loans to women like the ones we have met here today." There was no discussion of reactions of any men in this conservative society whose wives have now gained some independence.

The Washington Post

MONDAY, APRIL 20, 1998

MONDAY, APRIL 20, 1998

The Washington Post

Silvestre Reyes

An Ally in the War on Drugs

Finding fault with Mexico is a no-win strategy.

I live on our nation's border with Mexico. I have firsthand knowledge and experience of our nation's "war on drugs." I spent more than 26 years of my life on the front line of that "war" as a Border Patrol agent, enforcing our nation's immigration and narcotics laws. For 11 of those years, I was the Border Patrol sector chief in McAllen, Tex., and El Paso.

The most important lesson I learned while working on the border is that to be successful in our fight against drug trafficking, we must help Mexico reform its police apparatus as well as its legal and judicial systems. If the United States and Mexico are to stop drug smuggling, we must cooperate and work in an environment of mutual understanding. Because about 60 percent of the cocaine on the streets of the United States passes through Mexico, its cooperation is vital to any counter-drug effort. Merely criticizing Mexico achieves nothing.

The United States consumes more than \$5 billion a year in illegal drugs. We should own up to our responsibility and stop trying to blame others. Indeed, a recent survey found that 46 percent of Americans believe that Americans are responsible for the problem of illegal drugs in the United States. Interestingly, 50 percent of those same Americans believe that certification should be made tougher. They believe that we as a country are responsible for creating the demand,

but we need to punish foreign nations for our problem. We should not continue to use the certification process as a forum to vent the frustrations we as a nation feel about the devastating impact of drugs on our communities.

The Mexican government bristles at the annual certification process, viewing it as an affront to their nation and an infringement on their sovereignty. The Mexican ambassador to the United States, Jesus Reyes-Heróles, refers to the certification process as "the most stressful period each year in the relationship between the two nations. This stress does not, in our view, enhance the cooperation essential to defeat this mutual scourge."

Our nation shares a 2,000-mile border with Mexico, but we along the border share more than that with our neighbors to the south. Not only have our economies long been interdependent, but our cultures also are tied by more than 400 years of history.

Since the implementation of NAFTA in 1993, communities on both sides of the border have become an integral part of the hemispheric trade success of North America with Latin America. American exports to Mexico increased by 126 percent from 1990 to 1996. The trade pact not only makes economic sense, it is also a logical evolution of international trade and commerce. It is a vibrant success story in the making, but it

can be jeopardized by the process of certification and the contentious issues associated with it each year.

Mexico's efforts in this "war on drugs" are notable and should not be overlooked. In the past year, Mexico has enacted money-laundering legislation and created new investigative units to help root out official corruption. The Mexicans also have begun to rebuild their anti-drug institutions under the leadership of Attorney General Jorge Madrazo.

The Mexican government also has improved its efforts relating to extradition and has signed a bilateral extradition protocol. Mexico City already has approved the extradition of 27 fugitives from U.S. justice. Of the 27, 13 fugitives were extradited (seven for drug crimes) while the remaining 14 have appealed their extraditions.

We must continue to build on this kind of progress. The United States policy of judging the drug-fighting efforts of other countries is counterproductive and must be changed if we are to have any real impact on international drug trafficking. We must develop a process in which we engage our partners through cooperation rather than confrontation.

The writer, a Democrat, is a U.S. representative from Texas.

What's News—

Business and Finance

ELI LILLY'S EVISTA may prevent breast cancer, clinical trials indicate. What's more, Evista, currently approved as an osteoporosis drug, may work without the higher rates of uterine cancer associated with tamoxifen, the most recent breast-cancer breakthrough. Trials of Evista to combat cancer go back only two years. But word of the unreleased results boosted Lilly's shares \$5.125 to \$68.375.

(Article in Column 1)

The U.S. trade deficit swelled to \$12.11 billion in February amid falling exports to Asia. Meanwhile, Japan's merchandise trade surplus grew substantially to \$9.51 billion in March.

(Articles on Pages A2 and A8)

Cendant said it dismissed a senior finance executive as more details of its accounting problems and the probe into them emerged. Meanwhile, some mutual-fund managers saw a buying opportunity in the stock's decline.

(Articles on Pages A3 and A6)

Two big Canadian banks plan to merge. The \$14.3 billion union of CIBC and Toronto Dominion will create a giant with a solid presence in the U.S.

(Article on Page A3)

Pfizer's impotence pill is already one of the fastest-selling drugs ever, with doctors writing tens of thousands of Viagra prescriptions a day, market sources say. Pfizer stock rose 4.5%.

(Article on Page B1)

U.S. factory output cooled in March, but not enough to hurt expectations of strong first-quarter growth.

(Article on Page A2)

The Dow Jones industrials rose 90.93 to a record 9167.50 as financial and consumer stocks gained ground.

(Article on Page C1)

U S West is set to unveil plans to offer TV programming and high-speed Internet access over telephone lines.

(Article on Page B2)

Mario Gabelli is moving toward a decision to sell a piece of his money-management firm in a public offering, people close to the situation say.

(Article on Page C25)

GM's net fell 11% to \$1.6 billion for the quarter because of troubles overseas and its Hughes defense sale. But the results beat Wall Street forecasts.

(Article on Page A4)

Caterpillar boosted its first-quarter earnings 9% to a record level as robust U.S. demand for construction equipment offset weakness in Asia.

(Article on Page A6)

Seagram's CEO denied rumors that the company is thinking of selling Universal Studios and said the studio's recent management turmoil is over.

(Article on Page B4)

McDonald's met analysts' earnings expectations, reporting that net income for the first quarter rose 5%.

(Article on Page A4)

Chrysler cut the annual bonuses of its top executives, reflecting the automaker's 20% profit drop last year.

(Article on Page B10)

Gateway 2000, a direct seller of PCs, will announce a division to build more formal ties to dealers.

(Article on Page B2)

Markets—

Stocks: Volume 662,109,050 shares. Dow Jones industrials 9167.50, up 90.93; transportation 3685.28, off 0.74; utilities 289.58, up 3.36.

Bonds: Lehman Brothers Treasury index 7836.38, off 0.44.

Commodities: Oil \$15.48 a barrel, off 42 cents. Dow Jones futures index 139.03, off 0.37; spot index 129.10, off 0.33.

Dollar: 131.75 yen, off 0.05; 1.8090 marks, up 0.0045.

World-Wide

CLINTON FINISHED a summit with 33 other North and South American leaders.

The group, which met in Chile, officially kicked off talks for a new hemispheric free trade area by 2005, and worked to formulate a consensus position in areas such as the war on drugs. The trade agenda was dimmed, however, by the U.S. president's lack of "fast-track" negotiating authority. Some leaders, in fact, used the gathering to strengthen regional or bilateral accords that exclude the U.S. (Article on Page A15)

Cuba wasn't invited, prompting calls for its isolation to end. Prime Minister Chretien is to go to Havana April 27, the highest-level Canadian visit since 1976.

A top Chinese dissident arrived at a Detroit hospital, freed ahead of a Clinton visit. Wang Dan, a Tiananmen Square student leader, is to undergo tests today. The U.S. hailed the release as a validation of its human-rights efforts, but dissident Wei Jingsheng, freed last year, said Wang was a pawn in Beijing's bid to quell criticism.

House GOP leaders are discussing tobacco legislation to impose a cigarette excise tax and possibly withhold liability protections the industry wants, but it is narrower than a Senate plan. Meanwhile, reargument was ordered in the industry's court challenge to an FDA bid to regulate cigarettes. (Articles on Pages A3 and B11)

The main Protestant party challenged Sinn Fein to emulate its approval Saturday of the Northern Ireland peace accord, but the IRA-allied group's leader said he would wait for a May 22 referendum to draw closer before polling delegates. Gerry Adams told Sinn Fein members the pact represents tactical progress toward ending British rule.

Pol Pot's death doesn't ensure political stability for Cambodia, according to the U.S. envoy to the U.N., who is visiting the region to press an ousted co-premier's bid to run in a July election. Khmer Rouge guerrillas rejected pleas for an autopsy and cremated Pol Pot's body Saturday, bolstering suspicions he was killed or committed suicide.

Israel welcomed British Prime Minister Blair, who is trying to restart stalled peace talks with Palestinians. An Israeli settler was killed by Palestinian gunmen just before his arrival. Meanwhile, Israel released two more members of a radical PLO faction who had been held for years without trial.

Yeltsin appears to be on a collision course with the Duma, which Friday rejected his choice for premier for the second time. The legislature could be dissolved if it votes no again this week. The Russian president met with Japan's prime minister over the weekend. (Article on Page A15)

Nigerian opposition parties called for a boycott of legislative elections set for Saturday, part of military ruler Sani Abacha's plan to restore civilian rule. Government-sanctioned parties opened a convention to decide if Abacha should face a challenger in the presidential election later this year.

Afghanistan's Taliban militia gave the opposition four days to begin peace talks after a U.S. envoy visited Friday and announced a truce. Despite initial billing, local leaders said the visit, made to prepare the way for a pending trip through the region by Clinton, didn't produce any breakthroughs.

A Colombian human-rights activist was assassinated in his Bogota office Saturday by three people posing as journalists. It was the third such slaying in less than two months and the ninth in a year. Suspicion focused on a far-right paramilitary group.

Defense Secretary Cohen said on a Middle East tour that U.S. forces will remain on station in the Persian Gulf to ensure Iraqi compliance with arms-inspection accords. Inspectors told the U.N. Friday there was "virtually no progress" in six months.

Shuttle astronauts dissected mice and rats in a two-week mission to study how the nervous system develops in the conditions of space. The astronauts and nearly 2,000 animals and insects were launched on Friday.

Saudi septuplets are set to leave the hospital after the royal family donated more than \$200,000 to their parents, who said they were too poor to take them. Some, born Jan. 14, were named for royal-family members.

Died: Terry Sanford, 80, former senator, North Carolina governor and Democratic presidential candidate, Saturday, in Durham, N.C., of complications from cancer.

THE WALL STREET JOURNAL
MONDAY, APRIL 20, 1998

Trade Zone Advances at Summit; Stronger Latin Pacts Exclude U.S.

By CRAIG TORRES
And JACKIE CALMES

Staff Reporters of THE WALL STREET JOURNAL
SANTIAGO, Chile—President Clinton and leaders of 33 other North and South American nations officially kicked off talks for a new hemispheric free-trade area by 2005, even as some leaders used the gathering to strengthen regional or bilateral accords that exclude the U.S.

The weekend Summit of the Americas marked the second time since the Clinton-initiated 1994 gathering in Miami that Latin American leaders have met to form a consensus about hemispheric relations in arenas ranging from trade to the fight against drug-trafficking. Mr. Clinton hailed the "revolution of peace and freedom and prosperity" in the region that has allowed the U.S. and its neighbors to meet as more equal partners.

U.S. officials said even though the trade agenda was dimmed by Mr. Clinton's lack of fast-track negotiating powers, without which the 2005 pan-American pact can't be concluded, the enthusiasm for hemispheric agreement had improved remarkably since the Miami meeting.

"Here in Santiago, the ground has been broken for the largest free-trade area in history," said Eduardo Frei, Chile's president.

Clear advances, however, occurred in regional and bilateral accords. Chile and Mexico extended a 1991 treaty. The South American bloc, Mercosur, which includes Brazil, Argentina, Uruguay and Paraguay, took steps to integrate with Andean countries. The U.S. developed bilateral pacts, signing an investment accord with Bolivia and a general trade facilitation agreement with Chile.

U.S. officials said they are confident that future talks on the Free Trade Area of the Americas, which aims to create a common market among the 34 nations by 2005, will seek ways to absorb the strengthened regional accords. But these agreements already are creating advantages for member countries by diverting U.S. investment into their trading blocs.

Lack of rapid progress on trade issues was particularly grating for the summit's host nation, Chile, which has advanced more than any other Latin country in terms of economic liberalization.

Latin and Caribbean leaders have made fast-track negotiating powers essential to concluding the Free Trade Area of

the Americas. Fast-track powers allow a U.S. president to negotiate trade pacts and submit them to Congress for approval without amendment.

Mr. Clinton weathered some extraordinary criticism from his own countrymen here. GOP Rep. Dennis Hastert of Illinois, a member of House Speaker Newt Gingrich's leadership circle who was participating in anti-drug talks at the summit, condemned the administration in a statement for considering a needle-exchange program for U.S. drug addicts. Along with Chairman Ben Gilman (R., N.Y.) of the House International Affairs Committee, he issued a report blasting the White House for seeking to modify the "decertification" process that strips U.S. aid from countries a president certifies aren't cooperating in anti-drug efforts.

China's Release of Dissident Is Seen as Goodwill Gesture

By a WALL STREET JOURNAL Staff Reporter

BELJING—China's freeing of Wang Dan, one of its most prominent dissidents, appears to be a gesture to warm bilateral relations before President Clinton arrives in China in June.

Mr. Wang, 29 years old, arrived yesterday morning in Detroit after China released him "for medical treatment in accordance with the law," the Associated Press reported. Human-rights observers said Mr. Wang left Beijing on a Northwest Airlines flight, after undergoing medical checkups over the weekend.

Henry Ford Hospital in Detroit said Mr. Wang had been admitted and was being evaluated, the AP reported. He is eventually expected to fly to New York, according to activists.

In 1993, Mr. Wang was arrested and sentenced to 11 years in jail on charges of conspiring to overthrow the government. Mr. Wang had suffered for the past few months from headaches and a throat infection, family members said.

Mr. Wang's release, which was expected, comes two weeks before a visit to Beijing by U.S. Secretary of State Madeleine K. Albright. But its timing appears aimed at creating a positive atmosphere for Mr. Clinton's trip. U.S. officials welcomed Mr. Wang's release, which met one of Washington's key requests toward improving China's human-rights record.

THE WALL STREET JOURNAL
MONDAY, APRIL 20, 1998

New Regulator Shakes Up Brazil's Oil Industry

Sheltered Petrobras Faces Presidential Son-in-Law Eager for Competition

By PETER FRITSCH

Staff Reporter of THE WALL STREET JOURNAL
RIO DE JANEIRO—Though David Zylbersztajn occupies a tiny office in the shadow of the state oil company's imposing headquarters here, it is his shadow that is beginning to fall across the entrenched interests of Brazil's long-protected oil industry.

The nation's newly minted oil-industry regulator probably will be one of the government's most important and controversial figures in the coming months and years. He will oversee the devolution of "Petro-saurus," as state-owned Petrobras is known, from a lumbering protected species to one that has to compete with Big Oil. How Mr. Zylbersztajn balances the sale of the national patrimony with the need to attract foreign investment to one of the world's last great underexplored oil provinces will also

bear on what many believe will eventually be Latin America's largest privatization ever: that of Petrobras itself.

By August, Mr. Zylbersztajn and his small team at the National Petroleum Agency have to figure out which of the nation's 391 exploration areas Petrobras keeps and which will be offered as concessions in competitive auction. In all, experts think Brazil can rake in \$60 billion in exploration concessions over the next 15 years or so.

The 43-year-old son-in-law of President Fernando Henrique Cardoso, who bears a resemblance to comedic actor Nathan Lane, Mr. Zylbersztajn isn't your ordinary Latin American in-law with a government sinecure. He boasts sound free-market credentials, and Western oil executives are encouraged by his presence. "You'd think that as a relative of the president he might not be a serious appointment, but you'd be wrong," says an official with a large oil company, one of about 80 with new representative offices here.

Taking office three months ago, Mr. Zylbersztajn raised eyebrows by subverting the nationalistic slogan of the 1950s, "The oil is ours!" declaring: "Now, the oil is yours."

In more-concrete terms, Mr. Zylbersz-

tajn has made it clear that Petrobras won't have its wish list fulfilled. In addition to retaining the rights to all acreage



David Zylbersztajn

where it is now producing oil, Petrobras wants to hold on to acreage where it has discovered oil or is exploring. "They want to keep the filet mignon; I think they want to keep more than they can," says Mr. Zylbersztajn, adding that closing choice fields in the prolific Campos basin to foreign concerns would probably scare away badly needed investment.

To hold on to its undeveloped fields, Mr. Zylbersztajn says Petrobras will have to prove that it has the technical and financial resources to pump oil from those fields in the next 2½ years: a tall order for a company with costs 30% above the industry standard.

Anxious to get competition under way,

Mr. Zylbersztajn—a mechanical engineer by training—says he expects to award exploration and production rights and oil and gas import licenses to private concerns early next year, well ahead of the August 2000 deadline. The pace of change worries some of the tenured brass within Petrobras, with whom Mr. Zylbersztajn has had a strained relationship. He says, for instance, that he has met only once with flinty Petrobras President Joel Rennó. Petrobras declined to comment.

Monopolists have good reason to be wary of the newcomer. In his previous post as energy minister for the state of São Paulo, Mr. Zylbersztajn engineered Brazil's most ambitious electric utility privatization program, encompassing three state-owned utilities valued at more than \$18 billion. The first of those sales, that of distributor CPFL in November to a Brazilian-led group, earned \$2.74 billion for government coffers, a 70% premium over the minimum price set for bids.

Also in his former job, Mr. Zylbersztajn was instrumental in helping Brazil put its old ideas of energy self-sufficiency to rest, arguing for the linkage of Brazilian electricity and natural-gas systems to those of

Please Turn to Page A15, Column 3

Continued From Page A12

its neighbors. He fought Petrobras over the terms of a key Bolivian gas pipeline, helping to ensure the project's financial viability for investors.

Of course, Mr. Zylbersztajn's goal isn't to see Petrobras done away with. "What we want, and what we need, is more oil and less monopoly," he says. With Brazilian energy demand growing at almost 7% a year, that should leave more than enough work for everybody. And many foreign oil companies will surely opt for joint ventures with Petrobras, which enjoys a strong reputation for its skill in ex-

tracting oil from the deep waters off Rio de Janeiro state.

For now, Mr. Zylbersztajn is keeping his distance from foreign oil companies anxious for an audience. That will change, though, in the coming weeks after his agency sets out the financial terms governing exploration concessions. Those terms will be a crucial determinant in the level of foreign interest in sinking wells in Brazil.

Mr. Zylbersztajn vows that fee and royalty structures will have to be attractive to keep companies from going elsewhere, especially given currently weak oil prices. "We must be competitive," he says.

THE WALL STREET JOURNAL
MONDAY, APRIL 20, 1998

Colombia Grapples With Exodus of Oil Companies

By THOMAS T. VOGEL JR.

Staff Reporter of THE WALL STREET JOURNAL

Oil companies are pulling out of Colombia, once the hottest spot for new petroleum investment in Latin America.

Over the past few months Lasmo PLC, Triton Energy Ltd., Royal Dutch/Shell Group and British Petroleum PLC, among others, have decided to scale back exploration and production operations or put their projects up for sale and leave.

Thanks to inflexible and unattractive contract terms over the years, growing problems with guerrilla violence, and more-intense competition among developing nations for new petroleum investment, oil companies drilled just 18 exploratory wells last year in Colombia, down from 76 in 1988.

The reduced exploration has meant a slowdown in Colombia's buildup of proven oil reserves. Government officials recently warned that the country might have to import oil by 2005 if the pattern continues. Oil became Colombia's biggest traditional export for the first time in 1996.

Colombia is trying to play down the exodus at the same time that it scrambles to attract badly needed new investment. Colombian oil officials hit the road last week to talk up 36 proposed exploration and production projects and reverse the decade-long decline in exploration.

"It's not true that investors don't like Colombia," says Oil Minister Orlando Cabrales. "The problem is that oil capital migrates and it can go to other countries."

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he says. "We always have companies coming and going."

Mr. Cabrales bristles at comments that Colombia has been unresponsive for too long to concerns about contractual terms. "Tell them they are liars," he says. "This isn't true now and it wasn't true before."

Colombia's recent efforts to mend fences show the government is sensitive to the problem. But oil industry officials say the efforts may be a case of too little, too late.

"The industry doesn't understand" why Colombia has taken so long to fix its

problems, says Jay Gallagher, editor of the International Oil Letter, a publication of oil consultancy Petroconsultants of Houston. Inflexibility with old contracts meant "it simply was not feasible for many companies to continue investing there," as the costs of security rose and more-attractive opportunities surged elsewhere.

Lasmo has decided to concentrate its resources elsewhere, like neighboring Venezuela, which opened up to foreign oil investment in 1996 and has attracted billions of dollars so far. What's more, Venezuela doesn't have any guerrillas blowing up pipelines, as happened 65 times last year in Colombia. British Petroleum moved its regional headquarters from Bogota to Caracas last year. Shell has shelved plans for on-shore oil exploration in Colombia, although it signed a deal for off-shore gas exploration earlier this month. Triton, which made a name for itself with the discovery of a huge gusher in Colombia in 1991, has hired bankers for a possible sale of its Colombian interests.

Still, Colombia hopes the proposed new projects will replenish proven reserves by four billion barrels by 2008 and increase exploratory drilling up to 60 wells yearly by 2001, says Mr. Cabrales. Colombia's reserves currently are less than three billion barrels, he says.

But some oil company executives in Colombia believe the Andean nation needs up to 100 new exploratory wells each year to avoid net imports. The nation has dawdled too long and lost its competitive advantage over other developing nations, they say.

Colombia has been hamstrung with guerrilla violence over the past two years, but its inability to create more-attractive contract terms over the past decade may have done more to drive companies out.

"The security issue is a factor . . . but contract terms are not realistic," says one consultant for a number of oil companies in Colombia.

One of the key problems was a 1989 modification that changed exploration contracts to a sliding scale. Instead of evenly splitting revenues from new oil production for the life of the contract, the government's take would increase to 60% and later 70% as certain total production levels were achieved. This doesn't include huge outlays for exploration, which could increase the government's effective take to more than 90%.

"This was very negative for exploration," says one oil executive, "so seismic exploration and exploratory wells dropped."

Oil companies tried for years to modify these contracts with little success. In 1994, the government eliminated the sliding scale for new contracts but not for old ones, which remained in force. The old contracts accounted for most of Colombia's most-promising fields. Last month, the state oil company Ecopetrol announced changes in old contracts that would allow credit for a greater portion of exploration costs in calculating the government's take.

Now, oil companies have a shot at reducing the government's take, including exploration costs, from more than 90% of oil revenues in some cases to less than 85%.

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INSIDE SPORTS

NEW JERSEY CAPTURES SPOT IN PLAYOFFS 1C

SCHEDULE, END OF NBA SEASON REPORT, 11-12C

IRWIN CAPTURES 3RD IN ROW AT SENIORS' CHAMPIONSHIP 10,13C

Walt Irwin Wins Tourney by Seven strokes 10C

USA TODAY

NO. 1 IN THE USA FIRST IN NEWS PAPER SALES

LINDA McCARTNEY DIES OF CANCER 1, 9D

EX-BEATLE'S WIFE WAS ON VACATION WITH FAMILY IN CALIF

COO-COO CRAZY: THE RAT PACK APPEALS TO NEW GENERATION 1D

McCarty: Began career as photographer

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NEWSLINE

A QUICK READ ON THE NEWS

- ASIA STOCKS:** In Japan, the Nikkei stock average is down 0.30% to 14,671 points at 11:57 a.m. today. Hong Kong's Hang Seng index is up 81.96 to 11,083.28 in early trading.
- CONSERVING ENERGY:** Landmarks such as Empire State Building and Sears Tower are doing their part by upgrading light bulbs and windows. 3A.
- COMPLETE COVERAGE, 1,3,8,13C**
- EVERY TEAM, EVERY PICK**
- Peyton Manning: Picked first in the draft by the Colts
- MANNING**
- BROWN FOR MAYOR:** Jerry Brown, the former California governor, says if he's elected mayor of Oakland, he can turn the town around. 5A.
- CHINESE DISSENT:** Wang Dan, jailed for his role in Tiananmen Square democracy protests, is released from China, arrives in Detroit. 8A.
- CONFIDENTIAL:** Nations biggest marketers are paying attention to customers' desire for more privacy. 1B.
- TODAY'S DEBATE:** Trade in the Americas. In USA TODAY's opinion, "Others, including Mexico and Canada, are not burdened by trade obstacles." 12A.
- "America can have free-trade treaties with Chile, Latin America and the rest of the world now. The principal obstacle, however, is our president's insistence that he be given a fast-track shortcut around the U.S. Constitution," says Pat Choate. 12A.
- MONEY:** Investors in banks get windfalls 111
- Radio shows about stocks can be misleading. 11B.
 - Entrepreneurs finding success on Internet. 311
 - Gas prices expected to stay low this summer. 6B.
- SPORTS:** Rangers rock Orioles 11-7. Baseball scores, team-by-team notes. Inside Pitch column. 4-6C
- Flyers fall to Bruins 2-1. NHL. 17C
- LIFE:** Clapton concert is portrait in blues. 111
- MTV viewers pick a new VJ, a guide to sweeps. TV. 3D
 - The best college tuition deals in years. Education. 7D.

COMING THIS WEEK

Peak performance

USA TODAY's Tim Friend treks with the 10-member 1998 American Everest Expedition in the name of science. Life Tuesday.

Power play

Glide through the action with the NHL playoffs guide. Bonus Section Wednesday.

Written by John O. Buckley

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TV listings 10D

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Oklahoma child is an icon of renewal



Baylee brought tears; Bella brings hope

By Carolyn Brown for USA TODAY

Tragedy: Fireman carries the body of Baylee Almon.



Bombing Anniversary: Aren Almon Kok, whose daughter Baylee died in the Oklahoma City bombing, shows her new baby, Bella, to fireman Jon Hansen at third anniversary services Sunday. "We'll never forget Baylee," he said. "But now we have another beautiful symbol of new life." (Story, 3A)

U.S. again condemns Iran for supporting terrorism

By Barbara Slovins USA TODAY

A new State Department report again slams Iran as the most active state supporter of terrorism, a finding that could inflame the debate in the USA and in Iran over resuming official ties.

Rep. Lee Hamilton of Indiana, ranking Democrat on the House International Relations Committee, confirmed the finding of the report, to be issued April 30. "It is a snapshot of activity in 1997," he said.

Mandated by Congress, the report acknowledges condemnations of terrorism by Iran's new, more moderate president, Mohammad Khatami. But it is similar to last year's, which called Iran the "premier state sponsor" of terrorism.

The report faults Iran for hosting leaders of groups associated with terrorism and links it to 13 assassinations, mostly of



Khatami: Less vocal critic of West than predecessors.

members of Kurdish and other groups opposing Iran.

Some analysts oppose defining such activity as terrorism. "This is a political document that preaches to the converted and has the intellectual depth of a mud puddle," said Anthony Cordesman of the Center for Strategic and International Studies in Washington.

The Clinton administration is caught in a dilemma as it tries to hold out an olive branch to Iran while carrying out laws that preclude Tehran's conciliatory new tone.

The White House has passed legislation on a 1996 law sanctioning foreign oil companies dealing with Iran. But congressional staffers say the White House grudgingly agreed last week to spend \$2.6 million on a surrogate broadcasting station that supporters want to call Radio Free Iran.

The debate over this year's terrorist report, which also evaluates Iraq, Libya and other countries, was especially heated, participants said.

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Undergrads neglected, report says

By Mary Beth Marklein USA TODAY

Undergraduates are a "major source" of income for research universities, yet many of them graduate "without knowing how to think logically, write clearly or speak coherently," says a scathing report out today.

The report, a 21-year project funded by the prestigious Carnegie Foundation for the Advancement of Teaching, recommends a radical overhaul of undergraduate education at the nation's 125 research universities.

It says most undergraduate programs at research institutes offer "boring" freshman courses taught either by international graduate students who don't speak fluent English or "tenured drones" lecturing from yellowed notes.

The report says the institutions should develop a curriculum for undergraduates that emphasizes research, the hallmark of graduate and faculty scholarship. It also suggests creating mentoring programs.

The report comes at a time when undergraduate education is facing increasing public scrutiny. Research institutes also are scaling back doctorate programs because the market for those students is dwindling.

"The timing couldn't be better," says Arthur Levine, president of Teachers College at Columbia University in New York. "Universities have to do something because legislators are pushing them, students are (having) more like consumers and parents are worried about costs."

Levine was not involved in creating the report, although Columbia is one of the schools listed by the foundation as a research university.

The ranks of research schools include private universities like Brown, Harvard, Vanderbilt and Carnegie Mellon, but most are large state institutions such as Penn State, Ohio State and the University of California at Los Angeles.

"We don't mince words," says Shirley Strunz Kenny, president of State University of New York at Stony Brook and chair of the commission that prepared the report. "But there is a kind of enervating excitement about it."

The group, made up of faculty and administrators of research universities and leaders of nonprofit organizations, anticipates a strong response to the report.

"It says its recommendations will be controversial; some administrators and faculty will protest that they are unreachable or impractical," but it hopes the report "will stimulate new debate about the nature of undergraduate education in research universities that will produce widespread and sweeping reform."

Americas plan duty free zone

By Bill Nichols USA TODAY

SANTIAGO, Chile — Leaders of the Western Hemisphere's 34 democracies ended the second Summit of the Americas Sunday by launching talks to create the world's largest duty-free zone.

Trade negotiations could begin as early as June. But obstacles remain as Latin American leaders expressed concern that Congress will request President Clinton's support for fast-track trade authority in the foreseeable future.

Fast-track authority allows U.S. presidents to negotiate trade deals that can only be approved or vetoed down by Congress, not amended. It was narrowly defeated in the House of Representatives last fall.

Leaders at the summit agreed that without fast-track, the plan to establish a free trade area throughout the region by 2005 is in jeopardy.

Clinton assured the leaders fast track would pass. But administration officials, both in public and private, were unable to outline any scenario under which that could happen anytime soon.

If the United States were not part of any free trade agreement, it could be at a competitive disadvantage.

Latin America, which has been unilaterally lowering import barriers in recent years, is the fastest growing foreign market for U.S. exports.

Last year Mexico overtook Japan to become the second largest importer of U.S. products after Canada.

The Americas, including Canada, accounted for 41% of \$600 billion U.S. exports last year.

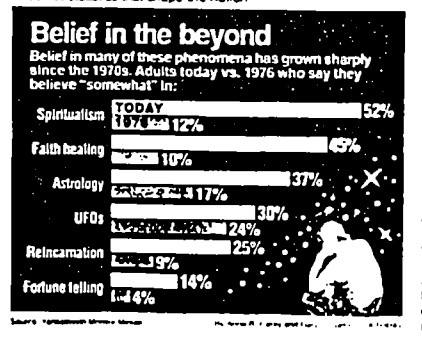
Summit leaders also took steps to address social and economic inequalities, and the corruption endemic in some countries that threaten fledgling democracies.

Some of the programs agreed upon:

- An \$8.3 billion international loan package for improving education. The Clinton Administration pledged \$130 million.
- A multilateral drug alliance that would monitor each Latin American country's anti-drug efforts under the auspices of the Organization of American States.
- Easier credit terms to help start and operate small businesses.
- \$3.9 billion in international assistance to fight corruption, promote workers' rights and curb child labor.

USA SNAPSHOTS

A look at statistics that shape the nation



States feel term limits' effects

By Richard Wolf USA TODAY

SMACKOVER, Ark. — When Bob Lee, Newberry's mayor, had to leave his neighbors in this old, antebellum town of 2,212, several doors in offering closed.

They were joined by the president of the United States.

For a small-town insurance agent who has spent the past three decades in the state Legislature, that's about as good as it gets. But when his health might force him to retire,

But new term limits are forcing him out. A 1992 Arkansas law limiting the length of time state lawmakers can serve by six years in the case of eight in the Senate is curtailing his term.

It's this fall that the House members, with 258 years of combined service, must relinquish their jobs to \$1.2 million jobs.

In state legislatures across the country, the term-limit trend that swept the nation at the dawn of the decade is claiming casualties. Originally aimed at Congress but derided in court, the limits will strike seven state legislatures, this fall, making them what Oregon state treasurer Jim Hall calls "the only place where experience is unconstitutional."

Nearly 25% of the nation's state lawmakers are barred from seeking reelection this fall. Michigan has the most, 67 of 110 House members must leave office. Missouri has the lowest state Sen. William McKernan is the lone casualty in California and Maine, who have never term limits in 1996, are banking legislators for the second time. Colorado and Oregon are losing more than 25% of their lawmakers.

The trend won't stop after this fall.

COVER STORY next page ►



Out of time: Arkansas legislator Bob Lee may never return because of the state's term limits.

J.S. aga' co de r. for supporting terrorism

By Barbara Slavín
USA TODAY



By Mohammad Sayyid, AP
Khatami: Less vocal critic of West than predecessors.

Studies in Washington
The Clinton administration is caught in a dilemma as it tries to hold out an olive branch to Iran while carrying out laws that pre-date Tehran's conciliatory new tone.

The White House has postponed action on a 1996 law sanctioning foreign oil companies dealing with Iran. But congressional staffers say the White House grudgingly agreed last week to spend \$2.6 million on a surrogate broadcasting station that supporters want to call Radio Free Iran.

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Some argued that tough rhetoric would push the Iran to curtail links to extremist groups such as Hezbollah in Lebanon. Others worried that it would just antagonize Iranian hostile to the United States.

A new State Department report again slams Iran as the most active state supporter of terrorism, a finding that could inflame the debate in the USA and in Iran over resuming official ties.

Rep. Lee Hamilton of Indiana, ranking Democrat on the House International Relations Committee, confirmed the finding of the report, to be issued April 30. "It is a snapshot of activity in 1997," he said.

Mandated by Congress, the report acknowledges condemnations of terrorism by Iran's new, more moderate president, Mohammad Khatami. But it is similar to last year's, which called Iran the "premier state sponsor" of terrorism.

The report faults Iran for hosting leaders of groups associated with terrorism and links it to 13 assassinations, mostly of

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A1 Americas plan duty free zone

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Top of page:

Col 1: Feature on emergency medical transportation.

Col 2: A big "what if" hangs over the sanity trial of condemned triple-murderer Horace Edward Kelly Jr.: What if the jury charged with deciding whether the California inmate is sane enough to be executed concludes that he is not? (DEATHROW-SANITY, moving Monday).

Cols 3-5: China's release of student leader Wang Dan represents one of the last steps in an extensive package deal secretly negotiated earlier this year by the Clinton administration and the Chinese government, according to administration officials and Chinese sources. (with art) (CHINA-TALKS, moved).

Col 6: The 34-nation Summit of the Americas that ended in Santiago, Chile Sunday offered far more than a chat-fest on such regional dilemmas as drugs and poverty: It provided a glimpse of a future in which the United States and its neighbors struggle more collectively than ever before to tackle their problems. (LATIN-SUMMIT-TIMES, moved).

Above fold:

Col 2: In just two years, the Census Bureau faces the staggering task of counting the U.S. population, and federal officials have chosen Sacramento, Calif., as the urban test kitchen for the most innovative and controversial census in 200 years. (CENSUS, moving Monday).

Cols 3-4: Less than 24 hours after his release from a Chinese prison, prominent political dissident Wang Dan is admitted to a Detroit hospital for a thorough medical evaluation. (with art) (CHINA-WANG-TIMES, moved).

Below fold:

Cols 3-4: A bill before the Senate that would provide tax breaks for people saving for private school expenses has broad implications on the future of school financing. (SCHOOLS, moving Monday).

Bottom of page:

Cols 1-5: Feature on Jews in America.

**Summit Leaders Pitch Free Trade Zone in Americas (Santiago)
By Sebastian Rotella and Jonathan Peterson (c) 1998, Los Angeles Times**

SANTIAGO, Chile The 34-nation Summit of the Americas that ended here Sunday offered far more than a chat-fest on such regional dilemmas as drugs and poverty: It provided a glimpse of a future in which the United States and its neighbors struggle more collectively than ever before to tackle their problems.

The Western Hemisphere's leaders agreed Sunday to move forward on plans to create a vast free trade zone throughout the Americas, to formally outlaw corruption and to cooperate on efforts to nurture Internet and other electronic commerce in the hemisphere. The leaders set a September deadline to begin talks in Miami aimed at establishing a Free Trade Area of the Americas by 2005.

Moreover, in areas from schools to health care to political freedom, the United States offered itself as an example and partner to the region's junior democracies rather than as the feared and resented enforcer of the past.

President Clinton's failure to come to Chile with broader trade-negotiating authority from Congress was interpreted by some as a sign of diminishing U.S. influence. On Sunday, El Mercurio, Chile's leading newspaper, ran this headline: "The Timidity of the Giant: Clinton Came to Regain His Leadership." But such sentiments only underscored the rising strength and confidence of Brazil, Chile and other nations that reacted approvingly to a U.S. approach they saw as more cooperative and less ostentatious than in the past.

"One of the things that had weakened and hurt the relationship of the United States and Latin America was the fact of a very powerful United States dealing with weak nations," said Genaro Arriagada, a key summit organizer for Chilean President Eduardo Frei, in an interview Sunday. "So a leadership that is more friendly, which is the type Clinton has adopted but less powerful is a great opportunity for a better inter-American relationship."

Other views of the future expressed at the gathering were downright warm and fuzzy, such as the multilingual valentine to a changing hemisphere offered by Prime Minister Jean Chretien of Canada during closing remarks: "It is clear that we are becoming more than amigos (friends). We are becoming 'una gran familia' (a big family)."

To be sure, no one is declaring an end to the practice of power politics, nor is anyone characterizing Honduras or Barbados as the head of the hemispheric family. But Clinton, rather than seeming worried about supposedly weakened leadership, appeared to be remaking the U.S. approach to keep in step with a region that, having established democracy and begun economic growth with remarkable speed, has entered a new phase dominated by demands for social justice and solid institutions in democracies that are still works in progress.

And White House officials, sensitive to any perception that their nation has slipped in stature, pointed out that the United States accounts for \$7 trillion of the hemisphere's annual \$9 trillion economy.

As the leaders reiterated Sunday during an open-format discussion, a foremost menace to their interdependent societies is drug cartels with massive firepower and unlimited resources.

"We are not losing the war on drugs, but we are not winning it either," Colombian President Ernesto Samper told his colleagues, in an assessment viewed by some observers as optimistic at best.

The drug issue exemplifies the still-evolving new partnership between the United States and its southern neighbors. Leaders this weekend announced a new "alliance against drugs" and approved a proposal for the Organization of American States, or OAS, to conduct an annual evaluation of the anti-drug efforts of all nations in the hemisphere.

The subtext of this accord was an effort by U.S. and Latin officials to mollify the anger provoked by yearly U.S. "certification" of the anti-drug performance of nations such as Colombia, which has been deemed uncooperative two years in a row because of corruption alleged to reach as high as Samper.

Latin American nations call the U.S. attitude demeaning and hypocritical because it fails to account for the fundamental role of demand by U.S. drug users. Some nations see the new OAS mechanism as a big step toward scuttling certification by the White House.

But Thomas "Mack" McLarty, Clinton's special envoy to the Americas, and others made it clear Sunday that, despite the new OAS role, the U.S. certification process will continue because it is mandated by federal law.

More than any other issue in Latin America, the drug problem gets the attention of the U.S. public and subjects the White House to

political cross-fire. Republican members of Congress criticized the announced anti-drug alliance as a capitulation by Clinton to a "blame America crowd."

"The heart of many of these one-sided, ill-informed arguments is that the drug crisis is fueled by an insatiable 'demand' in the U.S.," said Reps. Benjamin A. Gilman, R-N.Y., and J. Dennis Hastert, R-Ill., in a written statement. "Simply put, supply can and does sustain demand."

Another perennially divisive issue, the widespread opposition to the hard-line U.S. stance against Cuba, arose Sunday as it does at every hemispheric gathering. But speculation that Brazil, Argentina, Canada and other key players would make an embarrassing public pitch for a change in U.S. policy was not borne out. The United States and its neighbors agreed to disagree.

When Caribbean presidents raised the topic of closer ties to Cuba, Clinton responded, according to National Security Adviser Samuel R. "Sandy" Berger, that "we have to keep our eye on the goal here of promoting democracy in Cuba, and whatever they do individually, we should not change the nature ... of the summit and the OAS process."

Although he did not visit the region during his first term, this was Clinton's third trip south of the border in a year. His engaging style is well received in Latin America, as is his celebration of the hemisphere as an economic powerhouse. The president and his advisers repeatedly cited a litany of statistics showing the explosion of U.S. trade in the Americas; for example, the U.S. trades more with Argentina than with Russia and more with Chile than with Indonesia.

The next Summit of Americas will be held in Canada, although the year has not been announced.

Domain Name Ruling Opens an Internet Can of Worms (Los Angeles) By Jennifer Oldham and Karen Kaplan (c) 1998, Los Angeles Times

LOS ANGELES In a decision that could prevent tens of thousands of people from using their last names to identify themselves on the Internet, a federal judge in Los Angeles has ruled that a Canadian company must relinquish the *avery.net* and *dennison.net* domain names to business supplies maker Avery Dennison Corp.

U.S. District Judge J. Spencer Letts last week ordered Vancouver-based FreeView Listings to sell the domain names to Pasadena, Calif.-based Avery Dennison for \$300 apiece a \$200 markup over what the company paid for them.

Legal experts say the decision could have a far-reaching impact on the way trademark law is applied to the Internet.

FreeView had reserved the names along with thousands of other common surnames so it could lease them to people seeking e-mail addresses that contain their last names. FreeView allows people who share a surname to use the same domain name for e-mail, as in *john(at)doe.net*

Avery Dennison sued FreeView and its founder, Jerry Sumpton, for trademark violations and unfair competition.

While corporations routinely trademark their company names, they may not consider registering them as a domain name. Avery Dennison trademarked its brand name, then went on to register <http://www.avery.com> and <http://www.averydennison.com>

In his ruling, Letts said FreeView's use of the names would dilute Avery Dennison's trademark. Sumpton said he will appeal the decision.

The ruling suggests that people who share names with corporations such as Johnson & Johnson, Procter & Gamble, Sherwin Williams and Ford may be unable to use their names in e-mail or Web site addresses if companies have already trademarked them.

Sumpton's lawyer said the decision "turns trademark law on its head" by giving companies the exclusive use of people's last names online.

"The concept that someone with a trademark has a monopoly over all given uses has ... simply never been the law in any case I've ever seen," said Eric Bakri Boustani, an attorney with Monterey, Calif.-based Davis & Schroeder.

According to Boustani, Avery Dennison registered at least 12 new domain names, including *averynet.com*, *averycorp.com*, *dennisonavery.net* and *dennisonavery.com* after Letts' ruling.

Avery Dennison attorney David Quinto defended the ruling and pointed out that Sumpton could have leased the domain names to the company's competitors, who could then have used them to promulgate misinformation about the company.

"This is a victory for consumers, who are less likely to be misled by people who register other people's trademarks as their domain names," said Quinto, of the firm Quinn Emanuel Urquhart Oliver & Hedges in

Los Angeles. "People who use the Internet expect to be able information about companies or products by looking for those trademarks."

Quinto's company has also sued Network Solutions on behalf of Lockheed Martin, alleging that the domain name issuer improperly registered the aerospace company's trademarked Skunkworks name to several other parties. That case was dismissed last year and has been appealed to the 9th U.S. Circuit Court of Appeals in San Francisco.

Legal experts say these cases and a growing number like them underscore the clash between current trademark law and the nature of the Internet. Trademark law recognizes distinctions that allow several companies to use the same name, such as United Airlines, United Van Lines and United Parcel Service.

"The way the domain name system is set up is that a domain name is treated as a unique asset," said Edward G. Poplawski, a Los Angeles-based attorney at Pretty, Schroeder & Poplawski, who represents Network Solutions. "If I register *avery.com*, then I'm the only one who can have that."

Herndon, Va.-based Network Solutions was also named a defendant in the suit, but Letts dismissed Avery Dennison's claims against the company.

But the argument that companies have exclusive rights to their trademarks online doesn't sit well with some cyberlaw experts.

"A trademark doesn't give you the right to stop anyone from using the word altogether," said Eugene Volokh, a UCLA law professor. "Think about Johnson & Johnson. Does it stop people from using the name Johnson? No. But it does stop you from using Johnson for commerce in a way that would cause confusion."

Volokh added: "If this decision is upheld, it would really increase the number of trademark conflicts that are out there online."

The issue could grow as the Internet community prepares to adopt new top-level domains, such as *.firm* and *.web* that can substitute for *.com* and *.net*. The plan was intended to increase the number of available domain names. But if companies with trademarks have exclusive rights to their names, the benefit of creating new suffixes will be jeopardized, Sumpton said.

In the FreeView case, the company was hurt by its apparent similarity to so-called cybersquatters, who register domain names they think will be valuable to other companies and then try to sell them at big profits. Ironically, the ruling makes FreeView a cybersquatter by forcing the company to turn over the domain names in exchange for the markup.

1 Killed, 3 Wounded in West Bank Land Confrontation (Maon) By Rebecca Trounson (c) 1998, Los Angeles Times

MAON, West Bank A long-running dispute over farmland near this Jewish settlement turned deadly Sunday when an Israeli settler was shot and killed by Palestinians and three other people, including a Palestinian man, were wounded.

The confrontation in the hills about 12 miles southeast of Hebron began when several settlers tried to force a group of Palestinians to leave a piece of land that both sides claim. The two groups quarreled and, according to Israeli army officials, one of the Palestinians grabbed a settler's gun and opened fire, killing Dov Dribben, a 28-year-old resident of Maon.

Two other settlers were injured, one of them moderately, and a Palestinian was shot in the chest, apparently by one of the Israelis. The incident is under investigation, and the army detained several Palestinians Sunday for questioning.

Israeli Prime Minister Benjamin Netanyahu, speaking at a news conference in Jerusalem with visiting British Prime Minister Tony Blair, called the shooting a "very serious matter," coming as it did at a time of high tension between Israelis and Palestinians over the lack of progress toward peace.

"This young man was killed in cold blood," Netanyahu declared. "It's straightforward murder."

But others, including Palestinian residents and Israeli security sources in the area where the shooting occurred, said the incident was not so clear-cut. Dribben and the Israeli settlers wounded with him had histories of provoking confrontations with Palestinians who lived nearby, the security sources said, asking not to be quoted by name.

The violence Sunday morning broke out just hours before Blair arrived in Jerusalem in a new effort to revive the deadlocked Middle East peace process, and it underscored just how difficult his task will be.

U.S. peace envoy Dennis B. Ross is scheduled to arrive in the region at the end of the week on another shuttle mission to persuade Israel and the Palestinians to make progress in the peace talks, which have

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AFTER DEATH, NEW LIFE BRINGS HOPE



Arin Almon Kok shows off her new baby, Bella, to Oklahoma City firefighter John Hansen during ceremonies at the third anniversary of the bombing of the Alfred P. Murrah Federal Building. Mrs. Kok's first daughter, Baylee Almon, is remembered as the child killed in the April 19, 1995, explosion. Story, A3.

Whitewater prosecutors split over charging Hillary

By Jerry Seper
THE WASHINGTON TIMES

Whitewater prosecutors have written at least one draft indictment of Hillary Rodham Clinton, but they remain divided over whether to charge the first lady with lying about legal work she did for a failed Arkansas real estate project.

Lawyers and others close to the Whitewater probe said the draft became "a work in progress" after Mrs. Clinton's January 1996 grand jury appearance, when prosecutors concluded she made false statements under oath in denying doing legal work for the 1,050-acre Castle Grande venture.

Sources said prosecutors remain divided over how to proceed in the case.

Some believe Mrs. Clinton should be indicted for false statements to the grand jury and to federal banking regulators at the Resolution Trust Corp. and the Federal Deposit Insurance Corp. about her Castle Grande work. They also think she and White House officials tried to cover up her involvement in the venture.

Others, while not convinced she was telling the truth, have said inconsistencies in Mrs. Clinton's sworn statements should be addressed in reports independent counsel Kenneth W. Starr will de-

Tripp's tapes were for self-defense, not to betray Lewinsky, lawyer says

By Joyce Howard Price
THE WASHINGTON TIMES

In his first public remarks since the scandal broke, the attorney for Linda R. Tripp yesterday charged that President Clinton's supporters have waged a campaign of "vilification" against his client, and he denied that she betrayed her onetime friend Monica Lewinsky by secretly taping their private conversations.

In a lengthy interview on ABC's "This Week," Anthony Zaccagnini said both he and Mrs. Tripp, whose tapes triggered the probe into a possible sexual relationship between Miss Lewinsky and the president, fear she will be fired from her Pentagon job.

"At no time did Linda ever attempt to entrap Monica to di-

vuige the nature of her relationship with the president of the United States. That simply did not happen," said Mr. Zaccagnini.

Separately, John Whitehead, president of the Rutherford Institute, which is financing Paula Jones' sexual harassment lawsuit against Mr. Clinton, also affirmed yesterday a reporter in the Washington Times that Mrs. Jones and her husband Steven would settle the case by not getting a dime if Mr. Clinton would acknowledge being in the hotel room with Mrs. Jones and saying, "I was wrong. I am sorry."

"All she wants is her name back. And I think if that happens, the case would be over," Mr. Whitehead said.

see TAPES, page A5

liver to the federal appeals court and Congress.

"There is concern among some about how successful they might be in bringing a criminal indictment against Mrs. Clinton for obvious reasons, but there is no lack

of desire to do so," said one lawyer familiar with the probe. "The requirements here are greater than just dotting the i's and crossing the t's."

see HILLARY, page A5

Russia's economy revives, but is on the wagon

Sinking fuel prices, Asian financial woes could lead to relapse

By Martin Sieff
THE WASHINGTON TIMES

Russians have tamed inflation and ended a seven-year slide into economic misery, but the first tentative signs of growth are threatened by collapsing world energy prices and the Asian financial crisis.

The Russian economy grew last year by 0.4 percent, its first official growth since the disintegration of the Soviet Union and the collapse of the communist system in 1991. Inflation, which peaked at more than 1,350 percent in 1992, was running at just 8 percent earlier

this year.

But that fragile growth in gross domestic product has halted again, and the country's foreign trade surplus is shrinking, former Fuel and Energy Minister Sergei Kiriyenko told the Russian parliament this month.

"The growth of GDP has stopped. It grew during the fourth quarter of the past year. There was still some growth in January. [But] in March it is equal to zero," Mr. Kiriyenko said in an April 10 speech.

"The drastic decline of investments in primary capital has resumed," Mr. Kiriyenko warned.

"In January-February of this year the drop amounted to 7.5 percent as compared to January-February of 1997."

Also, he said, "the foreign trade surplus is shrinking. In January-February alone the surplus amounted to only \$130 million a month as compared to an average of \$1.5 billion a month last year."

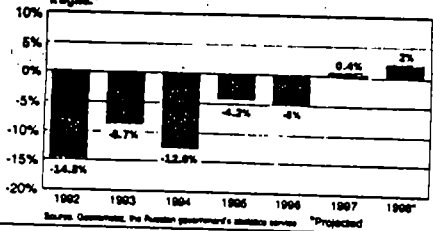
The growing fiscal pressures are already having grave consequences on the well-being of ordinary Russians, Mr. Kiriyenko said.

"The situation in the social

see RUSSIA, page A10

RECOVERY AT LAST?

After years of economic decline, Russia's gross domestic product is finally growing again, but progress is slow and fragile.



Source: Government of the Russian Federation's statistics service. *Projected

The Washington Times

Chinese dissident arrives in Detroit

Wang a free man before Clinton trip

From combined press reports

DETROIT — Wang Dan, a leader of the 1989 Tiananmen Square protests and one of the country's most prominent dissidents, arrived here yesterday after being freed from a Chinese jail. His release comes just two months before President Clinton's planned visit to Beijing.

"It's very welcome news," said White House national security spokesman Eric Rubin, who was with Mr. Clinton in Chile for the Summit of the Americas yesterday. "This is something we've raised repeatedly with the Chinese, and we consider it a very positive step."

Mr. Wang, 29, the second major Chinese dissident to be released in six months, was hospitalized for tests.

In the past, China has tried to use such releases to improve the atmosphere before high-level contacts, prompting human rights groups to accuse it of playing "this tag politics."

A leading congressional critic of Chinese human rights violations

see DISSIDENT, page A15

Robust economy fails to allay fears

Some voters worry they won't adapt to new job market

By Nancy E. Roman
THE WASHINGTON TIMES

Despite the booming economy, Republicans and Democrats on the campaign trail are hearing from men and women who are insecure about the future and worried about the job market their children will face.

Dopens of candidates from Alabama to Illinois see their districts as the exception to the rule of low unemployment, economic strength and low inflation.

"There's a lot of turmoil here despite the overall high rev of the economy in general," said Gil Aust, a Republican challenger, a Democratic incumbent in northern Ala-

bama.

He said high unemployment plagues the western end of the district. Factories have closed. Reynolds Aluminum has downsized. The Tennessee Valley Authority, one of the district's largest employers, has cut back.

"It might be booming other places, but not here," Mr. Aust said. "It's almost ironic, isn't it?"

David Phelps, a Democrat running for an open seat in southeastern Illinois, said that in barber shops and coffee shops he bears from older people worried their pensions won't be sufficient and young people who "fear they won't have it as good as we did."

"The boom may be felt every-

where in the country, but it sure is not felt here in southern Illinois," said Mr. Phelps, a former school teacher who now serves in the state legislature. "That's the main line out of my speeches."

National inflation, according to the Consumer Price Index, has been running at an annual rate of about 1.4 percent. In the first quarter of 1998, unemployment was at an average of 4.7 percent — the lowest rate since 1970.

But even in areas where the economy is strongest, like northern Kentucky, where the Cincinnati suburbs are booming, candidates pick up economic insecurity.

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Barry's personal security a challenge for Ramsey

By Jim Keary
THE WASHINGTON TIMES

Ensuring adequate security during Mayor Marion Barry's personal visits around the city could provide an important first test for Charles H. Ramsey as the veteran Chicago police official prepares to take over this week as the District's police chief.

The nominee, who faces a confirmation hearing today, says he wants to resolve the simmering security issue so that he can concentrate on more urgent concerns such as improving the Metropolitan Police Department's deployment, equipment and tactics to reduce homicides and other crime.

Mr. Barry has blocked recent attempts by top police officials to tighten his security during unscheduled stops at private residences, a long-running distraction

Chief Ramsey's ability to stand up to the mayor could determine who really is in control of department procedures on the most basic level.

In an interview last week with The Washington Times, Chief Ramsey said officers assigned to protect the mayor must have clear instructions from superiors on how to do their jobs.

"We need to have SOP [standard operating procedures] in place to give directions to the police officers," Chief Ramsey said. "The officer should not have to make those decisions."

D.C. Council members are likely to ask Chief Ramsey what he will do about the situation during today's largely perfunctory confirmation hearing on his appointment as the city's fourth police chief since 1999.

Mr. Barry has said publicly he

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ALEXANDER ARRIVES — Washington Redskins top draft pick Stephen Alexander is taken out from

Americas seek free trade, see need to improve lives

By Warren P. Strobel
THE WASHINGTON TIMES

SANTIAGO, Chile — The leaders of the Western Hemisphere concluded the second Summit of the Americas yesterday by reaffirming their commitment to free trade but promising to give the hard edges of capitalism a human face.

The 34 nations, from the United States and its 57 trillion economy to small Caribbean island-states, as expected launched negotiations aimed at establishing a free-trade area stretching from the oil fields of Alaska to the tip of Patagonia by the year 2005.

But the summit seemed next notable for the concessions it made to critics' arguments that globalism and free trade alone are not the solution to the hemisphere's

own lives improved as a result of our participation in the global economy," President Clinton said in his closing address.

He and his colleagues declared in their final communique that while globalization is generally a good thing, "it can also bring out the differences among countries and within our societies."

The summit leaders announced steps to alleviate poverty, combat justice, increase popular participation in the political process, and assist women and minorities.

"Thomas F. Mack," Mr. Clinton's special envoy for the Americas, said in an interview the weekend that without these and other reforms "you get some form of rugged capitalism."

In that spirit, steps taken at the summit included:

• Announcements of joint efforts

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By Warren P. Strobel
THE WASHINGTON TIMES

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SANTIAGO, Chile — The leaders of the Western Hemisphere concluded the second Summit of the Americas yesterday by reaffirming their commitment to free trade but promising to give the hard edges of capitalism a human face.

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In that spirit, steps taken at the summit included:

- Announcements of new funding for education. The World Bank

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and the Inter-American Development Bank will each make \$3 billion in loans for education available over the next three years, and the U.S. Agency for International Development will pony up an additional \$130 million in grants.

- Pledges to improve labor standards. The three agencies will devote \$322 million to promote workers' rights.

- For the first time in any trade negotiation, the creation of a committee that allows outside groups, from organized labor to environmental organizations, to have a formal role in the talks.

Criticism that unlimited free trade pushes labor and environmental standards to the lowest common denominator, benefiting only elites and multinational corporations, was responsible for killing Mr. Clinton's proposal for "fast-track" trade negotiating authority. That would have allowed him to negotiate trade deals that Congress could approve or reject, but not amend.

Message received, the president seemed to be saying during his stay here.

"Those who want to protect and enhance the role of working people in the global economy, and those who remind us that we dare not

sacrifice our children's planet for present profits should be heard," he said in an speech Thursday to U.S. and Chilean business leaders.

The White House plans another attempt to get Congress to approve "fast track," although officials have not yet decided when. Nor does there seem much prospect that U.S. organized labor will back off its implacable opposition to the idea.

The first Summit of the Americas, which took place in Miami in

December 1994, was criticized for its overemphasis on trade issues. The United States and its colleagues did not want the same thing said about Santiago, Mr. McLarty said.

Another thrust of the two-day summit was to preserve the hemisphere's embrace of democracy. Cuba, which has the only non-elected leader in the region, was the sole nation not invited.

Cuba was the subject of some discussion in the closed morning

session. A senior U.S. official said Caribbean countries are considering some sort of initiative toward Cuba, perhaps inviting it to join the Caricom trade grouping.

"There is a country that is missing" from the summit, Brazilian President Fernando Henrique Cardoso said afterward, expressing the wish that Cuba will be able to come to the next summit in Canada. Mr. Cardoso was greeted with applause and slaps on the back after he spoke.

"No holdouts and no backsliders," is how Mr. Clinton described the region's attitude toward democracy.

To address the very real threats to democracy, the 34 nations agreed to:

- Appoint a special envoy to document threats and restrictions against the news media in the hemisphere.

- Establish a region-wide alliance against drugs.

- Take steps to combat corruption and strengthen judicial systems.

Other initiatives were aimed at helping women, small entrepreneurs, indigenous peoples and those without title to land.

"We have heard very often that the concerns of civic society have been left outside the scope of the summit. . . . This belief has no basis in reality," said Chilean President Eduardo Frei, the summit host.

U.S. denies ambitious role in Colombia

By John Otis
THE WASHINGTON TIMES

BOGOTA, Colombia — Analysts across South America are speculating that the United States will take a more active role against this country's leftist rebels and powerful drug cartels — and comparing Colombia's heavily jungled terrain to Vietnam.

The Clinton administration strongly denies having such plans, but a string of guerrilla military victories and the kidnapping last month of four American tourists by the rebels have focused new attention on the conflict.

Last month, the army suffered its worst defeat of the 34-year-old war when guerrillas routed an elite counterinsurgency battalion, killing 63 troops and kidnapping 43.

Such events "are alarming indicators of just how badly the situation has deteriorated," said Gen. Charles Wilhelm, chief of the Miami-based U.S. Southern Command, in testimony last month before the House International Relations Committee. He called Colombia "the most threatened country" in the hemisphere.

"The frightening possibilities of a 'narco-state' just three hours by plane from Miami can no longer be dismissed," said Rep. Benjamin A. Gilman, a New York Republican, who has traveled to Colombia.

Argentine newspapers and radio claimed last week that Gen. Wilhelm queried top military officers from Brazil, Venezuela and Argentina in February about the possibility of forming a multinational peacekeeping force for Colombia.

While there is no evidence such talks took place, Latin American analysts are already drawing parallels with the disastrous U.S. war in Vietnam.

Semana, Colombia's largest magazine, published a cover story last week titled "A New Vietnam?" In a reference to the popular Robin Williams film, the Buenos Aires newspaper Pagina 12 printed a banner headline: "Good Morning, Colombia!"

"No one is plotting a multinational force to go into Colombia," said an exasperated State Department official who spent last week

'Six bullet wounds to the head' kill human rights lawyer

BOGOTA, Colombia (Reuters) — Half a dozen bullets took the life of Colombia's top human rights lawyer, authorities said yesterday.

"It was six bullet wounds to the head," said Mario Hernandez, a pathologist who performed the autopsy on Eduardo Umana Mendoza, hours after his murder Saturday.

Mr. Hernandez, who works at the chief medical examiner's office in Bogota, declined further comment because the case remains under investigation. But he said there was no question that Mr. Umana, his brother-in-law, died instantly.

Mr. Umana, a crusading defender of Colombia's underclass whose clients included trade unionists, jailed guerrillas and families of the country's many

"disappeared," was killed at about 1:30 p.m. in his Bogota office. Police said the killers, two men and a woman, gained access to his office by saying they were television journalists who urgently needed to see him.

At National University, where Mr. Umana's flag-draped coffin lay in an auditorium with a mural of Ernesto "Che" Guevara over the main entrance, Mr. Umana's brother German confirmed that the killers bound and gagged his brother's secretary moments before they shot him dead.

Mr. Umana was the ninth human rights activist to be killed in Colombia over the past year and the second to be gunned down in Bogota in the past week alone.

There has been no claim of responsibility for the murder,

which prompted a public outcry, but it had all the hallmarks of one of the country's ultraright paramilitary groups, which have killed with impunity for years.

"I can only imagine that the extreme right was behind this," said Horacio Serpa, a former interior minister and the ruling Liberal Party's candidate for president in elections next month.

Mr. Umana's many clients included prominent leftists and leaders of the state oil workers union who were jailed in December 1996 on terrorism charges stemming from sabotage attacks against a major crude-oil export pipeline. The union, known as USO, has vowed to stage a national work stoppage today to protest the killing.

denying such reports. "We don't believe the guerrillas are on the verge of taking over."

A diplomatic source in Bogota insisted "there is no stomach in Washington" for a major anti-guerrilla campaign.

"We are not asking for, nor would we accept, foreign military aid to fight the armed insurgency. We desire international participation to make peace, not to widen the war," added Colombian President Ernesto Samper.

Still, annual U.S. military aid to Colombia has quadrupled in the past three years to \$100 million, nearly all of which will go to the National Police for anti-narcotics operations, and that figure is likely to increase in the coming years.

About 200 U.S. trainers rotate through Colombia to operate two radar stations that track suspected drug flights and to perform other duties, while U.S. pilots conduct dangerous low-level flights to fumigate coca fields and opium poppies.

Colombia, meanwhile, is pressing Washington for the purchase of sophisticated Black Hawk and Cobra attack helicopters that would

provide cover for soldiers fighting drug traffickers and guerrillas.

When he arrived in Bogota last month, U.S. Ambassador Curtis Kamman said the U.S. government wants "to strengthen the Colombian armed forces in every way." But he added: "We don't have the authorization to enter a campaign against the rebels."

Some analysts say it is impossible to separate the war on drugs from the war on the guerrillas. The cocaine traffickers finance the rebels, who in turn protect the traffickers and the farmers who grow coca plants. Combat in these areas is frequent.

"The bottom line is that the kind of assistance and training [the United States] is providing is just as applicable for counterinsurgency operations," said Coletta Youngers, a senior associate at the Washington Office on Latin America, a human rights group. "It is a highly militarized policy."

The diplomatic source acknowledged that, once in the battle zones, the line between fighting narcotraffickers and rebels is often blurred. "If you get shot at, you

don't start asking 'Is this a guerrilla or is this a full-fledged narco?'" before returning fire, he said.

The Rebel Armed Forces of Colombia, or FARC, the largest guerrilla group, which numbers about 10,000, has warned Washington to stay out of the war and has announced that it will target U.S. military personnel in Colombia.

One of the biggest obstacles to a larger U.S. role is the Colombian army, which has the worst record for human rights abuses among Latin American militaries.

U.S. aid to the army has dried up in recent years, although about \$20 million in helicopter spare parts and communications gear was approved last month for two newly formed units that are not implicated in abuses.

"Clearly there is a heightened interest and concern... but I don't see any quick move to support the Colombian army," said Robin Kirk of Human Rights Watch/Americas. "Even the Republicans are convinced that the army is bad news.... There is still a deep level of mistrust."

The Washington Times

MONDAY, APRIL 20, 1998

Summit shows major changes in U.S. relations with Latin America By Laurie Goering Chicago Tribune (KRT)

SANTIAGO, Chile When the leaders of this hemisphere's democracies met for the first Summit of the Americas in Miami four years ago, the United States undoubtedly was the 900-pound gorilla of hemispheric politics.

In an atmosphere of significant distrust, U.S. officials attempted to win their Latin American neighbors over to tougher anti-drug policies, greater protection of human rights and the environment and a free-trade area that many nations feared could swamp their economies with cheap U.S. imports.

Sunday, as the second Summit of the Americas drew to a close in Santiago, it was abundantly clear that U.S. relations with Latin America have undergone a revolution.

Nations of the region unanimously agreed Sunday to begin negotiations by June to establish a Free Trade Area of the Americas by 2005, a pact that might in the long run do little more than formalize already explosive growth in trade throughout much of the region.

Latin American leaders, angered by heavy-handed U.S. anti-drug efforts at the previous summit, this weekend eagerly launched a new multilateral counterdrug alliance, calling drugs one of the greatest threats facing their countries.

They also agreed to work together to protect the region's threatened democracies from Colombia to Paraguay, to protect freedom of the press and to battle corruption.

Whether the stacks of new agreements signed Saturday and Sunday will add up to real changes in the region remains a question. But what is clear is that efforts by President Clinton to portray the United States as an equal partner with Latin America, rather than a stick-wielding big brother, are easing tensions and bringing new cooperative rewards.

"Here, unlike in Miami, we meet without one country superimposed above the rest of us," said Chilean Foreign Minister Jose Miguel Insulza. "We're on a more level playing field."

In the negotiating rooms of the summit, that has added up to a noticeable drop in anti-American sentiment and some of the most candid discussions in the region's history on everything from free trade to fears about the fragility of democracy, diplomats say.

"There was a very notable degree of frankness," Insulza said.

"Once we got into the room, many of the fears dissipated."

Clearly the United States remains the hemisphere's dominant giant, its \$7 trillion economy representing more than three-quarters of the region's overall economy.

Choosing not to emphasize that disparity, however, and to emphasize equal partnership is beginning to get the United States past an unfortunate history with the region in which "consultation and partnership were not exactly the watchword of our relationship," said Sandy Berger, Clinton's national security adviser.

The most notable of the deals reached over the weekend in Santiago was an agreement to begin formal negotiations on creation of a free-trade area from Alaska to Patagonia by 2005 and to make hard progress toward that goal by the year 2000.

Brazil and a handful of other nations continue to drag their feet on efforts to speed implementation of the deal, and the United States has been pushed out of a leadership position by Clinton's failure to win key fast-track negotiating authority from Congress.

But summit leaders, who four years ago largely saw the Free Trade Area of the Americas as a U.S. demand, now uniformly embrace the project as a regional goal.

Clinton administration officials said the president will continue to battle to win fast-track, though they acknowledged that the free-trade area may now be created not by the United States expanding NAFTA but through negotiations with regional trade pacts like Mercosur, which have seen explosive growth since the 1994 Miami summit.

Summit leaders also agreed to launch a so-called multilateral counterdrug alliance, a proposal created largely through the efforts of the U.S. drug czar, Gen. Barry McCaffrey, to promote and coordinate efforts to cut the production and distribution of illegal drugs in the hemisphere.

In a region that has chafed under the current U.S. policy of decertifying as full partners countries such as Colombia that fail to do enough to stem the flow of drugs, the new alliance may one day become a more cooperative alternative.

While calling certification a "blunt instrument," Mack McLarty, Clinton's special envoy for the Americas, emphasized that the new drug alliance, which will be created under the Organization of American States, is intended as a supplement to the U.S. certification process, not a replacement.

They "have clearly the same goal," and while the Clinton administration has in the past made efforts to eliminate the certification process, "we'll continue to enforce it," McLarty said.

Seeking greater consultation with allies on drug issues, particularly in the region where more and more countries now recognize drugs as a serious regional problem, may win the United States new cooperation on issues such as extradition of drug traffickers, he said.

The new plan "has humanized the U.S. image on drugs in the region," said Eduardo Gamarra, head of the Latin American-Caribbean Center at Florida International University.

The problem with the alliance, as Illinois Republican Rep. Dennis Hastert and other certification supporters at the summit in Santiago noted, is that it may lack even the limited bite of decertification, which would include the loss of certain forms of U.S. aid.

Without that, "the alliance, while welcome, cannot become a substitute for certification," Hastert and fellow Republican congressmen wrote in a summit report.

Other agreements at the Santiago summit include:

Endorsement of the creation of a special rapporteur, or ombudsman, within the Inter-American Human Rights Commission of the OAS to promote and protect freedom of expression in the region. Over the past decade, as investigative journalism has resurged after decades of dictatorship, 120 journalists have been killed in Latin America and hundreds of others threatened and harassed.

Creation of a regional center to train judges and prosecutors "so there is better capacity around the hemisphere to ensure justice is fair and honest," Berger said.

Agreement to expand regional crackdowns on corruption, through adoption of rules of conduct for public officials and laws requiring open disclosure of their assets.

Where summit leaders failed to find any significant agreement was on Cuba and migration, two hot regional issues. At a discussion on democracy Owen Arthur, the prime minister of Barbados, called for Santiago to be the last summit to exclude Cuba, the only non-democracy in the region. Canadian Prime Minister Jean Chretien also announced a coming visit to Cuba, a move that clearly disappointed Clinton officials.

The nations, divided between migrant producers and countries increasingly swamped with migrants, also failed to reach any consensus on policies to regulate migration.

False claims of sexual harassment drawing scrutiny By Judy Peres Chicago Tribune (KRT)

CHICAGO Ted Johnson, an Amtrak supervisor from Country Club Hills, Ill., was attempting to discipline a subordinate when he found himself in a shouting match with the worker and the worker's girlfriend. Five days later, the girlfriend filed a complaint of sexual harassment against him. The charge was dropped after a brief investigation, Johnson says, but he was fired for breach of the company's employee conduct guidelines. He was out of work for 22 months.

Jim, who asked that his last name not be used, was a sales executive whose assistant had started spending too much time on personal phone calls and too little taking care of business. After a number of warnings, she was fired. The next day, he says, she returned to the office brandishing a copy of a sexual harassment claim she had filed with the Illinois Department of Human Rights.

Although Jim ultimately was vindicated the assistant had admitted to co-workers the charges against him were unfounded the cloud of suspicion has never lifted. He was humiliated in front of his wife and children, he has been the butt of continuing jokes, and his relationship with his boss has never been the same. He now is switching jobs, moving to an industry where no one knows him.

These Chicago-area men are two examples of what some attorneys say is an unwelcome side effect of the growing awareness of sexual harassment in the workplace. As the nation continues to watch the machinations of Paula Jones' sexual harassment claims against President Clinton, in the low-profile working world, employment lawyers are seeing men falsely accused of sexual harassment and left with virtually no remedy for the financial loss, social stigma and emotional distress they suffer.

Most experts believe the incidence of totally fabricated charges of sexual harassment is very small certainly far smaller than the number of legitimate complaints. And no one is suggesting the laws should be changed to make it harder for victims of harassment to seek relief. But a number of attorneys who represent workers as well as management believe some employers may be overreacting to complaints of sexual harassment.

Peter Hakim, president of the Interamerican Dialogue in Washington.

Hakim said that some of the touted "new priorities" represented a mere change in semantics. "These are basically things that the banks have been doing all along," he maintained. "Before, the World Bank would give a loan to build schools and call it infrastructure. Now they'll call it education."

Hakim also noted that the United States is only contributing \$1.2 billion to the funds, complaining, "that's what the U.S. used to give in aid over three months, and now it's for three years."

Others have criticized what they call a certain ambiguity in the renewed U.S. calls for Latin America to spend more on social programs. Clinton's summit appearance, for instance, was preceded by a two-day state meeting with Chile's President Eduardo Frei, in which Clinton tried to persuade Frei to purchase what could amount to \$400 million in U.S. fighter planes.

But as Costa Rican President Oscar Arias said last fall, "What the children of Latin America want and need are schools and health clinics, not F-16s."

To be sure, the summit process has achieved some benefits.

In one narrow triumph, 12 countries in the hemisphere have eliminated lead from their gasolines since the first meeting in Miami, and 20 will have done so by 2001.

As Clinton noted Saturday, the summit process also has helped encourage hemispheric cooperation in eradicating measles, which he said has dropped from more than 23,000 cases in 1994 to less than 500 so far this year.

On a broader level, many summit attendees agree the process has eased communication among chiefs of state and their ministers, greatly smoothing out historic antagonisms.

That in itself has made it easy to agree on yet one more narrow goal, announced Sunday to meet again, in Canada, at a date to be announced.

Dissident's release not a sign of improvement in China's political environment By Jennifer Lin Knight Ridder Newspapers (KRT)

BEIJING Wang Dan, imprisoned after the 1989 Tiananmen Square protests, flew to exile in the United States Sunday, but human rights monitors say his release is not a sign of dramatic improvement in China's political environment.

Still, the Clinton administration welcomed news of Wang's release, the timing of which was no coincidence. His release for medical treatment was seen as a goodwill gesture to President Clinton as he prepares to visit here in late June. The administration has been hinting for weeks that China soon would release its number-one political prisoner. Clinton's trip effectively will end nine years of estrangement that began after the bloody military crackdown of student protesters in 1989.

To justify the trip as well as Clinton's handling of China policy, U.S. officials have desperately tried to promote the perception that China's respect for human rights is improving. As evidence, they point to China's recent pledge to sign the United Nations Covenant on Civil and Political Rights, and to the release of high-profile prisoners such as Wang.

Wang's release is the second time in six months that China has released a prominent dissident from jail.

Last November, China sent Wei Jingsheng, another well-known political prisoner, into exile in the United States for medical help after a successful U.S.-Sino summit in Washington.

Human rights monitors say that while Wang's release is good news, China must do much more to respect human rights.

"This is a good thing for Wang Dan and we welcome his release, but we'd like to see something that addresses the systemic problems and this isn't it," said Sophia Woodman, research director for Human Rights in China.

"We're always hoping and asking for the release of all the political prisoners and some kind of effort to really change the system that puts people like Wang Dan in prison in the first place," she said.

The Chinese government admits to having 2,000 political prisoners, but human rights observers think the number is significantly higher. Wang was jailed twice: He served for 3 years after the Tiananmen Square crackdown, and was sentenced for another 11 years in 1995 for "plotting against the government."

"The sad side of this is he's being expelled, but there are 1,999 dissidents who remain in jail," said a Western diplomat.

The diplomat said that China understands how to orchestrate the release of high-profile dissidents to win political favor abroad.

"The big question now is whether it is easier for Chinese people to make their opinions known," the diplomat said. "You can, but you

have to do it within certain limits. As soon as you criticize the regime or call for its replacement or something different, you're subject to harassment."

Even Wang Dan's mother cautioned about viewing her son's release as

a sign that the atmosphere for dissent was loosening up.

"These are two different things," said Wang Lingyun in a telephone interview. "One is about Wang Dan himself. But it doesn't mean that the atmosphere of the whole country is relaxing. That's a totally different matter."

A former history student at the prestigious Beijing University, Wang helped lead democracy protesters in Tiananmen Square in the spring of 1989. The quiet, intense Wang was one of the more intellectual student activists who organized political "salons" on campus.

During the protests, tens of thousands of students and ordinary workers occupied the square for several weeks, demanding greater freedoms and democracy. The government sent tanks and battalions of soldiers to break up the protesters in a hail of machine-gun fire that left hundreds, if not thousands, dead.

Accused of being a ringleader, Wang was named to the country's most-wanted list. He was imprisoned and given an early release in February 1993. He resumed a low-profile campaign for human rights and political reform, but was sentenced again in 1995 for 11 years.

His mother worked tirelessly for his release. Once a month, she and her husband made a 10-hour train trip to a remote prison in Liaoning province in northeast China to see their only son. She worried about his health, as he suffered chronic headaches, sore throats and coughing.

Friday afternoon, when contacted at home by telephone, Wang Lingyun was not hopeful about her son's release, despite the rumors.

But late Saturday afternoon, Wang Lingyun got a surprise call from police. They told her Wang Dan would be taking the first flight to the United States the next day.

Police drove her to Liaoning to pick up her son.

"I didn't expect it to happen so quickly," she said. "It's hard to believe."

She said his release is only a medical parole and if he returns to China, he will have to return to jail. Her son told her that after he recuperates, he would like to go back to school.

"I'm glad he'll be able to see doctors in America," his mother said. "But I don't know when he'll be able to come back. He'll be so far away from me. I feel a bit sad about it."

Early Sunday, the family said their goodbyes in an airport reception room. Wang Dan's sister came with her 8-year-old son, who was especially close to his uncle.

From his prison cell, Wang Dan had promised his nephew that he would buy him a big box of chocolates as soon as he got home.

The boy used to tell him it wasn't necessary, that just seeing him again would be enough of a gift.

The boy got his wish at the bittersweet reunion at the Beijing airport, hours before Wang Dan boarded a Northwest Airlines flight bound for Detroit.

As Wang left the waiting room, his nephew, Chen Tianlin, turned to him and asked, "Uncle, can't you take me with you?"

President Clinton Visits Chile By David LaGesse, The Dallas Morning News Knight Ridder/Tribune Business News

VALPARAISO, Chile—Apr. 18—President Clinton stood in the middle of Chile's ultra-modern congressional building Friday and lauded the return of democracy here as a tribute to a "people who love freedom."

"No one loves freedom more than those who have had it and then lost it," he said.

Coming on the eve of a hemispheric summit that opens Saturday in Chile, Mr. Clinton used the speech to urge social reforms to buttress nascent Latin American democracies. The region's 34 democratic leaders plan to launch a number of multilateral initiatives, such as education and drug-fighting programs.

Without spreading the benefits of growing economies, factions could grow impatient and threaten fragile Latin America governments, Mr. Clinton said.

"Having resolved to protect democracy, we must now do much, much more to perfect democracy," he said.

Chile again provided an appropriate backdrop for his point — as military officers stood behind Mr. Clinton and Chilean legislative leaders during an hourlong ceremony.

The country's former military dictator, Gen. Augusto Pinochet, did

revolution in the last few years, a revolution of peace and freedom and prosperity," Clinton said at the concluding ceremony. "We embrace our responsibility to make these historic forces lift the lives of all of our people."

Chilean president Eduardo Frei said, "This dialogue is aimed at the creation of an authentic community of nations. ... A community of nations, arising out of the diverse identities within it, is a wager on the future, a collective dream striving to become reality."

The centerpiece of that wager is the proposed trade pact, which Frei said would be "the largest free trade area in history."

The 34 leaders from North America and South America signed a joint statement summing up their agreements and hopes for the future, which include another summit in Canada in a few years.

"We are confident that the Free Trade Area of the Americas will improve the well-being of all of our people, including economically disadvantaged populations within our respective countries," the leaders said in a joint statement after two days of friendly meetings here in the shadow of the Andes.

Their optimistic launch of trade talks capped two days of talks in which they celebrated the dramatic rise of democracy and booming free market economies through the Western Hemisphere.

They promised to shore up those sometimes fragile democracies taking hold in every nation except Cuba by boosting education, improving health care, fighting corruption, encouraging better treatment of working people, making it easier for the poor to own land, expanding immunizations and improving the quality of drinking water.

They also launched a regional Alliance Against Drugs that will allow the United States to work more cooperatively with other countries to evaluate one another's anti-drug efforts. But the United States will continue to act by itself to certify foreign drug efforts as required by law.

Turning to trade in their final closed-door session Sunday, the leaders set up nine negotiating groups to start work on the free trade pact. The groups, negotiating issues like access to markets and intellectual property rights, will meet in Miami for the first three years, then Panama, then Mexico.

They could start meeting as early as June, with a goal of making solid progress by 2000, and a full agreement by 2005.

At the same time, the countries agreed to work together in other areas, including:

Labor. They promised to work to promote basic labor standards recognized by the International Labor Organization. International banks will provide \$307 million over three years, and the U.S. will contribute \$15 million, to help that effort and to modernize labor ministries;

Infrastructure. The Inter-American Development Bank will set standards to ensure fair competition among international contractors vying for contracts to build new roads, bridges and ports throughout the hemisphere;

Energy and environment. The countries will work to integrate energy markets and encourage movement to cleaner energy systems that will alleviate global climate change;

Corruption. They agreed to work on ways to fight corruption and bribery in business transactions.

Mindful of the need to build support at home for international trade, Clinton aides noted the benefits for the U.S. economy. They said exports make up a third of U.S. economic growth, that exports to the Western Hemisphere grew by \$42 billion last year, and that exports to Latin America and Caribbean in the second half of last year exceeded those to the European Union countries.

Clinton and others pushed social reforms as necessary to shore up popular support for still-fragile democracies and free markets that only recently replaced dictatorships.

Chile, for instance, instituted democracy only in 1990, after 17 years of dictatorship. And while its newly energized free market economy and social reforms have cut the poverty rate from a staggering 44 percent, it still remains at 24 percent.

"We will redouble our efforts to continue reforms designed to improve the living conditions of the peoples of the Americas and to achieve a mutually supportive community," the 34 leaders said in the joint statement.

Summit showcases conflict between intent and actual events By Katherine Ellison Knight Ridder Newspapers (KRT)

SANTIAGO, Chile They called it the "education summit" and canceled school throughout the city on its eve, to ease traffic for visiting dignitaries.

They denounced barriers to women entering politics "they" being 33 male chiefs of state plus a lone female president from tiny Guyana. And they paid passing tribute to preserving the environment, while meeting in one of the most polluted cities in the world.

The two-day Summit of the Americas that ended here Sunday brought U.S. President Bill Clinton together with 33 other national leaders from throughout the hemisphere in a virtual fiesta of promises.

By the end of the weekend, they had vowed to work harder in combating drugs, improving education and promoting democracy and economic reform.

Yet the meeting was dogged by grave doubts about how many commitments can be kept, chief among them the goal of a hemispheric free-trade zone by 2005.

It's time, in other words, for a reality check.

At the three hemispheric reunions that have taken place so far, Miami in 1994, Santa Cruz, Bolivia, in 1996 and Chile this past weekend, delegates have pledged to pursue a grand total of 375 "action initiatives," according to Robin Rosenberg, co-director of the Leadership Council for Inter-American Summitry in Miami.

The agenda includes such narrow goals as improving property registration and such broad, vague visions as promoting the rights of migrants.

"It's much too ambitious, and the hemisphere doesn't have the capacity to deliver," Rosenberg said. "There are just too many initiatives and too few clear targets, timetables or resources."

The centerpiece of the process, a Free Trade Area of the Americas by 2005, seems as dicey as the rest. Latin American leaders doubt the U.S. commitment to pursue it, since Clinton still faces fierce opposition from labor and environmental groups at home.

Labor leaders worry that freer trade could further depress stagnant U.S. wages and induce U.S. companies to flee the country in search of a cheaper workforce. Environmental activists doubt any agreement's capacity to promote protection of forests, rivers and oceans in nations where neglect of natural resources has been rampant.

In opening remarks to the summit Saturday, Clinton assured his colleagues of his interest in pursuing regional free trade, since more than 40 percent of U.S. exports already go to neighbors within the hemisphere.

And indeed on Sunday, the summit delegates pledged to start negotiations for the Free Trade Area of the Americas within the next two months.

Yet diplomats throughout the hemisphere say there'll be no real momentum for the trade talks as long as Clinton can't persuade the U.S. Congress to grant him "fast-track" authority. That means that whatever treaty would be reached could be submitted for a simple yes or no vote, rather than loaded down with amendments.

Nor is opposition limited to the U.S. Congress. Latin America's top-ranking economic powerhouse, Brazil, now facing its highest unemployment rate in 14 years, deeply fears what unrestricted commerce with the highly competitive north might do to its economy.

Helio Jaguaribe, a prominent and well-connected Brazilian political scientist, says Brazil may be ready for free trade with the United States in "20 to 30 years" rather than seven, although he added that government officials wouldn't publicly admit that.

"Free trade without any customs protection would destroy South American industry," Jaguaribe said earlier this month. "The year 2005 is too soon. We'd be condemned to produce raw materials and semi-manufactured goods and lose our capacity to develop a high-technology industrial system."

As free-trade momentum has waned, the agenda of the periodic summits has broadened, encompassing ambitious goals to improve education and democratic institutions, ease regional economic integration and reduce poverty. But that has brought up the nagging question of who might pay to pursue those longtime dreams.

U.S. officials attempted an answer on Saturday, releasing a chart that they said showed nearly \$45.6 billion might be available over the next three years for the four broad goals, mostly in the form of low-interest loans from multilateral banks. On Saturday, Thomas McLarty, Clinton's special adviser on Latin America, said the available loans "will be a substantial increase in funding," representing a doubling of resources from the Inter-American Development Bank and at least a 50 percent increase from the World Bank.

Education Secretary Richard Riley clarified that most of those funds "are not necessarily new money" but do reflect an important shift of priorities by the banks.

Yet critics said even that was an exaggeration.

"The United States wants to show that there's money for all these things, but there's less of a shifting of resources than it appears," said

not attend the speech. He called in sick, to the relief of some event organizers who view Mr. Pinochet's lifetime seat in Congress as an awkward reminder of his brutal regime.

Mr. Clinton noted that Chile was chosen to host this weekend's summit in Santiago because of its model economic success, coupled with

a peaceful transition to elected government.

"Now there must be a second generation of reform beyond free elections and free markets."

That he came to Valparaiso to meet Chile's Congress, while most of the government remains in Santiago, is a vestige of the Pinochet years. The general ordered the legislature moved away from his seat of power when he somewhat reluctantly allowed it to reopen in 1990.

It's only one of many echoes of the junta years in Latin America that leave its citizens nervous about the future.

Mr. Pinochet remains active in politics, which he entered in a bloody 1973 coup that overthrew an elected socialist government. The deposed president, Salvador Allende, died in the takeover.

Even today, conservatives say Mr. Pinochet saved the country from communism and spurred its ongoing economic miracle. His government abandoned traditional policies of state-owned enterprise protected from foreign competition by high tariffs.

Leftists view Mr. Pinochet as a murderer for the estimated 3,000 who died at the hands of the 17-year military regime. They say Chile paid too high a price for its rapid economic growth, which has grown an average of nearly 7 percent since the early 1980s.

Even today, some Chileans say the government remains authoritarian. It is quick to disperse unauthorized protests, including scores of students at an anti-American demonstration on a Santiago college campus Thursday.

"In Chile, we don't have a real democracy. It is one that is overly protected by the military," said Dr. Tomas Moulija, a professor who teaches at the college.

Though Mr. Pinochet stepped down this year as Chile's top Army officer, the military retains vast influence over the country's politics. The constitution written during the general's rule allows the military to fill nine of 48 seats in the nation's Senate, where former presidents — including Mr. Pinochet — take a seat for life.

The military also gets a portion of income from Chile's state-owned copper company, making it one of the best-equipped armies in Latin America.

The fragility of democracy in Chile became clear in 1995, when a former top aide to Mr. Pinochet nearly provoked a showdown between the military and the civilian government. Courts had found Gen. Manuel Contreras, who headed the dictator's secret police, guilty of ordering the 1976 car-bomb killing of a former Chilean diplomat in Washington, D.C.

Mr. Contreras, however, for a while refused to surrender with the help of Army units.

Mr. Pinochet acknowledged that the Army helped Mr. Contreras. "We can't allow a general of the republic to be ridiculed."

The accused man, however, eventually relented and is serving a prison term.

The violence and authoritarian junta has changed the country, where many community organizations flourished before the coup, some Chileans say.

Residents emerged from the dictatorship timid and hesitant to organize themselves, a local politician told Mr. Clinton on Friday.

The president had stopped in a small village on his way back to Santiago. "There was a lot of fear," said Filiberto Nuez, who described himself as a community organizer.

But he ended on a hopeful note. "After time, that fear went away."

Leaders at hemisphere summit take steps on trade, social issues

By David LaGesse The Dallas Morning News (KRT)

SANTIAGO, Chile Leaders of 34 Western Hemisphere democracies united behind a plan Sunday to reduce poverty and to link their countries under common trade rules.

In closing their second summit in four years, the leaders produced a 34-page plan to reform education, to strengthen democracy against threats such as drug trafficking, and to promote human rights.

They also launched formal talks toward a hemisphere-wide trade zone, an idea that dominated a 1994 summit in Miami.

Leaders said this summit's expanded social agenda partly reflected their concern that democracy and trade have not benefited enough people.

Diminished public enthusiasm, particularly in the United States, for removing trade barriers already has hampered new agreements.

Leaders also worry that disillusioned factions could threaten fragile governments.

"In our first summit, in 1994, we agreed on a common vision," President Clinton said at the closing ceremony. "Still, for all of our progress ... too many of our citizens have not yet seen their own lives improve."

The leaders chose Canada to host the next summit, perhaps in the year 2000.

The friendly tenor of the gathering was tempered by tension over some issues, including arms sales in the region and the exclusion of Cuba from the summit. The United States and other countries opposed including Cuba because it has not joined the rest of the hemisphere in conducting free elections.

In his closing remarks, Brazil President Fernando Henrique Cardoso challenged the United States' stand on Cuba, saying all the region's nations should be included.

"There is a country that is missing," he said. "Why should we not do something to encourage democracy there?"

And Canadian Prime Minister Jean Chretien, who will visit Cuba later this month, told reporters he hoped Cuba could attend the summit he will host. But he said that was unlikely.

"The consensus is not there" for Cuba to attend, Chretien said.

In his speech at the closing ceremony, held in an elegant room at Chile's former congressional building, Chretien said unity among the 34 nations had solidified since Miami. "Instead of just a passive fact of geography, it is becoming an active state of mind," he said.

Analysts applauded the summit's work, but the breadth of the agreement fueled doubts about the ability of leaders to fulfill their commitments.

The action plan "is a kitchen sink of many more initiatives than the inter-American system can seriously tackle," said a statement co-signed by Richard Feinberg, a former White House official who helped organize the Miami summit.

The leaders also made many commitments without any structure to oversee implementation, said Peter Hakim, head of the Inter-American Dialogue. "There's nobody watching to make sure many of these things get done," he said.

Still, U.S. officials said they were heartened by the growing sense of cooperation.

The 1994 summit largely arose from an American desire for a regional trade agreement, which would reduce tariffs and other barriers to commerce, U.S. Trade Representative Charlene Barshefsky told reporters.

That has changed, she said, as other countries at the summit said they openly embrace "a shared and common, concrete agenda."

Analysts say trade remains the driving force behind hemispheric cooperation. The failure of the Clinton administration to win congressional authority to negotiate new pacts disappointed many Latin American leaders, but they agreed to proceed anyway with trade talks. Negotiators assume the United States can resolve its trade-related differences over labor and environmental issues before an agreement is ready for signing.

Leaders at the summit included labor reforms and environmental protections in their action plan.

U.S. officials, meanwhile, hope to regain trade momentum with a series of narrow agreements. They say Chile, which long held out for a broad trade treaty with the United States, has agreed to pursue smaller pacts, such as on customs issues.

Talks toward a regional agreement will begin later this year, starting with three years of Canadian-led talks in Miami. During the last two years leading up to an agreement by 2005, the talks will be run by Brazil and the United States, the hemisphere's two largest economies.

Although trade remained the top priority, the Chile summit expanded to include social issues at the pushing of Latin American countries.

"We are not just talking tariffs and rates, we are talking topics that take us to the heart of the concerns of our people," said Cardoso of Brazil.

Despite rapid economic growth in the past decade, the gap between the hemisphere's wealthy and poor has widened. Leaders here agreed that poverty and lack of opportunity "nurture reactionary and despotic forces" that threaten democracy, Chretien said.

The countries agreed to \$45 billion in loans and grants for social-related causes, such as giving local communities more control over schools. Many Latin American countries now administer primary and secondary schools from their capitals, unlike the U.S. system of community school boards and taxes.

It was unclear, however, how much of the spending was new, as it included aid already planned by development banks and the wealthier

countries.

The new counter-drug agreement remained sketchy, as well. The countries agreed to evaluate each other's anti-trafficking programs to encourage better performance, but they did not decide on a process and criteria.

The counter-drug pact nonetheless holds tremendous political and practical implications, Mexico President Ernesto Zedillo told reporters. For one thing, the agreement should reduce finger-pointing between countries that produce or consume drugs, he said.

"It underscored the concept of co-responsibility," said the Mexican president.

Mexico, like many countries beset by drug-related problems, bitterly objects to the unilateral evaluations now conducted by the United States.

The countries want the drug alliance operating soon, said U.S. drug czar Barry McCaffrey, a key architect of the concept.

"I think that is the test," he said. "By the next summit, we have to have this up and running."

Host country Chile helped spark debate about regional arms sales at Sunday's sessions. Chile's plan to buy modern arms, including advanced fighter jets, has raised fears of a new weapons race in South America.

"There was some lively discussion of defense modernization," National Security Adviser Samuel F. Berger told reporters.

The countries agreed at the summit to disclose all arms purchases, a change for a region traditionally secretive and suspicious of each other's militaries.

"The key point was openness and transparency," Berger said.

Overall, U.S. officials said they were upbeat at the change in tenor from Miami. Organizers of that meeting say they had to push many countries to participate in what was seen by many as a U.S. agenda.

This time, "the level of discussion and interchange reflected a much more mature, a much more confident relationship with the United States," said Thomas F. "Mack" McLarty, the U.S. special envoy to the Americas.

Federal Regulators Announce Sweeping Review of Railroad Regulations By Edward Dufner, The Dallas Morning News Knight Ridder/Tribune Business News

Apr. 19—Heeding complaints from shippers, federal officials announced a sweeping review of railroad regulations Friday that could reshape the way carriers and their customers do business.

The Surface Transportation Board pledged a "careful, measured approach" in its review, which flows from an unprecedented two-day hearing on rail competition issues earlier this month.

Cautioning that it could not assent to the "more drastic measures" proposed by shippers, the board nevertheless agreed that their complaints of railroad bullying deserved scrutiny.

"No rail-dependent shippers or shipper groups participated to express satisfaction with the present state of rail service," the board said in its order. "The board cannot ignore the pleas of those many shippers that are concerned with the present state of affairs."

The Surface Transportation Board directed railroads and shippers to meet and devise their own suggested remedies. It also said it would review some rules on its own and report to Congress on "other possible actions."

Reaction to the order ranged from a no-comment from the Association of American Railroads to a mixture of praise and irritation from shippers and their allies. This camp praised the board's acknowledgment of shippers' grievances but criticized the agency as acting far too late.

In its order, the board itself declared, "We are at a regulatory crossroads."

A board official said the areas under study had been examined singly, but never before in such a broad, coordinated fashion. "This document contemplates an extensive review of various aspects of railroad regulation," said the official, who spoke on condition of anonymity.

Months of gridlock on Union Pacific Railroad have heightened the profile of rail issues and helped prompt Sens. Kay Bailey Hutchison of Texas and John McCain of Arizona to urge the transportation board to look into competition in the first place.

The areas addressed in Friday's order are highly technical in essence, the rules of engagement for resolving railroad-shipper disputes in a deregulated industry.

And even though that action occurs far upstream from American consumers, the board's deliberations have been watched intently by railroads, shippers, politicians, investment analysts and economists

because of rail traffic's vital role in the U.S. economy. Despite truck competition, railroads still carry the largest single share, about 40 percent, of all U.S. intercity freight.

At the hearing in early April, shippers asserted that 18 years of deregulation had shrunk the industry to just a handful of mega-carriers as many as nine or as few as four, depending on who's counting and left customers at a huge disadvantage.

Railroad executives shot back that any federal tinkering could send their industry back to the dark, financially troubled years before passage of the Staggers Rail Act of 1980, when perhaps one-fourth of the big carriers were under bankruptcy protection.

Stimulating a desire for private-sector solutions, the board said Friday that it wanted railroads, short-line carriers and shippers to share ideas among themselves. But it specified what it wanted addressed, gave deadlines and said some of the meetings would be conducted with an administrative law judge.

The board ordered:

A review of the accounting procedures used to gauge a railroad's fiscal health. Those measurements, in turn, determine whether certain federal regulations might apply to that carrier in railroad-shipper disputes before the board.

A review of two other regulatory standards now used to determine whether there is adequate rail competition.

A progress report by May 11 on ongoing discussions by big and small railroads, a response to the short-lines' allegations that their ability to serve more customers is often pinched by their large brethren.

Another progress report by May 11 on how railroads are "establishing formalized dialogue with shipper groups" and with railroad employees.

Railroads have expressed fears that a regulatory review could lead to what they consider reregulation. A spokesman for the railroad association said the Washington-based trade group was still examining the transportation board order and would have no comment Friday. Privately, railroad officials have grumbled that shippers are using the Union Pacific service disruptions as a political club to bludgeon concessions out of the rest of the industry.

Spokesmen for Union Pacific, a unit of Dallas-based Union Pacific Corp., and Fort Worth-based Burlington Northern Santa Fe Railway, the two largest railroads in the American West, deferred any comment to the railroad association.

Shipper groups were more vocal.

Diane C. Duff, executive director of the Alliance for Rail Competition, welcomed the board's recognition of shippers' woes but faulted the rule-making process outlined in the order. "Too long, too drawn out, and there's no end in sight."

"Bizarre," said Charles R. Matthews, chairman of the Texas Railroad Commission, asking how the board could square its picture of overly powerful big railroads with its directive to have railroads and shippers negotiate their differences.

Chinese dissident arrives in U.S. By Gregg Jones The Dallas Morning News (KRT)

BANGKOK, Thailand Wang Dan, China's most prominent dissident, arrived in Detroit Sunday after his release from a Chinese prison.

Wang's release and exile were secretly negotiated by the Clinton administration, human rights activists said.

His freedom comes two months before President Clinton is scheduled to become the first U.S. president to visit China since the 1989 massacre of pro-democracy activists in Beijing's Tiananmen Square protests that Wang, 29, helped lead.

Democracy activists and international human rights organizations welcomed the release of Wang, who was serving an 11-year sentence for plotting against the government. But they said China's decision, like the November release of dissident Wei Jingsheng, did not signify any change of heart by China's communist leaders when it comes to respect for human rights and political dissent.

China still holds more than 2,000 political prisoners and has continued to deal harshly with dissidents and labor activists in the five months since Wei was sent into exile, human rights organizations said.

"This is a welcome gesture by the Chinese government, but I would have preferred that the conditions for Wang Dan's release would not require him to leave the country," said Mike Jendrzeczyk, the Washington director of Human Rights Watch, an international watchdog group.

"Wang Dan was one of the most outspoken and respected activists in the Tiananmen era and since. He clearly could have played a pivotal

Deregulated power
California's experiment with choice in electricity
Page 13

Breaking the Ice
New technology for ships in the Arctic
Page 10

Heinrich von Pierer
Siemens boss tries to satisfy everybody
Profile, Page 8

Business education
Consultants fuel buoyant demand for MBAs
Survey from page 23

WORLD NEWS

Chinese dissident
Vang Dan released from jail and flown into exile in US

Vang Dan, a leader of the 1989 Tiananmen Square protests, underwent medical checks in the US yesterday after being freed from an initial public offering or a sale to another company, people close to the firm said. Goldman Sachs, the investment bank, has been appointed by the privately owned company to examine all strategic options, one person close to the company said. Page 26; **SEZON** float tempt Goldman partners, Page 15

Washington backs Cambodia poll
US joined other western countries in supporting the Cambodian government's plan for a general election on July 26. Page 4

Legal seeks rethink on dam
The idea of participating in a legal hydroelectric scheme, the company and Nepal officials said, was not the \$70m project on an 8.9 km long dam in decision-making, but a new Nepal government was formed last week.

EU-for-food talks open
European Union-sponsored conference opens in London today to consider ways of swiftly implementing the UN oil-for-food programme in Iraq. Page 6

Colombian activist murdered
Ildardo Urdama, a Colombian lawyer known for defending guerrilla leaders, was killed on Saturday, becoming the third Colombian human rights activist to be murdered in two months. Page 2

Challenges issued to Indian PM
The All India Anna Dravida Munnetra Kazhagam, a key coalition ally of Indian prime minister Atal Bihari Vajpayee, demanded the removal of three ministers it said were involved in investigations. Pakistan corruption law signed. Pakistan's president Rafiq Tarar signed an anti-corruption law under which businessmen could be jailed for up to seven years for bribing officials. Page 4

British held in Yemen
A British family are being held captive in Yemen, where kidnaping is common among Islamists with grudges against the government or foreign oil companies.

Austria re-elects president
Austria's Thomas Klestil was re-elected president for a second term, according to provisional results - well ahead of his nearest rival. Page 2

Kohl hits new problems
Germany's Free Democrats, junior partner in chancellor Helmut Kohl's quinquennial government, are calling for more radical tax reforms than those agreed by the coalition. Page 14

Soccer stampede kills 4
Four Zambian fans died and 10 more were badly hurt in a stampede for seats at an independence day soccer match at the weekend.

Berkusconi picked to head party
Former Italian prime minister Silvio Berlusconi was elected president of Forza Italia at the weekend. The media tycoon founded the political party in 1994. Page 2

Italian wins US architecture prize
Italian architect Renzo Piano won this year's Pritzker Architecture Prize. His designs include the Georges Pompidou Center in Paris and his current projects include work at Harvard University.

Linda McCartney dies
American-born Linda McCartney, photographer, campaigner for vegetarianism and wife of ex-Beatle Paul McCartney, died of cancer aged 56. She and her husband were on holiday in Santa Barbara at the time.

BUSINESS NEWS

Frank Russell 'to consider strategic options for public offering or sale'

Frank Russell, one of the world's leading asset management consultancy firms, has appointed investment bankers to consider an initial public offering or a sale to another company, people close to the firm said. Goldman Sachs, the investment bank, has been appointed by the privately owned company to examine all strategic options, one person close to the company said. Page 26; **SEZON** float tempt Goldman partners, Page 15

Brazil's Superior Tribunal of Justice has ruled that the sale of Metropolitan, the largest electricity distribution company in Latin America, was valid. Page 20

Caterpillar, US manufacturer of earth-moving equipment, announced record first-quarter results, reporting an after-tax profit of \$330m, up 9 per cent on the same period in 1997. Page 18

AIG, the US-based international insurance group, has reportedly agreed to take over Aoba Life Insurance of Japan. Page 19

NCR, US data warehousing and computer group, plans to acquire the 30 per cent of NCR Japan it does not already own. Page 20

Hong Kong today sees the launch of two new stock market indices, including a Hang Seng 100 index that groups blue-chip companies replacing the existing index. Page 20

Eva Airways, Taiwan's second largest international carrier, suffered foreign exchange losses last year from Asia's currency turmoil, although passenger volume was only lightly affected. Page 19

Indonesia's finance minister blamed financial speculators and hedge funds for part of its financial woes and called for the reform of south-east Asian banks. Page 6

Progressive Asset Management, the UK "venture fund" manager, hopes to launch a UK fund in June to target sickly emerging markets investment trusts. Page 16; **F&CM gets aggressive.** Page 16

The London International Financial Futures and Options Exchange is expected to make radical changes to its structure which could include full demutualisation. Page 16

British Aerospace and Dassault aviation of France are to form a joint venture to develop new technology that could be used in their competing combat aircraft, Eurofighter and Rafale. Page 15

Martin Ebner, the Swiss financier, has increased his stake in ABB to more than 5 per cent, in a move that could signal his plans to take a more active interest in the international engineering company. Page 15; **Observer.** Page 13

Evikthon, a private Russian oil group partly owned by two quoted UK companies, is to be floated on the Russian stock market. Page 18

Czech investment funds are to be forced to sell their holdings and allow investors to withdraw their capital. Page 2

Lazio, Rome soccer club, will kick off a roadshow to publicise its offering of shares to private and institutional investors. Lazio will be the first Italian team to offer shares on the stock market. Page 19

World Equity Markets
The latest trends and data from more than 50 national markets at a glance
Page 36

Netanyahu hints at summit on Mideast peace

London is possible venue for meeting 'within a month'

By George Parker and Judy Dempsey in Jerusalem

Benjamin Netanyahu, Israeli prime minister, last night raised the prospect of a surprise summit in London within a month to push forward the Middle East peace process.

Speaking after talks with Tony Blair, the UK prime minister, Mr Netanyahu said he had a "fervent desire for peace" and wanted to force the pace of negotiations. "I'm prepared to go anywhere at any time, and specifically in the next month - possibly in London - to advance the process."

Mr Netanyahu has made several such proposals in the past, none of which has been fulfilled. European Union diplomats said they were sceptical of his latest offer, but would wait and see if a London meeting would materialise.

Initial Palestinian reaction was dismissive, with Saeb Erekat, senior negotiator, dismissing the move as a cheap stunt. "What Mr Netanyahu is doing is void of substance," he said.

Downing Street said the idea of a London summit emerged during almost two hours of talks between the two leaders in Jerusalem. Washington was aware that such an initiative was possible.

Mr Netanyahu even said he would consider US peace proposals - although in recent weeks Israel has rebuffed attempts by Washington to put new proposals on the table.

These include plans for a second overdue Israeli troop withdrawal from the West Bank. Washington wants Israel to hand over 13 per cent of land to Palestinian control. But Mr Netanyahu has repeatedly refused such a plan.

"I don't know where the discussions would take place, but I would be very happy if they were in London," Mr Blair said.

His spokesman said the UK, which currently holds the EU presidency, would not chair the talks but could host them.

Mr Blair, whose stock in the Middle East has risen since he helped to arrange a political settlement in Northern Ireland, said it was vital for all parties to keep

talking. But in a veiled warning to the Israeli leader, he said: "It's not enough just to talk the language of wanting to agree."

Mr Blair will today announce the establishment of a joint EU-Palestinian security committee when he meets Yassir Arafat, Palestinian Authority president, in Gaza.

The committee is an attempt by the EU to carve out a small role in helping to break the deadlock between Israel and the Palestinians. Talks between the two sides broke down more than a year ago when Israel started building a new Jewish settlement at Har Homa in East Jerusalem.

The committee will involve the exchange of intelligence, training in counter-terrorism and other aspects of law and order. It follows an earlier agreement with the PA in which the EU provided about \$25m (£20m) for improving counter-terrorism techniques in the West Bank and Gaza.

Israeli officials yesterday welcomed the proposed security measures. The EU, repeatedly accused by Israel of being pro-



Israeli PM Benjamin Netanyahu (left) with UK counterpart Tony Blair

Palestinian, wants to show it is taking Israel's security needs seriously.

EU diplomats said the new committee would allow outsiders to monitor how the PA is combating terrorism, although it will not involve the EU sitting in on

Israeli-Palestinian security meetings.

Although the committee may give the EU a chance to carve out a limited role in helping to end the Israeli-Palestinian conflict, the EU stresses that Washington will continue to take the lead.

SANTIAGO MEETING MOVES A STEP CLOSER TO CREATING WORLD'S LARGEST COMMON MARKET BY 2005

Strong support for Americas free trade area

By Gerard Baker in Santiago

The leaders of North and South American countries yesterday promised to press ahead with the creation of a common market in goods and services by 2005, that would embrace 750m people.

The heads of government said their goal of a Free Trade Area of the Americas (FTAA) was realistic in spite of doubts about the commitment of the US, by far the largest country in the region, to further trade liberalisation.

"Here in Santiago the ground has been broken for the creation of the largest free trade area in history," said President Eduardo

Frey of Chile, who chaired the second summit of the Americas. In two days of discussions the countries of the hemisphere, except Cuba, which was excluded, agreed to combat drug trafficking and called for a coordinated effort to improve access to education for all their people.

The FTAA was proposed at the first Summit of the Americas in Miami in 1994. But US president Bill Clinton's failure to secure fast-track trade negotiating authority from the US congress has cast serious doubt on the prospects for further integration of trade in the region.

In an attempt to demonstrate

its seriousness about the project, the US, along with other countries at the summit, approved a detailed timetable of negotiations, agreed by trade ministers that would culminate in the signing of the agreement by 2005.

The Declaration of Santiago said these negotiations will have made concrete progress by 2000, including action to improve transparency and other business facilitation measures. Officials insisted the negotiations could continue constructively in the absence of fast track in the US. By the time they were concluded, they added, the congress would have approved fast track.

"Fast track will be enacted," said Charlene Barshefsky, the US trade representative. "We feel very good, very confident about this launch as literally did every other country around the table."

In an effort to convince sceptical members of Congress that a free trade area would not lead to the export of US jobs to countries with lower labour costs, Mr Clinton persuaded the other summit members to make so-called "social" issues, such as the environment, an explicit part of the free trade agreement.

In the battle against drugs, the US and Latin American countries agreed to a new system of

regional surveillance to ensure all countries took appropriate action to stop the narcotics trade.

Over time, officials said, this system would supersede the current US certification process by which Washington decides if countries are taking sufficient action and can impose sanctions if it concludes they are not.

The leaders also agreed on the need to improve health services throughout the region and to make progress towards the eradication of poverty. They pledged to earmark funds to achieve universal primary education by 2010.

Clinton fails to halt doubts, Page 3

Insurance brokers under fire over fees

By Christopher Adams, in London

The world's biggest commercial insurance brokers J&H Marsh & McLennan and Aon Group of the US, are taking tens of millions of dollars in fees and incentives from insurance underwriters.

Documents obtained by the Financial Times show payments to brokers can total 10 per cent of underwriting profit on a portfolio of business. The practice is believed widespread and not limited to the two US brokers.

Risk managers responsible for buying insurance at some of the world's biggest companies believe the payment of incentives could conflict with their interest in getting the best deal - brokers are supposed to represent companies in their dealings with underwriters.

J&H Marsh & McLennan, based in New York, said payments made by insurers accounted for about 5 per cent of broking revenue, but Gary Galloway, head of the global broking division, denied there was a conflict of interest. He said it received volume-based incentives from underwriters in recognition of distribution, spreading on retentions and claims-handling services provided in the market.

The group said the agreements with insurers, which were drawn up by a different part of the group to that which dealt with clients, applied to brokers of busi-

ness and not specific transactions.

Non Forrest, senior executive of Noni, which is based in Chicago, said many underwriters were eager to pay financial inducements, but brokers often refused offers from underwriters because they were not in clients' interests.

Brokers act on behalf of companies buying insurance, representing their interests with underwriters who insure risk. They typically agree with underwriters to take a commission out of the premium earned by insurers.

Some underwriters say brokers have been pressuring them to pay for access to business. Many insurance buyers have found it difficult to get details of the remuneration.

At Lloyd's of London, which is wholly dependent on brokers for business, some underwriters fear the practice may push up the cost of doing business and squeeze out small operators.

It will also tend to stymie the regulatory regime, which is moving to reassert credibility following a sleaze of financial and local problems.

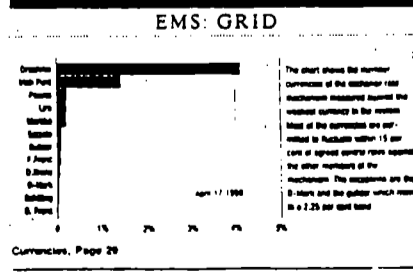
Aon said the changing nature of remuneration, driven by clients wanting to pay less for specific services, posed the question of who should pay for the work it carried out for underwriters.

Conflicting questions, Page 7

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Strong support for Americas free trade area

By Gerard Baker in Santiago **A1**

The leaders of North and South American countries yesterday promised to press ahead with the creation of a common market in goods and services by 2005 that would embrace 750m people.

The heads of government said their goal of a Free Trade Area of the Americas (FTAA) was realistic in spite of doubts about the commitment of the US, by far the largest country in the region, to further trade liberalisation.

"Here in Santiago the ground has been broken for the creation of the largest free trade area in history," said President Eduardo

Frei of Chile, who chaired the second summit of the Americas.

In two days of discussions the countries of the hemisphere, except Cuba, which was excluded, agreed to combat drug trafficking and called for a co-ordinated effort to improve access to education for all their people.

The FTAA was proposed at the first Summit of the Americas in Miami in 1994. But US president Bill Clinton's failure to secure fast-track trade negotiating authority from the US congress has cast serious doubt on the prospects for further integration of trade in the region.

In an attempt to demonstrate

its seriousness about the project, the US, along with other countries at the summit, approved a detailed timetable of negotiations agreed by trade ministers that would culminate in the signing of the agreement by 2005.

The Declaration of Santiago said these negotiations will have made concrete progress by 2000, including action to improve transparency and other business facilitation measures. Officials insisted the negotiations could continue constructively in the absence of fast track in the US. By the time they were concluded, they added, the congress would have approved fast track.

"Fast track will be enacted," said Charlene Barshefsky, the US trade representative. "We feel very good, very confident about this launch as literally did every other country around the table."

In an effort to convince sceptical members of Congress that a free trade area would not lead to the export of US jobs to countries with lower labour costs, Mr Clinton persuaded the other summit members to make so-called "civil society" issues, such as the environment, an explicit part of the free trade agreement.

In the battle against drugs, the US and Latin American countries agreed to a new system of

regional surveillance to ensure all countries took appropriate action to stop the narcotics trade.

Over time, officials said, this system would supersede the current US certification process by which Washington decides if countries are taking sufficient action and can impose sanctions if it concludes they are not.

The leaders also agreed on the need to improve health services throughout the region and to make progress towards the eradication of poverty. They pledged to earmark funds to achieve universal primary education by 2010.

Clinton fails to halt doubts, Page 3

Clinton fails to win over doubters

By Gerard Baker in Santiago

"The United States invariably does the right thing... after it has exhausted every other alternative." Thus, quoting Winston Churchill, President Bill Clinton reassured his fellow heads of government at the weekend Summit of the Americas that, for all their fears that his administration was mishandling policy in the region, all would be right in the end.

But as the leaders concluded two days of talks yesterday with a pledge to continue the integration begun four years ago at their first summit in Miami, it was far from clear that Latin American governments shared Mr Clinton's confidence.

On a number of important questions, Latin American leaders are troubled by the realisation that, whatever Mr Clinton may promise, a Congress in Washington increasingly hostile to foreign engagement constrains the president.

The failure of Mr Clinton to secure fast track trade negotiating authority, congressional hostility to Cuba and suspicions of closer co-operation with Latin American governments on drugs may render irrelevant much of what Mr Clinton is trying to do.

US officials were eager to dispel any suggestions that they had come to Santiago weakened by problems at home. "America's leadership has not been stronger in this hemisphere for over 30 years... The president is clearly... the central figure... at this summit. The agenda is an agenda that reflects our agenda," said Sandy Berger, the president's national security adviser.

And on one level that assessment seemed correct.

The Clinton administration had made democracy the central point of the Santiago summit. The "quiet revolution" which had toppled dictatorships throughout Latin America in the last decade was, Mr Clinton claimed, as significant as the fall of the Berlin Wall. And there was recognition that in the last decade at least, the US had played a positive role in promoting that democratic revolution.

But the critical challenge facing Latin America, as US officials insisted on reminding everyone, was to underpin the new democracies with a second generation of reforms aimed at improving the social and economic conditions of the people.

The summit leaders pledged urgent action on this, but there was little con-



Clinton at the summit yesterday: failure to win fast track authority will slow progress on trade

AP

fidence the US could contribute much to the process.

Raising the standard of living of the poorest Latin Americans required integrating the region's economies, opening them to trade, the leaders said. To that end the summit formally launched the Free Trade Area of the Americas - to be completed by 2005. But without US fast track authority, progress will be slow.

In the meantime, Latin Americans seem certain to press ahead with their own regional trade agreements that could leave the US out in the cold. And worse still for the US, they seem likely to push for trade pacts with Europe.

On other areas of policy, the gap between Clinton administration commitments and congressional reality was never far from the negotiations. General Barry

McCaffrey, Mr Clinton's highly effective drugs policy co-ordinator, was behind an agreement with Latin American countries that could radically change the anti-drugs battle in the hemisphere.

The leaders agreed to a new multilateral evaluation system to determine whether countries in the region are doing enough to tackle narcotic production and consumption. This would, according to Gen McCaffrey, ultimately make irrelevant the US's own certification process despised by many Latin American governments as a unilateral, quasi-racist intervention in other countries.

But in a reminder of the constraints on the administration, two leading Republican congressmen issued a sharply worded warning at the summit against any attempt to water down what

they see as US control over its own criminal justice jurisdiction.

In other areas too, there was a sense that the US administration might be more kindly disposed towards its neighbours than are US lawmakers. On Cuba, several leaders politely pressed Mr Clinton to do more to liberalise relations with Havana, a prospect that the US Congress continues to make highly unlikely.

Of course none of this is unfamiliar. When Winston Churchill made his famous observation, domestic US opinion was deeply sceptical about engagement outside the US. But, however well respected Mr Clinton may be, there are few prepared to bet he will prove to be as effective as Franklin D. Roosevelt.

Lex, Page 14

*** TX REPORT ***

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THE WHITE HOUSE
WASHINGTON



OFFICE OF MACK MCLARTY

Counselor to the President

Special Envoy for the Americas

FAX. 202-456-2464

URGENT

FAX TRANSMITTAL SHEET

TO: Nelson Cunningham

FAX: 562 500 6203

PHONE:

FROM: Dorothy

SUBJECT: Jose Ceballos asked to fax this to you immediately

DATE: April 17, 1998

NUMBER OF PAGES (Including Cover): (9)

MESSAGES:

THE WHITE HOUSE
WASHINGTON



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Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation

*File
- Summit Agenda*

Subject: POST-SUMMIT OF THE AMERICAS
U.S. HOSTED TRANSPORTATION MINISTERIAL

Date: April 17, 1998

From: Michael Huerta
Chief of Staff

Reply to (202) 366-1322
Attn. of: José Ceballos

To: Nelson Cunningham
*Special Advisor to the President and
Senior Advisor to the Envoy*

As we discussed, Secretary Slater has a high level of interest in following-up on the Summit of the America's Action Plan by hosting a transportation ministerial conference later this year. Chile, Venezuela, Colombia, Mexico, Canada and Peru have each expressed "strong" support for this ministerial. (Support material is attached)

The Secretary is hopeful that President Clinton will announce Secretary Slater's intent to work closely with his counterparts throughout the region to organize a transportation ministerial meeting that will focus on critical transportation infrastructure issues facing the region and on implementing the transportation elements of the SOA Action Plan. I have attached draft language, for your review, which the Secretary hopes will be included into one of the President's prepared SOA speeches or press releases.

I have learned that the Secretary spoke to Mack earlier this week and was encouraged by his enthusiasm for the follow-up proposal. It is my sense that we are all in agreement that the announcement of this transportation ministerial would represent a significant deliverable for the President.

I am grateful for your assistance and am hopeful this announcement can be pulled together on such short notice. If you have any questions, I can be reached at (202) 366-1103 during office hours and through FAA operations at (202) 267-3333 after hours and over the weekend.

Attachments



U.S. DEPARTMENT OF TRANSPORTATION
FACSIMILE

To: Nelson Cunningham
*Special Advisor to the President and
Senior Advisor to the Envoy*
VIA Dorothy/WH

Fax #: 202-456-2464

Re: See Attached

Date: April 17, 1998

Pages: 8, including this cover sheet.

Please deliver to Nelson Cunningham today.

Thanks.

Michael Huerta
Chief of Staff
DoTransportation

From the desk of...

José L. Ceballos
Special Assistant to the Secretary
Department of Transportation
400 Seventh Street, SW, Suite 10200
Washington, DC 20590

(202) 366-1111
Fax: (202) 366-5972

DRAFT LANGUAGE FOR INCLUSION IN SOA SPEECH OR PRESS RELEASE

Secretary of Transportation, Rodney E. Slater, will be working closely with his counterparts throughout the region and playing a leadership role in organizing a Western Hemisphere Transportation Ministerial meeting. Such a Ministerial meeting will focus attention on the critical transportation infrastructure issues facing the hemisphere, and on implementing the transportation elements of the Summit of the Americas Action Plan.

**Translation
Letter of April 16, 1998 to Jose Ceballos
from Caracas, Venezuela**

It is a pleasure to write to you as we agreed this morning. I would like to inform you that I have consulted with the Minister, and he judged it appropriate to convene the meeting of Ministers of Transportation that you mentioned when we spoke. This is consistent with what we will express regarding such an event at the April 24 WHTI executive committee meeting in Mexico City.

The Ministers meeting could be held during the third quarter of this year, in the United States, in Miami, taking into account the limits that these high level officials have on the time that they can spend away from their offices.

With personal regards,

Sincerely,

Celia Bencimol Albo
Director General

Translated by: M. Lameiro
4/16/98

To: José Ceballos fax: 67952
(as promised.)
Mante

**Translation
Fax**

Fax to: Bernard Gaillard

From: Hugo Fuentes
Colombia

Date: April 14, 1998

Dear Friend:

Our Minister absolutely supports Secretary Slater's objective of convening a meeting of the hemisphere's Transport Ministers this year in the United States. It has been two years since the II Hemispheric Transportation Summit was held, and it would be appropriate to review accomplishments, evaluate initiatives for consolidating pending work, and establish new goals.

Sincerely,

[signed]

Hugo Fuentes Restrepo

Translated by: M. Lameiro
4/14/98

De: Florie Liser[SMTP:Florie.Liser@ost.dot.gov]
Enviado: Jueves 16 de Abril de 1998 05:48 PM
Para: IPM Return requested
Cc: Bernestine Allen; Jose Ceballos; Martin Koubek; Bernard Gaillard
Asunto: Chilean Views on a U.S.-Hosted Transportation Ministerial

Dear Florie,

Chile also support Secretary Slater's proposal to host a transportation ministers conference.

Atentamente, Eric Petri, Chile

Author: Jose Ceballos at OSTEXEC
Date: 4/17/98 11:26 AM
Priority: Normal
Receipt Requested
TO: Martin Koubek at OSTNOVP
Subject: POST-SOA TRANSPORTATION MINISTERIAL

----- Message Contents -----

Martin,

I have personally spoken to the following:

1. PERU

Personal conversation with Mario Wu Vargas, Director Ejecutivo and he advised me that his government and minister strongly support Secretary Slater's initiative.

2. CHILE

Telecon with Mr. Petri last night. He spoke to the minister and is pleased to advise that the minister fully supports the secretary's desire for a transport ministerial.

and additionally,

3. MEXICO

Secretary spoke personally with Minister Ruiz on Wednesday and the Minister supports Secretary Slater's call for a ministerial to follow-up SOA.

Thanks.

Author: Bernestine Allen at ostnovp
Date: 4/16/98 12:06 PM
Priority: Normal
TO: Jose Ceballos at OSTEXEC
CC: Bernard Gaillard
CC: Martin Koubek
TO: Florie Liser
Subject: Re: Canada's Response Re: SOA Transport Ministerial

----- Message Contents -----

Likewise with Mexico. Aaron Dychter, Mexico's Under Secretary for Transport told Bernard Gaillard last night that Mexico is 100% behind the U.S. hosting a Western Hemisphere transportation Ministerial.

Reply Separator

Subject: Canada's Response Re: SOA Transport Ministerial
Author: Florie Liser at ostnovp
Date: 4/16/98 11:52 AM

Jose:

Good news! Canada called to say that they support in principle the idea of a U.S.-hosted Western Hemisphere Transportation Ministerial. Their only concern is that we all be clear in what we want the Ministers to accomplish. They think that a Ministerial will provide some needed direction and focus on the Western Hemisphere Transportation Initiative (which in Canada's view has not been moving forward as much as Canada would like).

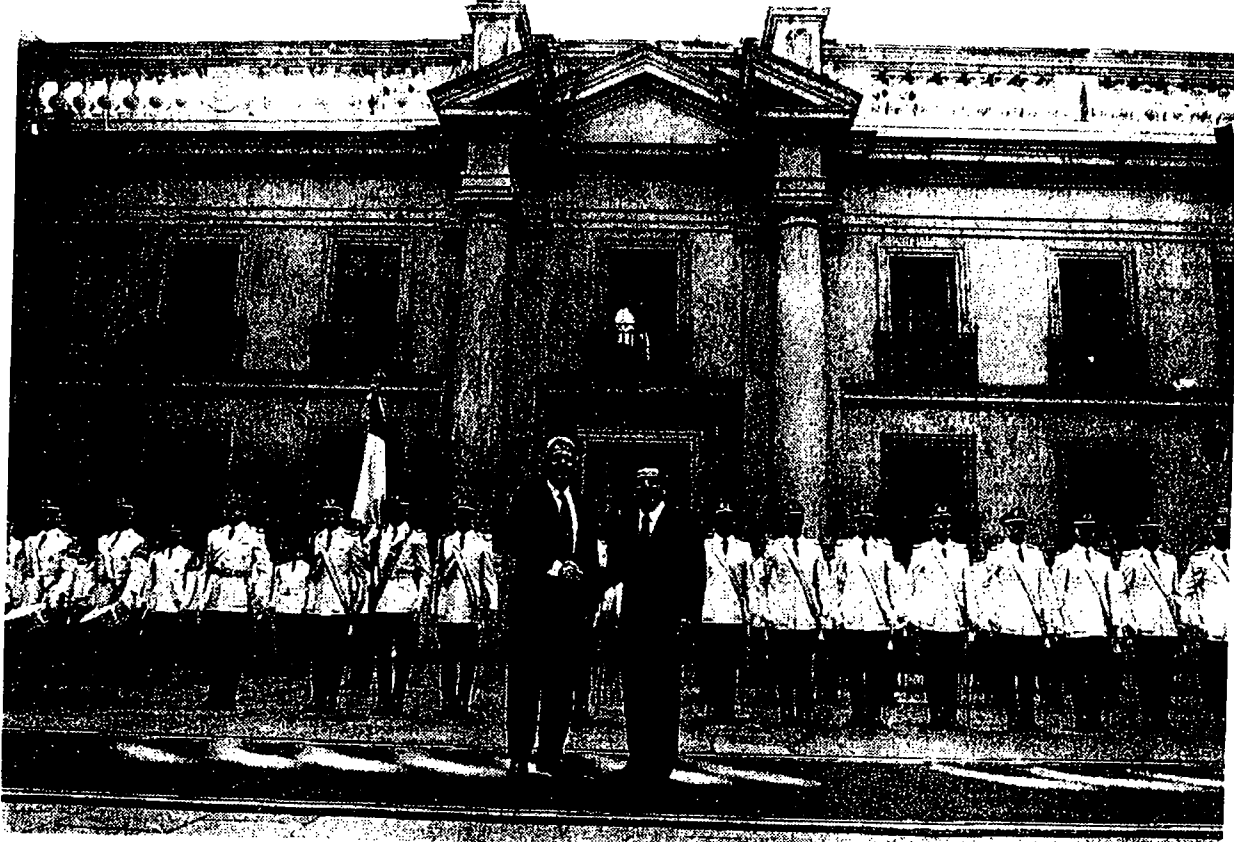
File
- Summit
- Press

White House News Report



Special Envoy Office
176 OEOB

Friday, April 17, 1998
Produced by the White House Press Office
Room 161 OEOB (Ext. 6-5694)



Reuters

President Clinton is in Chile for a Latin American summit meeting dedicated to creating free trade throughout the hemisphere. He met Chile's President, Eduardo Frei, at the presidential house in Santiago yesterday.

Clinton Urges Latin America to 'Be Patient' on Free Trade

By JOHN M. BRODER

SANTIAGO, Chile, April 16 — President Clinton pleaded with the leaders of Latin America today to be patient with the United States as it conducts a painful internal political debate over the merits of free trade throughout the hemisphere.

Mr. Clinton, in Chile for a Latin American summit meeting dedicated to creating a hemispheric duty-free shop from the Yukon to Tierra del Fuego, felt compelled to explain Congress's refusal last fall to grant him unlimited trade negotiation authority, known as "fast track."

In a speech to an international business audience here today, Mr. Clinton acknowledged that he had so far failed to persuade a majority in Congress of the benefits of free trade with the other nations of the hemisphere. The United States currently has a free-trade pact with Mexico and Canada.

Mr. Clinton said that ultimately the United States would not walk away from the "colossal opportunity" presented by the so-called Free Trade Area of the Americas, which is supposed to be in place by 2005.

Mr. Clinton quoted Winston Churchill, who said, "The United States invariably does the right thing, after having exhausted every other alternative."

The President said: "So be patient with us. So just stay with us. We'll get there."

Mr. Clinton's remarks set the tone for this visit, which American officials said marks a maturation of the United States' relations with its neighbors, which have veered over the decades from military intervention to not-always-benign neglect. By opening the trip with an explanation and implied apology, Mr. Clinton hoped to establish a dialogue of equals, officials said.

Mr. Clinton said he would continue to press for approval of fast-track authority, under which Congress can approve or reject proposed trade treaties negotiated by Mr. Clinton, but cannot amend them. The Presidential authority is considered crucial

to achieve trade breakthroughs because other countries will be reluctant to negotiate trade deals with the United States if they feel Congress will change the terms after an agreement is reached.

A bill granting Mr. Clinton fast-track authority was withdrawn last November after Democrats in Congress said they were not persuaded that the trade deals the President is proposing would provide adequate protection for workers and the environment.

The start of the complex seven-year trade negotiations is the centerpiece of the President's four-day visit to Chile.

The first two days of the trip are dedicated to a state visit to Chile and talks with President Eduardo Frei. This weekend, 34 of the 35 countries of the hemisphere, with the exception of Cuba, which was not invited, will convene in a hemispheric summit meeting to celebrate the spread of democracy and an era of exceptional economic expansion.

Mr. Clinton and Mr. Frei, at a joint appearance today, announced that they would work together to reduce emissions of greenhouse gases that lead to global warming. They also announced cooperative efforts on education, disaster preparedness and anti-drug programs.

Mr. Clinton is to speak to a joint meeting of the Chilean legislature on Friday. To the relief of American officials, Gen. Augusto Pinochet, a lifetime member of the Senate, signaled today that he would not be present. American officials had feared that the appearance of the 82-year-old general, who led an authoritarian regime here from 1973 through 1990, would be a distraction from Mr. Clinton's message of hope, growth and democratic development in Latin America.

Samuel R. Berger, the national security adviser, said Mr. Clinton would not alter his remarks on democracy and human rights, whether General Pinochet was in the audience or not. The operative theory of the trip appears to be that meeting and talking, even if with only modest achievements, are in themselves important benchmarks in the march toward hemispheric economic and political integration.

The official line is that the President does not need fast track to begin the negotiations for the Free Trade Area of the Americas, to which the democratic nations of the region committed themselves at the first modern Latin American summit meeting, in Miami in December 1994.

Charlene Barshefsky, the United States trade representative, said Washington had arranged the talks in its own interest, setting out their terms at the beginning, and had assured itself the co-chairmanship of the talks at the end stage of the negotiations five years from now.

In a briefing before leaving Washington, she brushed off concerns that in the interim Latin American nations will bypass the United States and form regional trade groups that will create economic ties with Europe and Asia and put American exporters at a disadvantage.

Ms. Barshefsky said those regional trade deals are not "an overly positive development" for the United States. But she said the Latin American nations would ultimately have to accommodate United States trade terms if they want unrestricted access to the immense American market for goods and services.

The New York Times

FRIDAY, APRIL 17, 1998

Clinton Stresses Benefits of Open Markets

President Opens Latin American Visit With Praise of Chile's Economic Strides

By THOMAS W. LIPPMAN
Washington Post Staff Writer

SANTIAGO, Chile, April 16— At the same presidential palace where socialist President Salvador Allende died in a CIA-encouraged military coup nearly 25 years ago, President Clinton today hailed the "tides of change" that have converted Chile into a "partner and friend for the United States."

Clinton met at La Moneda palace with Chilean President Eduardo Frei at the start of a state visit focused on themes similar to those he pursued last month in Africa— trade, education, the environment and access to credit for aspiring entrepreneurs.

With Chile and other Latin American states, as with Russia, Vietnam and Angola, Clinton has sought throughout his presidency to dismantle the sour legacy of the Cold War and rethink the nature of U.S. relations with other countries. As he travels the world now, Clinton the president sounds much like Clinton the candidate stumping the United States in 1992, stressing economic opportunity rather than strategic alignment as the key to stability. In Frei, he said, he has found a leader who fully shares his views.

Clinton praised "the astonishing record established by Chile in the last few years in economic and political terms." Frei said his visit to Washington last year and Clinton's reciprocal visit here "reflect the new level of maturity that relations between our two countries have achieved."

Clinton said the transformation of this key South American country is virtually complete, as Chile "has set an impressive standard in strengthening its democracy, opening its economy [and] lifting its people from poverty."

The two presidents referred only indirectly to the long period of strained relations between their countries that followed the 1973 coup. Clearly understood, if unstated, was that Chile's relations with the United States began to change only after Gen. Augusto Pinochet, the man who overthrew Allende and seized power with U.S. backing, stepped aside in favor of civilian rule in 1990 following a dictatorship

marked by both economic transformation and human rights abuses.

Pinochet, who remained commander of the Chilean armed forces until February and has since been appointed a senator for life, may be in the audience Friday when Clinton addresses the Chilean Congress in the port city of Valparaiso. "I can assure you the speech will be the same whether he's there or not," White House national security adviser Samuel R. "Sandy" Berger said.

Clinton mostly stressed the future, not the past, pressing his unwavering theory of international relations: that economic expansion through open markets is the key to prosperity and stability, and that

SUMMIT, From A25

ways must be found to ensure that the economically disadvantaged are not left out.

As in Russia and much of Africa, senior officials said, democracy has taken hold in every country of the Western Hemisphere except Cuba but remains fragile in those where people have not felt its benefits. The next step, or "second generation" of issues, is to demonstrate that democracy can deliver jobs, health care

and education to ordinary people.

"Harnessing the forces of globalization to work for all our citizens is literally a challenge to every nation in the world," Clinton said in a speech to a business group this afternoon. "A rising tide does not necessarily lift all boats. People without the right education, without training, without skills, without bargaining power can be stranded on yesterday's shore."

He and Frei issued a statement in which they agreed to expand bilateral cooperation on education, including

development of bilingual computer software and increased student exchanges, and to support similar initiatives at a hemispheric summit conference that begins here Saturday.

The president restated his determination to obtain from Congress the "fast-track" negotiating authority he seeks to complete the hemisphere-wide free-trade agreement on which negotiations will begin here this week. Congress has so far refused to give Clinton authority to negotiate an agreement that would not be subject to amendment, but he said today that

"before [the negotiators] are done, we'll have it, and it will work."

Clinton and Frei also signed a joint declaration affirming Chile's commitment to reducing emissions of greenhouse gases, which many scientists say are causing a potentially harmful warming of the Earth. At the same time, Clinton challenged what he said is a widespread belief "that poor countries cannot become rich countries without emitting more greenhouse gases."

There is no plot by the industrial-

ized nations to "hold others down," Clinton said. "For 30 years, every time we have sought to improve the environment, we heard from someone who stood up and said, 'If you take this step to clean the air, to clean the water, to improve the health of the food supply, you will cost jobs and hurt the economy.' And for 30 years every single step we have taken to improve the environment has helped the American economy."

With today's statement, Chile became the second Latin American country to endorse—albeit vague-

ly—the concept of emissions-reduction targets for developing countries. White House officials are hoping to secure specific commitments from key developing countries over the coming months as a way of softening resistance in the Senate to ratification of the international climate treaty signed in December in Kyoto, Japan.

The Washington Post

FRIDAY, APRIL 17, 1998

Clinton tests summit speech on Chile

Tries to smooth over issue of free trade

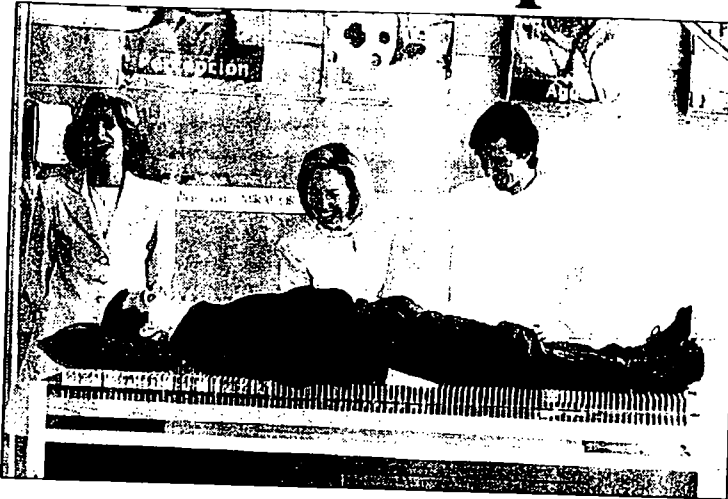
By Bill Nichols
USA TODAY

SANTIAGO, Chile — President Clinton used his state visit to Chile on Thursday to preview the prescription for continuing democratic growth in Latin America that he will stress when the second Summit of the Americas opens here this weekend.

But the president also tried to smooth over a troublesome summit subject — a congressional impediment to negotiating a free-trade zone in the hemisphere that also kept Chile out of the North American Free Trade Agreement.

Clinton asked Chileans to "be patient with us" as his administration tries to build support in Congress for approving fast-track trade authority, which failed to pass last fall. The authority would allow a president to negotiate trade deals that cannot be altered by Congress, only approved or voted down. Last year's defeat scuttled White House plans to include Chile in NAFTA, a free-commerce zone in which the United States, Mexico and Canada already take part.

Administration officials say the United States will need fast-track authority to be able to complete negotiations for a free-trade area throughout the Americas by 2005. Those negotiations are scheduled to be officially launched at this weekend's summit.



In Santiago: Chile's first lady Marta Larraechea, left, and Hillary Rodham Clinton observe a man on a nail bed at an interactive museum Thursday.
By Jaime Razuvi, Agence France-Presse

Clinton told an audience of Chilean and U.S. business leaders he was convinced that Congress will not return to "misguided protectionism" and promised that before hemispheric free-trade negotiations conclude, the United States will have fast-track authority.

"We'll have it and it will work," he said. But in Congress, approval is seen as unlikely this year.

Clinton's larger point, however, was a push for emerging democracies to stay on track. It's an idea he'll stress this weekend when he meets with 33 other

heads of state for the sequel to the 1994 Summit of the Americas in Miami.

Clinton lauded Chile's emphasis on education, legal reforms and pollution curbs as a model for other emerging democracies in Latin America.

Once ruled by a brutal military junta, Chile "has become a leader in our hemisphere and an even stronger partner and friend for the United States," Clinton said, praising the country's "astounding record" of economic growth.

In an interview published Thursday in newspapers in Argentina, Brazil, Co-

lombia, Mexico and Chile, Clinton also stressed the need for "second-generation" reforms for other emerging Latin American democracies. "We need to show that democracy and free markets can make a tangible difference to the lives of common people," Clinton said in written responses to questions submitted by six newspapers. "That means going beyond elections and market reforms to education, the rule of law, health care and labor rights."

The president and first lady Hillary Rodham Clinton arrived here early Thursday after an all-night flight from Washington. They spent the day touring the cautiously democratic Chile that has gradually emerged from the shadow of Gen. Augusto Pinochet's 17 years of authoritarian rule. Clinton and Chilean President Eduardo Frei issued a joint statement then toured Frei's old Santiago neighborhood, visiting a local ceramics factory and taking part in a round table with local entrepreneurs.

Today Clinton travels to the coastal city of Valparaiso to address a joint session of the Chilean legislature. Pinochet, who stepped down from the Chilean military last month to become senator-for-life, has indicated he might be in the audience. Chilean officials indicated Pinochet would not attend. Clinton aides said they had received no final answer.

Clinton's speech might be controversial, aides said, because it would not contain the anti-Pinochet references that some Chilean human rights activists wanted.

Clinton and Castro in the Summit's eye

As 34 countries from Canada to Chile hold their second Summit of the Americas in Santiago this weekend, attention is focused on these two heads of state, one present, one absent:

► Bill Clinton, for his failure to get "fast-track" trade legislation renewed by Congress since it expired in 1994. That has huge impact on our trade dealings with the other Americas.

► Cuba's Fidel Castro, who now is doing near-normal business with every other country in the Americas but continues to be ostracized by the USA. Clinton banned Castro from the Santiago meetings, as he did at the first such summit in Miami four years ago.



Plain Talk

By Al Neuharth

USA TODAY FOUNDER

You can expect official communiqués out of Santiago to stress feel-good feelings. But the fact is that most leaders now consider the goal of free trade between all of the Americas by 2005 unlikely.

Most Latins also feel that the USA's attitude toward Cuba is outdated and outlandish. They believe Clinton is bullying Castro to pander politically to Cuban exiles in Florida.

When President John F. Kennedy imposed sanctions on Cuba after the Bay of Pigs in the '60s, he had overwhelming support in the USA and the other Americas. Castro's Cuba was a communist ally of the USSR and a military threat 90 miles from our border.

But with the collapse of the Soviet Union, Castro became at most a nuisance, certainly not a threat. The other Americas have recognized that. The USA has not.

If the Americas are to compete with Europe and the Pacific after the turn of the century, we must lower all barriers from Alaska to Argentina, including Cuba.

This week's Santiago summit makes it timely to recall the comments of the U.S. ambassador to Chile, Gabriel Guerra-Mondragon, when I visited him there last month: "We're all in the same boat. We will sink or swim together."

Clinton should take that as his cue in Santiago this weekend.

FEEDBACK

Other views on Castro

"It is wrong to suggest that Castro's Cuba should be an exception to Mr. Clinton's hemispheric pro-democracy policy. Mr. Neuharth means well, but the main obstacle to lifting the embargo is not the Cuban-Americans, but Castro's behavior."

— Frank Calzon, executive director, Center for a Free Cuba

"U.S. policy toward Cuba is outdated and counterproductive. It is opposed by the pope, the U.S. Chamber of Commerce and virtually every other government in the world, including some of the most conservative. Obviously, something is wrong, but that doesn't seem to have dawned on the Clinton administration."

— Wayne S. Smith, senior fellow, Center for International Policy, and former chief State Department official in Havana

Al Neuharth's column appears on Fridays.

Top of page:

Col 1: The Vatican, opening up its archives into the Roman Inquisition for the first time, also may be opening up a can of worms. (INQUISITION, moving Friday.)

Col 2: The Defense Department struggle with Illinois community leaders over plans to destroy obsolete napalm there is not an isolated case; across the United States, the military is treading through a minefield of potential opposition as it tries to get rid of all sorts of explosive or toxic materials that no longer have any utility. (NAPALM-WASTE, moved.)

Cols 3-5: Wild art of President Clinton in Chile.

Col 6: Local telephone snafu. (UNLISTED, upcoming.)

Above fold:

Col 2: Independent Counsel Kenneth W. Starr says that because his investigation "has expanded considerably and the end is not yet in sight," he is withdrawing from positions promised him at Pepperdine University. (STARR-TIMES, moved.)

Cols 3-4: A revolutionary way to combat deadly antibiotic-resistant "superbugs" has been developed by researchers at the University of California, Davis, perhaps paving the way for a new class of drugs to supplement antibiotics. (STAPH, moved.)

Col 5: China recently rebuffed an American arms-control proposal that it should join the main international organization for limiting the spread of missile technology when President Clinton visits Beijing this summer, senior Clinton administration officials say. (CHINA-POLICY, moved.)

Below fold:

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Cols 1-2: Local political story.

Cols 4-6: Pol Pot, a former teacher and lover of poetry who emerged from the jungles in 1975 to lead the Khmer Rouge's campaign of terror and mayhem in Cambodia, dies what is a fitting death: alone, betrayed by his closest allies, reviled by the world. (CAMBODIA-TIMES, moved.)

Clinton, Chilean Leader Sign Accords on Climate, Economy (Santiago) By Jonathan Peterson (c) 1998, Los Angeles Times

SANTIAGO, Chile President Clinton launched his four-day Chilean visit Thursday by agreeing with President Eduardo Frei to cooperate on climate change, financial-market stability and other issues in a global economy.

But it was on a more down-to-earth level that Clinton sought to explain the ties that bind Chileans and Americans on issues such as schools, child care, jobs and access to credit. "Working families, in that sense, from Santiago to San Diego may not be all that much different," Clinton said in a speech to business leaders.

To his disappointment, the globe-trotting president who just two weeks ago was on a 12-day tour of Africa came to Chile having failed to get Congress to award him powers to make trade deals that would be immune from tinkering on Capitol Hill.

U.S. critics, who have denied Clinton the "fast track" authority, fear that unfettered global commerce would lead to the exploitation of workers and the environment, while the White House has said such power is crucial for America to remain a leading example in global trade policy.

"Be patient with us," Clinton told about 800 business leaders in a downtown Santiago theater, pledging his commitment to gaining "fast track" authority. "There is not a majority in either house of

the United States Congress for a return to misguided protectionism."

Clinton's trip here has two distinct parts—a state visit, which ends Friday, then the Summit of the Americas, on Saturday and Sunday. At the summit, hemispheric political leaders will wrestle with issues of trade, anti-narcotics enforcement and widespread poverty that continues to jeopardize reforms.

"Never before have the Americas been so united in values, interests and goals," Clinton told the business audience, alluding to the widespread move toward free-market economies and political liberalization in a region home to brutal dictatorships not long ago. "We have to keep that in mind as there are bumps along the way ..."

Clinton's day began with a ceremonial airport arrival, followed by a helicopter ride to Santiago and a motorcade to the La Moneda presidential palace, where he and Frei signed a series of accords.

In their vaguely worded agreement on climate change, the leaders agreed that industrialized nations, such as the United States, should reduce greenhouse gas emissions "as a matter of priority."

And in a bid to handle one of the thorniest aspects of the issue concerns that the cost of fighting pollution would hinder the prosperity of poorer nations Clinton and Frei cited the importance of "market mechanisms" in promoting clean air and in fighting climate change.

"Such mechanisms, while not spelled out, are meant to ease the financial burden on developing countries in combating global warming. They could mean that advanced nations would receive credit toward emissions-reduction goals, for instance, by investing in clean-air technologies in poorer nations overseas. The United States and Argentina reached a similar accord last October.

"I know this is a matter of some controversy throughout Latin America, and indeed, throughout many developing nations," Clinton said at the presidential palace.

Picking up the theme later, in his address to business leaders, he knocked the notion that there was "some dark conspiracy to hold others down" through a global-warming deal. "In the first place, that's bad economics, because the United States should want all of our trading partners to get wealthier," he said. "That is what is in our interest."

The leaders also agreed to cooperate in building a climate forecasting system for the Americas, aimed at limiting the disruptive effects of El Niño.

While the Asian financial crisis has prompted jitters about the interlinked global financial system and the disruptive effects of emerging markets, Clinton Thursday described South America as a successful contrast to Asian nations that have suffered capital flight. "In general," he said, "Latin America has grown so strong that I think even a lot of you are probably surprised that this region has weathered the shock of the Asian financial crisis as well as the region has."

But he also noted that financial progress has not meant the end of inequities in a region with 150 million in poverty, urging South Americans to improve education as a social equalizer. He and Frei agreed on exchanges of students and teachers and other areas of educational cooperation.

Leaders to Consider Free Trade Pact for Western Hemisphere By Chris Kraul (c) 1998, Los Angeles Times

President Clinton and 33 other heads of state will gather this weekend in an unprecedented effort to create the world's largest free trade zone and economically integrate the Western Hemisphere.

The two-day Summit of the Americas, which opens Saturday in Santiago, Chile, is the first time in more than three years leaders representing 800 million people in the hemisphere have met under one roof. And trade, not surprisingly, is the magnet that's drawing them together.

Clinton and his peers are expected to launch what is expected to be a grueling seven-year negotiation process to draft the Free Trade Agreement of the Americas, which would effectively extend the North American Free Trade Agreement to include South America and the Caribbean. Any pact would have to be approved by the U.S. Congress.

U.S. government and business interests want free trade because they are increasingly cognizant of Latin America as a huge and largely untapped market, especially south of Mexico, and that a free trade agreement could help them exploit it. Latin American exports

are growing at a 22 percent annual rate, more than twice the growth of European exports.

Latin American countries want an accord that would open up the rich U.S. market, which in some areas is now closed to them, especially agriculture. "All the countries want it, so it will move forward," said Sidney Weintraub, a political economist at the Center for Strategic and International Studies in Washington, D.C.

No one expects the negotiations to go smoothly. Clinton was handed a setback last fall when Congress denied him "fast track" negotiating authority, a blow that dimmed U.S. leadership and confused trading partners. The loss killed chances of Clinton negotiating an expansion of NAFTA to add Chile to the United States-Mexico-Canada troika.

The biggest hurdle for Clinton in negotiating hemispheric free-trade provisions could be U.S. labor, which has made it clear it will not support a trade agreement that does not protect American workers and the environment.

"Our concern is that capital will seek the easiest worker to exploit and the easiest environment to despoil as (companies) seek lower costs," said David Smith, public policy director for the AFL-CIO in Washington.

And not all South American countries are equally enthusiastic supporters of a free-trade agreement. Brazil, with its still protected economy, is on the record saying it's in "no hurry" to join the pact and has even floated the idea of a "Safta," or South American Free Trade Agreement, that would exclude the United States.

The waters have been muddied by a growing number of bilateral trade agreements within Latin America and with outside countries a process that began in the early 1990s but has accelerated in the past year since Clinton's fast track initiative ran aground. Some of the deals, including a Chile-Canada zero-tariff accord, have already hurt U.S. producers, notably wheat farmers.

Peru has joined the Asia Pacific Economic Cooperation forum, for example, and Chile has signed on as an associate of the Mercosur trade block, which already includes Brazil, Argentina, Paraguay and Uruguay and is holding discussions on its own with the European Union.

The danger for U.S. trade is that these arrangements could lead to "privileged treatment" for European or Asian trading partners, said Peter Smith, a political scientist in the Latin American studies department at the University of California, San Diego.

Still, most observers expect the Free Trade Agreement of the Americas to become a reality in 2005, based on the growing consensus worldwide that free trade boosts economic growth and creates better paying jobs although often at the cost of short-term dislocations. Weintraub said export related jobs pay 13 percent better than those geared to domestic markets.

Backers of the Free Trade Agreement of the Americas point to trade gains generated by NAFTA, which took effect in 1994. U.S. exports to Mexico last year reached \$71.4 billion, up 76 percent from 1993 levels, and Mexico's export-related jobs have boomed. Mexico last year surpassed Japan as the second-largest U.S. export destination after Canada.

NAFTA disappointments include a ballooning U.S. trade deficit with Mexico that totaled \$14.5 billion in red ink last year, a reversal from pre-NAFTA trade surpluses. Environmentalists have also decried NAFTA's failure to meet its stated goal of raising environmental standards along the border.

But the historical tide, in this hemisphere at least, seems to be sweeping market barriers away.

Countries throughout South America are privatizing inefficient state-run industries and opening the gates to foreign investment, creating enormous opportunities for U.S. industry. That's a major reason for the 22 percent growth rate in U.S. exports to Latin America.

That growth comes despite average Latin America tariffs of 12 percent. So, the elimination of those tariffs in the FTAA should create an even better market for U.S. heavy manufacturers, consumer goods marketers and service providers.

Free trade is not a one-way street and Latin American countries, including Brazil and Chile, say an accord must ease access to the U.S. markets that are protected, especially agriculture.

They want an agreement that would do away with the "contingent protection" tariffs, such as arbitrary anti-dumping penalties that they say the United States has imposed to protect citrus and sugar producers. Mexico is also a heavy user of such anti-dumping measures.

As envisioned, the FTAA would take NAFTA a step or two further. Latin American countries are pushing for provisions that would open billions of dollars of U.S. government procurement contracts to foreign bidders.

Fast-track authority would have given the Clinton administration the power to negotiate the Free Trade Agreement of the Americas and then present an all-or-nothing package to Congress for approval, without any possibility of last-minute amendments. The absence of fast track means that the negotiating process will continue in Congress, subjecting individual provisions to political scrutiny.

"Without it, the U.S. is not going to be in a strong negotiating position," said Colleen S. Morton, vice president of the Institute of the Americas, a Latin American policy think tank on the UC San Diego campus. "My fear is that without progress in the form of interim agreements by, say, the year 2000, the whole process could just die away, lose momentum."

China Rejects U.S. Invitation to Join Missile Control Group (Wash) By Jim Mann (c) 1998, Los Angeles Times

WASHINGTON China recently rebuffed an American arms-control proposal that it should join the main international organization for limiting the spread of missile technology when President Clinton visits Beijing this summer, senior Clinton administration officials say.

By not becoming a member of the 29-nation group, known as the Missile Technology Control Regime, China retains the ability to sell some components or technology for ballistic missiles to countries such as Pakistan and Iran.

Administration officials had hoped an agreement bringing China into the group could be the centerpiece of Clinton's trip in late June. A separate accord on nuclear cooperation was the focal point of Clinton's summit with Chinese President Jiang Zemin in Washington last October.

But now that the idea has fallen through, administration officials are exploring other themes and lesser deals that might be highlighted when Clinton goes to China. One point administration officials say they will stress, for example, is that Clinton's trip will be the first chance for a top-level meeting with China's dynamic new Premier Zhu Rongji.

The unsuccessful U.S. initiative on missiles came in a late March visit to Beijing by John Holum, director of the U.S. Arms Control and Disarmament Agency. He and other administration officials laid out a proposal under which China would become a full member of the missile control group soon, and, in exchange, would gain greater access to American commercial space technology, senior U.S. officials said.

But China showed no enthusiasm for such a deal. Instead, U.S. officials say, Chinese officials repeated to Holum their long-standing objections to joining the group. They said they would be happy to get more American space technology but not if it were linked to membership.

China has said the missile group amounts to a Western club, imposing export rules that Beijing had no role in drafting. Chinese officials also have argued that it is unfair for the United States to seek limits on missile technology, while America itself exports F-16 jet fighters that might also be used to deliver weapons of mass destruction.

For more than a decade, U.S. officials have been trying to persuade China to stop exporting missiles or missile technology to the Middle East. The American efforts began when U.S. intelligence discovered that China had sold intermediate-range missiles to Saudi Arabia and was preparing to sell advanced, solid-fuel missiles to several other countries.

On several occasions, the Reagan, Bush and Clinton administrations have won commitments about missile exports from Beijing, only to discover later on that China was continuing to help other nations' missile programs.

Some administration critics say the attempt to bring China into the missile accord was a bad idea. They argue that China would not obey the rules anyway and that by promising to give China greater access to U.S. commercial space technology, the administration would have been giving away more than it was getting.

"I think it's a good thing the Chinese didn't agree to join," said Gary Milhollin of the Wisconsin Project on Nuclear Arms Control, an independent anti-nuclear group. "If they did, we would have dropped the barriers to (American) exports to China, when there

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Clinton asks Chileans for patience on trade

Promises to achieve 'fast-track' authority

By Warren P. Strobel
THE WASHINGTON TIMES

SANTIAGO, Chile — President Clinton pleaded with America's Latin neighbors yesterday to "be patient with us," promising that he will continue to prod Congress for broad powers to negotiate new trade deals and predicting that he will win them after a long debate.

These upbeat comments came on the first day of a Latin American visit that, like his previous stop in the region last October, was largely overshadowed at home by domestic politics.

News conferences by independent counsel Kenneth W. Starr and Paula Jones, who is appealing the dismissal of her sexual harassment lawsuit, overwhelmed attention to his foreign policy.

The president skirted questions about the matters for most of the day and, when he finally did answer, declined to reveal his thoughts.

"I shouldn't be commenting on domestic politics while I'm overseas," said Mr. Clinton, who has done precisely that on many previous forays abroad.

White House officials and reporters sparred throughout the day over access to Mr. Clinton, who scheduled no formal news conference during his four days in Chile.

In the morning, officials offered to allow a newspaper reporter to witness the opening of a meeting between Mr. Clinton, Chilean President Eduardo Frei and their top aides, with the clear understanding that no questions be asked. The officials cited Chilean customs regarding such events, saying it would be unfair for U.S. reporters to ask questions when Chilean journalists are barred from doing so.

This reporter for The Washington Times, who was the designated newspaper representative in the media "pool" shadowing Mr. Clinton at the time, declined to participate under those restrictions. CNN then pulled its cameras and crew from the event.

It was only one of several opportunities for Mr. Clinton to appear on camera yesterday, and a Clinton press aide worked to allow journalists another chance to ask questions. But when that opportunity came during the president's visit to the neighborhood of San Miguel for a roundtable discussion, he ignored questions shouted at him four times.

He finally addressed the matter after a midafternoon speech to business leaders at Santiago's Teatro Municipal.

Domestic politics also have intruded on



AP photos
Hillary Clinton meets Chile's first lady, Marta Frei, after the Clintons arrived in Santiago, Chile, for the Americas summit.

Mr. Clinton's attempts to liberalize trade throughout the Western Hemisphere. Last fall he had to pull his proposal for "fast-track" trade negotiating authority from the House floor after it appeared headed for defeat by opponents who wanted stronger labor and environmental protection.

Chile felt a special sting at the defeat because it was first in line to be added to the North American Free Trade Agreement (NAFTA) between the United States, Canada and Mexico.

The issue was the one sour note in a day devoted to celebrating strong U.S.-Chilean relations. Introducing Mr. Clinton at the theater, Mr. Frei said, "We hope very soon the necessary consensus will be reached in his country" for procedures to implement free trade.

Fast-track would allow the president to negotiate trade agreements that Congress would have to vote up or down but could not amend.

U.S. officials said the absence of fast-track will not hinder the launch of talks for a hemispherewide free-trade zone, called the Free Trade Area of the Americas, that is to take place at a 34-nation summit here this weekend. But they acknowledge it has dampened the mood of the negotiations.

Mr. Clinton said the United States has launched trade negotiations before without fast-track authority.

"Before they're done, we'll have it and it will work," he said to applause.

"There is not a majority in either house of the United States Congress for a return to misguided protectionism," the president said, but rather "a continued and vibrant debate" about how to make sure all citizens benefit from free trade.

"So be patient with us," he said, citing Winston Churchill's quip that the United States always does the right thing "after having exhausted every other alternative."

The talks will include a committee on labor and environmental concerns, which opponents say are being ignored in the race to open markets and cut deals.

The Washington Times

FRIDAY, APRIL 17, 1998

What's up in Santiago . . .

By Thomas F. McLarty III

How can you boost U.S. job and wages, fight illegal drugs, protect the environment, and curb illegal immigration all at the same time? President Clinton's answer might surprise you: travel to Santiago, Chile this weekend to improve cooperation with our regional allies. The agenda at the second Summit of the Americas demonstrates that the once bright line between domestic and foreign policy is blurring — particularly in Latin America and the Caribbean.

Trade accounts for one-fourth of our total economy, and 43 percent of our exports go to the western hemisphere. Jobs supported by exports pay 15 percent more than others. We export more to Brazil than to China, and more to Chile, with 14 million people, than to India, with 940 million. And half of the region's population is under 21, so the

Thomas F. McLarty III is counselor to the President and special envoy for the Americas.

growth potential literally goes off the charts.

Gasoline today sells for a little over a dollar per gallon — adjusting for inflation, that's the cheapest it's been in a generation. But how many Americans know that Venezuela is our number one energy supplier, and that three of our top four suppliers are in this hemisphere? Our regional allies have supported our efforts in Bosnia, Asia, and in the Persian Gulf. Their cooperation is critical to combat the dark, evil force of illegal narcotics. And we cannot stop environmental threats such as global warming without the commitment of developed and developing nations alike.

We have seen a quiet revolution in the Americas that is no less dramatic than the fall of the Berlin Wall. Thirty years ago half of the western hemisphere lived under authoritarian rule; today 34 out of 35 countries are democratic. Fifteen years ago Central America was a battleground for the U.S.-Soviet Union conflict. Today Central America is at peace, and the United States exports more to Central America than the former Soviet states combined. A few years ago, Brazil's inflation rate was 5 percent.

Today it remains at 5 percent, but that's 5 percent annually instead of 5 percent each week.

With the region embracing democracy and markets, we have an historic opportunity to advance our national interests. From expanding trade and fighting drug traffickers to restoring democracy in Haiti and peace in Guatemala, President Clinton personally has led our policy of sustained engagement. Along the way we discovered that the concerns of the American people are increasingly the concerns of our neighbors. The people of the Americas share common interests and the same hopes for a better life. We share geography and the value we place on family and faith. Our cultural exchanges are at record levels, and the United States has the fifth largest Hispanic population in the world.

In today's global economy education is the only route to lasting, inclusive growth. But the average Latin American child receives only seven years of schooling, and some teachers must supervise over 100 students. That's why our leaders in Santiago will put a priority on getting more teachers in the classroom, encouraging greater parental involvement and responsibility, linking students to the internet, and expanding vocational training.

A better-educated hemisphere is in our

interests as well, for this simple reason: good schools make good neighbors. Education improves the U.S. economy by enlarging the middle class that buys our products, it encourages those tempted by illegal immigration to stay home, it stabilizes young

We have seen a quiet revolution in the Americas that is no less dramatic than the fall of the Berlin Wall. Thirty years ago half of the western hemisphere lived under authoritarian rule; today 34 out of 35 countries are democratic.

democracies with a deeper commitment to civic responsibility, and it reduces the lure of illegal drug profits.

The Santiago Summit will also help establish a justice studies center and a special rapporteur to advocate for freedom of

expression. Almost 200 reporters have been killed in the last ten years — 13 in the last six months — but these and other crimes go unpunished. Democracy cannot survive without a free press or an independent judiciary. We cannot tolerate intimidation of these rights, whether it be by drug lords, guerrillas, or by governments.

We will launch negotiations in Chile to establish a Free Trade Area of the Americas (FTAA) by 2005. We know that exports and imports increase efficiency, hold down inflation, and support higher-paying jobs. But open markets also have lower poverty rates, higher labor standards, and better environmental protection. In fact, democracy and open markets are two sides of the same coin. Together they are the currency of progress for responsive government and broad-based economic growth.

Gas prices, education, illegal drugs, and clean air and water. These are the issues that Americans talk about as they gather around their kitchen tables, and they are the interests we're advocating in the Americas. As President Clinton meets with the hemisphere's leaders, take a fresh look south. This is not your father's Latin America. With an open dialogue and sustained U.S. leadership, our regional community can work together to find new prosperity in the twenty-first century.

The Washington Times

FRIDAY, APRIL 17, 1998

... and freer trade for all of America

By Richard L. Bernal

Will the Free Trade Area of the Americas (FTAA) process be delayed by the absence of fast track negotiating authority, or will negotiations start this year? If negotiations do not start shortly, will the FTAA process lose momentum and be overtaken by a proliferation of bilateral and regional initiatives? These are some of the questions that deeply concern the governments and business interests in the Americas.

The process is now at a critical juncture and it will either move forward to actual negotiations or be sidetracked. At the first Summit in Miami in December 1994, the presidents and prime ministers of 34 countries declared their commitment to establish the FTAA by the year 2005.

Since then, there have been extensive discussions at the ministerial, vice-ministerial and working group levels. Only last month at a meeting in Costa Rica, the 34 trade ministers of the hemisphere agreed that negotiations for the FTAA begin before the end of 1998. This week,

Richard L. Bernal is Jamaica's ambassador to the United States, a permanent representative to the Organization of American States and chairman of the FTAA Working Group on Small Economies.

heads of state are meeting in Santiago, Chile to evaluate that recommendation and take the next steps toward implementation of the FTAA.

Many of the initial differences in perspective about what the FTAA should be and how to isolate it have now been resolved and negotiators are finalizing the guiding principles, structure and schedule for the commencement of negotiations. This has been a significant accomplishment given the wide differences in levels of development (ranging from the United States to Haiti) and size of economy (varying from Canada to St. Kitts). Furthermore, views differed on the pace of movement toward the FTAA. Canada has been proposing to accelerate the process, while the MERCOSUR countries believe that there are dangers if the process does not slow down. Meanwhile the small developing countries of Central America and the Caribbean want adequate time to adjust their economies.

The main cause of concern is that the Clinton administration has been unable to secure fast-track trade negotiating authority from the U.S. Congress. Fast track is both an enabling legislative procedure and a statement on U.S. trade negotiating goals and priorities. This authority would permit the U.S. to undertake negotiations on trade agreements, which would

be submitted to Congress to accept or reject, without amendment. This provides U.S. trading partners with the confidence to proceed because it gives the assurance that what is agreed upon in negotiations would not be modified by Congress.

Many observers believe that until Congress grants fast track authority to President Clinton, hemispheric governments will be hesitant to take U.S. positions in the FTAA seriously, and there would be no point in starting negotiations.

While fast track will provide some level of comfort to foreign trade officials in the bargaining process, it is not a prerequisite. Lack of fast track authority at the beginning of negotiations process, is not inimical to the eventual success of the FTAA. Negotiations for the FTAA can commence without fast track authority

being granted to the Clinton administration. Such a situation is not unprecedented. At times during the eight-year Uruguay Round negotiations, the U.S. participated without fast track authority. Yet the U.S. maintained its leadership role in launching and securing the final agreement of the WTO. As the largest economy and market in the hemisphere, the U.S. will remain a major player in the FTAA process, whether or not the

administration is successful in securing fast track before the start of negotiations.

The FTAA process, which is due to be completed by 2005, can certainly proceed for several years without the absence of fast track being a major impediment, as in any event, negotiations are likely to proceed slowly. Moreover, in many areas, the mandate to show "concrete progress" by the year 2000 could be met by the U.S. without fast

track. Some trade actions such as business facilitation in the area of customs automation, may not require new legislation.

However, while it is true that the FTAA negotiations can start and proceed for a while, these efforts can not be concluded without the U.S. negotiating team having the imprimatur afforded by fast track.

The real danger is that those who argue that the absence of fast track will have a dampening effect on the FTAA process may be unwittingly aiding a self-fulfilling prophecy. The FTAA is not the

only option for any of the participating countries or regional groups. If lift-off is stalled it could lead to "trade promiscuity" through the proliferation of bilateral and sub-regional agreements, which may create confusion and suffocate trade with the complexity of regimes and conflicting rules. There is ample basis for such concerns. Between 1992 and 1996, for example, the WTO was notified of 77 new trade agreements.

With or without fast track the U.S. should not underestimate the importance of trade with Latin America and the Caribbean. Trade is now the engine of growth for the U.S. economy. Between 1985 and 1994, export growth accounted for 32.5 percent of overall growth in Gross Domestic Product. More than 42 percent of U.S. exports are shipped to destinations in the Hemisphere. With Latin America expected to grow as much as five percent annually over the next decade, U.S. exports to this region will remain high. Clearly then, U.S. firms and workers will demand full participation by the United States in these historic discussions.

The FTAA process must not stop or wait for the U.S. to have fast track authority. It must go forward with the commencement of negotiations as soon after the Santiago Summit as possible. The heads of governments must accept the recommendations of the trade ministers to begin negotiations by September, 1998. In so doing, they will accelerate a process that will directly benefit the livelihood of the hemisphere's 775 million inhabitants.



The Washington Times

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country, the Kansas City-based carrier in recent years has been assembling a 6,500-mile system called the NAFTA Railway between central Mexico and the Midwest.

The Kansas City Southern owns 49 percent of the Texas Mexican Railway (Tex Mex), a regional carrier connecting the KCS trackage in east Texas with the Mexican border at Laredo. KCS also owns 37 percent of Transportacion Ferroviaria Mexicana (TFM), the newly privatized section of the former Mexican national railroad that provides service from Laredo to Mexico City, the Gulf Coast port of Veracruz and the Pacific Ocean port of Lazaro Cardenas.

Tellier observed that the trucking industry has been somewhat faster than the railroads to go after new traffic developing because of the North American Free Trade Agreement (NAFTA).

The Canadian National and Illinois Central are an 18,742-mile system stretching from New Orleans to Chicago, east through Montreal to Halifax on the Atlantic Ocean and west to Vancouver, B.C., on the Pacific.

The Kansas City Southern and Canadian National-Illinois Central systems connect in Springfield, Ill., and Jackson, Miss.

The agreement includes the systems granting each other some trackage rights on a limited number of lines, and the expansion of facilities in Dallas, Kansas City and Chicago to go after automotive traffic -- the hauling of automobiles and parts to build them -- as well as intermodal traffic -- truck trailers that can be hauled on railroad flatcars and containers that can be transferred between trains, trucks and ships.

The Canadian National was owned by the Canadian government and was mainly an east-west line across that country with a major spur to Chicago. It was sold in a public stock offering in 1995. Since then, it has been aggressively cutting costs to be competitive with U.S. railroads, and earlier this year it announced it was acquiring the IC in a merger to gain access to the Gulf of Mexico ports.

The Illinois Central is a bidder in a consortium seeking to buy a 1,000-mile section of the Mexican national railroad system between Mexico City and the ports of Veracruz and Coatzacoalcos. The winning bidder has not been selected.

The major U.S. railroads in recent years have been preoccupied in mergers among themselves -- the split up of the Consolidated Rail Corp between the Norfolk Southern Railway and the CSX Corp's transportation subsidiary. In the West, the Burlington Northern and Atchison, Topeka & Santa Fe merged into a single railroad, and the Union Pacific Railroad acquired both the Chicago & North Western and Southern Pacific.

Widely publicized rail traffic jams in Texas resulting from the mishandling of the Union Pacific/Southern Pacific merger has enabled the KCS and Tex Mex to pick up additional traffic from unhappy shippers there. However, the Canadian National's desire to get into Mexico, not the Union Pacific's problems, was the major factor behind the alliance.

Free trade brings economic boost, trouble for environment in Latin America By Laurie Goering Chicago Tribune (KRT)

SANTIAGO, Chile Three years ago, U.S.-based Trillium Corp. voluntarily agreed to submit one of Chile's first environmental impact statements on its controversial plan to cut an old-growth forest on windswept Tierra del Fuego, at the tip of South America.

Chile, at that time, had few enforceable environmental regulations. The country's ancient temperate forests were falling at a prodigious rate to meet Japanese demand for wood chips and the strongly free-market government dismissed growing environmental outcry as an unpatriotic effort to derail Chile's internationally admired growth.

Today, however, Trillium finds the logging project, promoted as a sustainable break from destructive tradition, mired in a swamp of legal challenges, many the product of new laws designed to improve environmental protection in Chile.

The company has yet to cut its first tree and "our investors are disappointed, discouraged and confused," said Robert Manne, president of the Seattle-based project, now renamed Savia International Inc.

"Chile's supposed to be the economic model for Latin America," he said. "But now we have businessmen questioning whether they want to come to Chile at all."

As it rushes to embrace global free trade, Latin America, the repository of some of the world's greatest environmental resources,

is running into tough new conflicts between businessmen demanding restriction-free trade and environmentalists calling for greater protection of the region's forests and minerals, which are attracting unprecedented investment from global logging and mining companies.

"Free trade is a two-sided sword," said Nigel Sizer, of the Washington-based World Resources Institute. "It generates jobs and economic growth and increases government revenue. But the pressures on the environment clearly escalate. It's a very delicate balance and no one can say how it's going to come out" in Latin America.

President Clinton, in Santiago this week for a hemispheric Summit of the Americas meeting with other democratic leaders, emphasized Thursday at a state meeting with Chilean President Eduardo Frei that he believes improved environmental protection, rather than costing jobs, can "lead to broader, stronger, deeper economic growth."

He and Frei signed a handful of cooperative accords, including a commitment to work together to cut emissions that promote global warming and to create a pan-American climate forecasting center to help predict problems like this year's unusually strong El Nino.

On Thursday Clinton also spoke with business leaders in Santiago and visited the lower-class Santiago neighborhood of San Miguel, where he was cheered by residents.

He plans a speech before Chile's Congress on Friday.

While there is not much expectation that this weekend's hemispheric summit will produce key environmental accords, environmentalists hope talks will address an increasingly contentious question in Latin America: Where is the proper balance between environmental protection and market freedom?

Latin America's environment has recently had anything but a banner year. Record fires set by settlers scorched large areas of Brazil recently, and uncontrolled logging continues unabated in much of the Amazon and in countries like Mexico.

Overall, however, environmental laws in the region are improving, though they are often not enforced.

In Chile, both growing grassroots environmentalism and pressure to create acceptable international norms in an era of globalization have contributed to a strengthening of environmental regulation since 1994, when the country passed its first comprehensive environmental regulation package.

Chile, the world's third-largest wood exporter despite its relatively tiny size, now requires a process of environmental impact statements and hearings for new environmentally sensitive projects.

Environmentalists have used the new rules to effectively halt progress on a variety of projects perceived as environmental threats, from Savia's logging effort to plans for a hydroelectric dam on the Bio Bio River.

"A few years ago the government saw us all as dangerous anti-development terrorists, committed to halting the growth of the country," said Adriana Hoffmann, a botanist and head of Defenders of the Chilean Forest, one of the country's top environmental groups. "Businessmen ran Chile and not just local businessmen but international corporations."

Now, however, "I think there are some changes in attitude," she said. "People see that it's bad business for the country to cut everything so quickly for so little financial benefit."

Manne, whose Tierra del Fuego timber project would create 600 jobs in that economically challenged region if it is approved later this month, sees the situation differently.

"A small group of environmental extremists have used the legal system to block major development," he said. "The message business is getting is that there's no level of certainty here."

Still, many environmentalists say environmental protections have declined since the rise of globalization, as international capital searches out countries with the least regulation and thus the lowest cost of doing business, pressuring other countries to similarly reduce protections to compete.

IMF panel urges stronger world financial standards By Merrill Goozner Chicago Tribune (KRT)

WASHINGTON Taking stock of its early missteps in dealing with last year's East Asian financial crises, the International Monetary Fund's governing committee on Thursday took another

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spokesman James Rubin. "Those senior leaders fully share responsibility for what occurred, and those responsible for crimes of that kind should be prosecuted."

But the case of Pol Pot shows that talking about prosecuting suspected war criminals from the safety and comfort of Washington and other capitals is much easier than the reality of apprehending them and overcoming the obstacles to putting them in the dock.

Without an accounting of the crimes committed by the Khmer Rouge, many human rights activists say, Cambodia will remain victimized by violence and instability that still plagues the country.

Pol Pot "was at large for 20 years and that's a difficult thing for the international community to come to terms with," said Ben Kiernan, director of the Cambodian Genocide Program and a history professor at Yale University. "My feeling is that many Cambodians still want an international accounting of what happened."

With grants from the U.S. government and others, the Yale program has been compiling a large archive of documents and other evidence of the Khmer Rouge atrocities, including 6,000 photographs so far of the nearly 2 million Cambodians killed by torture and starvation. Cambodian lawyers are also being trained to prosecute war crimes cases.

The Khmer Rouge is now a ragtag force, wracked by internal fighting and confined to small enclaves in the west and north of Cambodia.

Five former top Khmer Rouge officials remains at large: Ta Mok, a one-legged military commander known as "the Butcher"; former president Khieu Samphan; former deputy prime minister Ieng Sary; Pol Pot's former deputy Nuon Chea; deputy military commander Ke Pauk.

Pol Pot, who was subjected to a jungle show trial last year, had become something of a scapegoat within the Khmer Rouge.

Some human rights activists concede that the failure by Cambodia and the United Nations to bring Pol Pot to trial after 20 years does not offer much optimism for prosecution of his associates.

"The death of Pol Pot is kind of a blow to that effort," said T. Kumar, an Asia expert with Amnesty International. "If he would have talked, he could have implicated others. That's what people were hoping for."

Last year, U.N. Secretary General Kofi Annan appointed a special envoy, Thomas Hammarberg of Sweden, and called for appointment of a commission to examine Cambodian war crimes issues. Hammarberg has visited Cambodia often, but so far the U.N. Security Council has failed to appoint the commission.

If international justice has failed in Cambodia, it is showing some signs of progress elsewhere.

The end of the Cold War has removed some of the barriers that prevented international action against war criminals in the half century after the Nazi and Japanese warlords were prosecuted after World War II.

International outrage at the atrocities committed during the conflicts in Bosnia and Rwanda led to the creation of ad hoc tribunals for the prosecution of war criminals. Both courts have proceeded slowly, hampered by inadequate resources and by lack of support from the world's major powers.

In recent months, though, the Bosnian tribunal has gained momentum, largely due to several operations by U.N. peacekeepers to apprehend indicted war criminals. The continuing troop presence has led to preliminary discussions about possible surrender by Serb leader and indicted war criminal Radovan Karadzic.

There are other signs of momentum as well.

Diplomats from 185 countries, including the United States, are gathering in Rome in June to hash out the text of a treaty that would establish the world's first permanent International Criminal Court.

The court would be the forum where future Pol Pots would be investigated, indicted and tried on charges of genocide, war crimes and crimes against humanity.

The most important unresolved issue is how much independent authority the prosecutor's office, created by the treaty, will have to undertake the investigations.

Rather than letting the prosecutor operate independently, the Clinton administration is insisting that the 15-member U.N. Security Council retain authority over what prosecutions are undertaken.

Oversight by the Security Council, where Washington has a veto, is necessary to prevent the United States and its troops, particularly when deployed as international peacekeepers, from being targeted or war crimes investigations by overzealous or politically inspired

prosecutors.

But critics contend that the U.S. position, if adopted, would make the court a tool of the major powers represented on the Security Council, including the United States, Russia, China, France, and Britain. Major violations of international law might not be investigated if it could prove embarrassing to a Security Council as it has to China in the case of Pol Pot.

"The U.S. position is fundamentally unprincipled," said Bartram Brown, a war crimes expert at Chicago Kent College of Law. "They're basically asking for political involvement in the functioning of the court."

Clinton urges increased trade, more money for education, more environmental protection By Steven Thomma Knight Ridder Newspapers (KRT)

SANTIAGO, Chile President Clinton pitched increased trade throughout the Western Hemisphere Thursday but warned the benefits must reach down to the poorest working people as well as wealthy business executives.

In the first day of his four-day visit here, Clinton said helping to lift people out of poverty would help preserve a new democracy while building a new market of customers for the United States.

He also all but apologized he came to a 34-nation summit meeting to launch negotiations for a Western Hemisphere free trade agreement without authority from Congress to finalize a deal when the talks conclude in several years.

"Before it's done, we will have it," he said of the negotiating authority. "I will continue to work hard with Congress. Be patient with us."

Paraphrasing Winston Churchill, he explained to laughter, "The United States invariably does the right thing, after having exhausted every other alternative. So just stay with us."

In Washington, the chairman of the Republican National Committee, Jim Nicholson, noted it was Democratic resistance that had so far thwarted the President. "Rather than flying down to Chile, the president should be working on the 205 Democrats in the House to give him fast-track authority to negotiate the hemispheric trade zone," he said.

After meeting with Chile President Eduardo Frei, Clinton met with a small group of working people to dramatize his plea they not be left behind. And he spoke to Chilean business leaders.

"Your prosperity lifts ours," he told the business executives.

"The better you do, the better off we will be in our increasingly interdependent world."

He noted U.S. exports to Latin America are growing twice as fast as in any other part of the world and three of the United States' top four suppliers of energy are in the hemisphere.

"We can literally say this hemisphere fuels our growth," he said.

But he warned of dire consequences if Chile and other Latin American countries don't do more to alleviate rampant poverty that persists even as they enjoy booming economies.

"A rising tide does not necessarily lift all boats. People without the right education, without training, without skills, without bargaining power, can be stranded on yesterday's shore," Clinton said.

Remarking on his meeting with working people, he warned new democracies like the one in Chile could falter if "ordinary people lose faith in the ability of this system to actually change their lives."

Sounding as he might at home, he urged more spending for education and job training to help the poor.

"As we encourage more business contracts, we must also strengthen the social contract," he said.

While an estimated 24 percent of Chileans live in poverty, President Frei boasted the rate has been slashed from 44 percent 10 years earlier.

He attributed the improvement to a booming economy that is growing at an annual rate of 6.8 percent and to increased government spending on education, housing and health care. Frei was elected president as Chile cast off years of dictatorship and moved toward a free market economy.

"With the inevitable difficulties that accompany a transition," Frei said, "Chile is advancing with firm determination toward the consolidation of its political and democratic stability."

But he and Chilean business leaders appealed for more U.S. trade and investments. A Chilean business association leader, Walter Riesco, pointedly appealed to Clinton to ease U.S. opposition to purchases of Chilean salmon, lumber and mushrooms.

...proved trade, Frei said, "contributes decisively to the chances
men and women of our country to improve their lives."

Clinton also urged Latin American countries not to ignore the
environment, particularly the reductions in industrial emissions he
and others believe are necessary to curb global warming.

He noted many countries are reluctant to curb those emissions
"because many people believe that poor countries cannot become
rich countries without emitting those greenhouse gases."

But he added the recent history in the United States proves that
wrong.

"For 30 years, every time we have sought to improve the
environment in America, someone has stood up and said, 'if you
take this step to clean the air, to clean the water, to improve the
health of the food supply, you will cost jobs and hurt the
economy,'" he said.

"And for 30 years, every single step we have taken to improve
the environment has also helped the American economy."

**'I have not come this far' to drop lawsuit against Clinton, Jones
says By Jodi Enda and Aaron Epstein Knight Ridder
Newspapers (KRT)**

DALLAS Her reed-thin voice breaking with emotion, Paula
Jones declared Thursday that she would appeal the dismissal of her
sexual-harassment suit against President Clinton, assuring that his
legal problems will extend into the waning years of his presidency.

"Despite the continuing personal strain on my family and me, in
the end, I have not come this far to see the law let men who have
done such things dodge their responsibility," Jones said of her
allegation that in 1991, Clinton exposed himself and propositioned
her in a hotel suite.

Her announcement came 15 days after a judge threw out her
lawsuit against Clinton and just hours after independent counsel
Kenneth Starr signaled that his investigation of the president, part
of which spun off the Jones case, is nowhere near conclusion.

Choking back tears as she faced a bevy of cameras in a news
conference in Dallas, Jones said she was fighting for herself and all
women.

Male bosses, Jones said, "should not be able to abuse their
positions of power at the expense of female employees. And I do
not believe when this suit is over, that my case will merely show
what people in power can get away with."

In Santiago, Chile, for a summit, Clinton sidestepped questions
about the Jones appeal. "I don't think I ought to be commenting on
politics while I'm here," he said.

Referring to the judge's earlier dismissal of the case, Clinton said,
"I feel good about what happened before and I feel good about
where we are. And mostly I feel good about the job I'm doing here
for the American people in Chile. And that's what I'm interested in.
I don't really have any comment on anything that they do."

Clinton's lawyer, Robert Bennett, said he was confident the
appellate court would uphold the dismissal of the suit.

"The president has stated unequivocally that Ms. Jones'
allegations are false," Bennett said. "An independent judge held
that Ms. Jones' rights were not violated and that no rational juror
could find for the plaintiff. It is unfortunate that our legal system
can nonetheless continue to be abused by Ms. Jones' political and
financial supporters who wish to harm the president and who, for
their own private agendas, disregard the best interests of the
American people."

Jones' attorneys said they would file a notice stating their intent to
appeal with the Eighth Circuit Court of Appeals in St. Louis within
a day or so.

be characterized as boorish and offensive, even a mis-
reading of the record in this case fails to reveal a basis
of criminal sexual assault, as there is no alleged conduct
that can be characterized as forcible assault," Wright wrote.

Jones' attorneys, who are based here, said Thursday
immediately advised their client to appeal, but that she must
resolve personal questions before making a final decision
Wednesday.

Her lead attorney, Donovan Campbell, scoffed at
objections forth by many legal experts that one incident without
evidence does not constitute sexual harassment.

"We do not think that the law permits a male superior
to expose himself to his female subordinates and ask for
special favors," Campbell said. "There is no 'one free flash
recognition in the law. Therefore, we believe the dis-
missal of Jones's case was erroneous and will be reversed."

Jones' legal arguments on appeal are likely to para-
doxically fail to persuade Wright. Jones' lawyers are expected
to argue that the law does not require Jones to show that she suffered
detrimment," such as a loss in pay or job status; that Jones has
insufficient proof of sex discrimination; that Clinton's conduct was
not sufficiently outrageous, and Jones' emotional stress
could constitute intentional infliction of emotional distress under
Arkansas law; and that the president suppressed evidence and
obstructed justice, depriving Jones of testimony that
helped her case.

Jones was not deterred by the possibility that, even
if she goes to a trial, Clinton's term in office may draw to a close
according to Campbell. Clinton was sued as an individual, not
as president, Campbell said, adding, "So we, frankly,
whether he is president of the United States or busboy at
Luby's Cafeteria when this lawsuit comes to trial. The
law is still the same."

Campbell acknowledged that it could take the appeal
as much as a year to rule, and that there is a strong possibility
that the case could end up before the Supreme Court. He also
mentioned that he would like to see women's groups to file friend-of-the-court briefs on
behalf of Jones.

"It is a women's-rights issue, and women should be
100 percent," added John Whitehead, head of the Center for
Rutherford Institute, which helped Jones pursue her
lawsuit.

Feminist groups have largely been silent on the Jones
case, but have been criticized for siding with a president who
political positions instead of a low-level clerical worker. Jones
has accepted help from groups like the Rutherford Institute.

One women's group, the National Women's Law Center,
said Thursday it would take another look at the lawsuit. "If
we announced her appeal, we'll be looking at the case as if it
were a women's advocacy group."

But she added, "There are a lot of cases right now
involving important sexual-harassment issues, so we need to be
careful to decide which ones we can commit our resources to."

Campbell said that attorneys may continue to gather
information including information about Clinton's sexual past that
could be used in court if their appeal is successful. It was the
attempts to learn about Clinton's rumored dalliances with
women that led to Starr's criminal investigation of Clinton's
sexual life.

In January, the independent counsel expanded his
investigation to other aspects of Clinton's past to include allegations
with former White House intern Monica Lewinsky that she
had lied to Jones' attorneys about it.

Clinton pledge to Latin America over free trade

By Gerard Baker in Santiago **A1**

President Bill Clinton yesterday kicked off four days of talks with Latin American leaders with an attempt to reassure them that the US was still serious about promoting freer-trade and opening markets throughout the region.

Prior to this weekend's Summit of the Americas, Mr Clinton told a group of Chilean and US business leaders that he would eventually succeed in getting approval from the US Congress for fast-track trade negotiating authority, without which the US is in effect unable to conclude trade agreements.

"I will continue to work hard with the Congress to build support for fast track. Be patient with us", he said.

Mr Clinton was trying to head off what is expected to be widespread criticism of the US at the summit. Anxious to gain access to the vast US market, many Latin American governments fear the Clinton administration has given up on previous commitments to promote free trade.

The trade issue will be particularly sensitive this weekend since the summit will mark the formal launch of negotiations among the countries of the hemisphere towards creating a Free Trade Area of the Americas by 2005.

Mr Clinton was adamant that meaningful negotiation could begin, even without prior Congressional approval.

The president will face other

tricky diplomatic challenges at the summit. He will also be pressed to move more quickly to normalise economic relations with Cuba, still the object of a comprehensive US embargo.

Last month Washington lifted some minor sanctions such as restrictions on flights between the US and Cuba and limits on financial remittances. But the administration made clear the steps were a direct response to the Pope's visit to Cuba in January and did not represent the first stage in a longer-term easing of sanctions, as many Latin American countries want.

Mr Clinton may also face today a less serious but equally delicate diplomatic problem that symbolises the US's complicated role in Latin America over the last few decades.

Among his audience when he addresses a joint session of the Chilean congress is expected to be General Augusto Pinochet, who ruled Chile in a military dictatorship for 15 years but is now a senator-for-life in the congress. The Clinton administration has avoided making direct personal remarks about Mr Pinochet, but Mr Clinton has never missed an opportunity to praise Chile and other Latin American countries for abandoning dictatorships and turning to democracy. His remarks will be closely watched for any indirect attacks on the Pinochet regime.

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FINANCIAL TIMES

FRIDAY APRIL 17 1998

CLINTON STATE VISIT PRESIDENT SIGNS AGREEMENT ON ENVIRONMENT, EDUCATION AND FINANCE AHEAD OF SUMMIT OF AMERICAS

US in deal to bolster ties with Chile

By Gerard Baker and
Associated Press in Santiago

President Bill Clinton agreed a series of initiatives with Chile yesterday at the start of his four days of talks with Latin American leaders.

Mr Clinton, accompanied by a large team of US cabinet members, arrived in Chile after an overnight flight from Washington. His two-day Chilean state visit comes ahead of the second Summit of the Americas at the weekend.

While Mr Clinton had talks with President Eduardo Frei, members of the US cabinet including Madeleine Albright, secretary of state, had meetings with Chilean counterparts.

The two presidents agreed to strengthen ties between their countries with the aim of improving environmental protection, education, and financial supervision.

Praising Chile, Mr Clinton said: "It has become a leader in our hemisphere, and an

even stronger partner and friend for the US." It had "an astonishing record" of progress in developing a strong and growing economy open to international partners.

He said the two nations would set up a commission to promote investment and commerce and to resolve trade disputes.

The two presidents agreed to increase exchanges of students and teachers. They also plan to increase access to the internet in classrooms "so that every child no matter where he or she may live can explore the world of information now available with the stroke of a computer keyboard", they said in a joint statement.

They also pledged to create a pan-American weather forecasting system so as to be better prepared for destructive weather events such as the El Niño phenomenon. Fighting corruption and drug trafficking were also discussed.

US officials, meanwhile,

were anxious to play down the potential difficulties for Mr Clinton when the summit with Latin American leaders begins at the weekend.

Trade will be the dominant backdrop to the meeting, and trade problems - along with Cuba - are sensitive issues. But US officials pointed out progress was expected at the summit on a range of other areas, including tackling drug trafficking, and improving education and health systems.

"Latin America has made enormous progress in the last 10 years in both establishing democratic constitutions and in achieving rapid economic growth," said one official. "What is now needed is agreement on a range of reforms to build on those achievements."

The summit leaders are keen to portray their discussions as an attempt to demonstrate a hemisphere-wide commitment to improving the quality of life for poorer Latin Americans.



Standing together: Bill and Hillary Clinton with Eduardo Frei, president of Chile

Reuters

FINANCIAL TIMES
FRIDAY APRIL 17 1998

File
- Summit
Press Freedom

Freedom of the Press at the OAS

Summary and Introduction

The OAS recognizes the importance of freedom of expression, of which a free press is an integral part, in ensuring that representative democracy flourishes in the hemisphere. OAS bodies charged with promoting and protecting free expression -- the Inter-American Commission on Human Rights ("IACHR" or "commission") and Inter-American Court of Human Rights ("court") -- have done a creditable job, especially over the past 10 years, in promoting these values. Both are part-time bodies with broad mandates and limited resources, however, meaning that the OAS is not always able to respond to threats to freedom of the press in a timely manner. Promoting freedom of the press in the hemisphere demands more than a part-time commitment from the OAS. The OAS should consider building on existing models in ensuring that the OAS' commitment to a free press is made fully effective. The OAS could consider adapting models from the UN or the Organization for Security and Cooperation in Europe (OSCE), as well as considering building on existing OAS models. Member states should aim to agree on increasing OAS attention to freedom of the press issues before the next GA.

Covered
June 98

Importance of a Free Press to a democratic society

The OAS places a high value on representative government. All its members are now democracies. But the cultivation of democratic values continues to be a challenge facing all members. A free press plays a crucial role in consolidating democratic values and is essential to the development of a healthy democracy. There is an indissoluble link between representative government and a free press.

It is important to note that a free press is vital for both instrumental and intrinsic reasons. The press performs an accountability function, strengthening the bond between government and citizens, and an intermediation role, assisting governments explain their views to the public and transmitting citizens' views to government. The press performs a crucial educational function as well, informing the public of civic responsibilities. Equally important, a free press is an important value in its own right, independent of its instrumental importance; it is the voice of democracy.

While a free press is important at any stage of societal development, this is especially so when a hemisphere, like this one, is in the process of strengthening democratic institutions. The OAS demonstrates its commitment to representative democracy by supporting the many "technical" improvements necessary to the efficient functioning of public institutions. Devoting increased attention to freedom of the press could help facilitate greater citizen participation in their societies.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

of pages ▶ 5

To <i>Wilson</i>	From <i>me</i>
Dept. Agency	Phone #
Fax # <i>6-2404</i>	Fax #

The OAS recognizes the importance of Freedom of the Press

Freedom of expression, of which a free press is an integral part, is enshrined in OAS instruments. The American Declaration on the Rights and Duties of Man states, for example, that "Every person has the right to freedom of investigation, of opinion, and of the expression, dissemination of ideas, by any medium whatsoever." (Chapter I, Art. IV). Recognizing the vital role that free expression plays in a democratic society, the IACHR's Statute instructs the commission to pay special attention to this right, among others (Art. 20 (a)). The American Convention expands on this theme, establishing a more detailed protection for "Freedom of Thought and Expression." (Art. 13).

The OAS has had some success in protecting Freedom of Expression

Both the commission and the court have made significant contributions to the promotion of freedom of expression over the years, despite their limited resources. In recent examples, the IACHR found laws that punish the insulting of public officials to violate free expression and recommended that states repeal or reform their laws (1994 Annual Report at p.197); recommended that a book ban be lifted (1996 Annual Report at p. 234); found violations of free expression in the seizure of books and the denials of visas to attend a conference (1995 Annual Report at p.113); and, in a friendly settlement case, a state agreed to repeal a law used to punish a journalist for insulting a minister and apply the repeal retroactively to the journalist's case (1994 Annual Report at p. 40).

For its part, the court has expounded its views broadly and favorably towards free expression, for example, in holding compulsory licensing of journalists to violate freedom of expression (Advisory Opinion OC-5, 1985 Annual Report at p.19); and, at the request of the commission in a case involving an alleged army murder of a journalist, the Court ordered precautionary measures by the State to protect witnesses and survivors (1991 Annual Report at p.15).

But OAS efforts in this area suffer from systemic weaknesses

~~The commission and court are the only OAS bodies mandated to promote and protect freedom of expression.~~ But they are both part-time bodies. In addition, both commission and court have limited resources, and have broad responsibilities. Even when in session they have many competing demands.

The consequences are serious for freedom of the press in the hemisphere. The OAS is not always able to respond to threats to freedom of the press in a timely manner. An effective OAS response is contingent on the commission or court being able to staff the matter and discuss it among themselves which, given the backlog of cases in both institutions, is very difficult to do. Only in "urgent cases, when it becomes necessary to avoid irreparable harm to persons" or cases involving "extreme gravity and urgency, and when necessary to avoid irreparable damage to persons" can matters be handled

expeditiously (commission regulations, Title II, Chapter I, article 29.2; court rules of procedure, Title II, Chapter I, article 25).

Moreover, the OAS currently has no mechanism capable of seeking to resolve disputes before they reach the status of formal complaints to the commission.

Significant challenge for the hemisphere

The Inter-American Press Association (IAPA) held its "Hemispheric Conference on Unpunished Crimes Against Journalists" from July 31-August 1, 1997. Its report noted that threats to freedom of expression in the hemisphere have "serious consequences for freedom of expression, in all its manifestations, such as freedom of the press and the right to information, and for society and democracy...." IAPA also noted that over the last 10 years, 173 journalists have been murdered for practicing their profession and the majority of those cases have gone unpunished. IAPA repudiated the murder of journalists as restricting freedom of expression; repudiated impunity; and demanded punishment. In calling on national governments to enact laws protecting journalists, IAPA urged the OAS to "include the issue of unpunished crimes against journalists on its agenda of hemisphere topics and also to include it as a topic at its next General Assembly." It also issued 4 recommendations designed to bolster the IACHR's ability to protect and promote freedom of expression.

State to set to

In addition, UNESCO passed a similar resolution at its 29th General Conference in Paris (1997). UNESCO confirmed that "freedom of expression is a fundamental right of everyone and is essential to the realization of all the rights set forth in international human rights instruments" and specifically cited the American Convention on Human Rights. UNESCO called on governments to pass laws to protect journalists exercising their profession.

Possible role for the OAS

If there is agreement that the current limited capacities of the commission and court should be supplemented by an OAS mechanism capable of providing a full-time focus on free press issues in a non-adversarial manner, two principal matters would need to be considered: (1) a proposed mandate for an OAS mechanism; and (2) options for the legal/administrative structure of the mechanism.

(1) Proposed mandate for OAS mechanism: ensuring full-time attention

Such a mandate could:

- Use a version of the "friendly settlement" function, as currently practiced by the commission (commission regulations, Title II, Chapter I, Art. 45). The commission serves as an "organ of conciliation" at the request of the parties, putting itself at the parties' disposal with a view to reaching an amicable resolution of the matter.

-- Closely cooperate with member states. Purpose is to contribute to resolution of issues, using good offices.

-- Advocate and promote full compliance with OAS principles and commitments regarding freedom of the press.

-- Serve as an early warning function, addressing serious problems caused by, *inter alia*, obstruction of media activities and hostile working conditions for journalists.

-- Prepare reports on activities.

-- Promote professional education and development through seminars and conferences.

(2) Options for legal/administrative structure

The OAS may wish to consider the following five possibilities. It should be understood that most of the options could have budgetary implications for the OAS, which would need to be discussed further.

(a) Media High Commissioner. The UN has a full-time High Commissioner for Human Rights and a High Commissioner for Refugees. The Organization for Security and Cooperation in Europe (OSCE) has a Representative for National Minorities. The OSCE is now considering establishing a Representative on Freedom of the Media. These organizations decided that certain matters demand increased attention and a strong degree of insulation from political winds. The OAS could do the same.

(b) Center for the Promotion of Freedom of the Media, in the Secretary General's office. This would ensure institutional continuity, in that the existence of the staff would not be dependent on the Secretary General of the moment.

(c) OAS Representative on Media Freedom, to be associated with the commission in some form, perhaps with staff of one or two. The Representative would sit in commission offices, liaise with commissioners as necessary, but not be an additional commissioner. A full-time Representative would be essential. The exact relationship to the commission would need to be discussed (e.g., process by which a matter is brought to the attention of the Representative--directly by aggrieved parties? states? only through the commission's filter?). This would take particular advantage of commission resources and expertise. Could the OAS' Department of Public Information play a role?

(d) Increase substantially the commission's resources available for promoting a free press.

(e) "Press freedom advisor" in the Secretary General's office. The Secretary General could reprogram one advisor position and hire a recognized expert in the field.

*less
substantive
weight*

Strengthen freedom of thought and expression as a human right whose full exercise is key to the consolidation of democracy, by fully cooperating with and supporting OAS activities in this regard through its organs and appropriate bodies, such as the IACHR, including considering additional actions or measures, and taking corresponding decisions [such as the preparation of annual reports by an ombudsman], to defend and promote freedom of the media in the hemisphere.

USOAS



fax cover

Date: February 9, 1998

United States Permanent Mission to the Organization of American States
 U.S. Department of State, ARA/USOAS, Washington D.C. 20520

To: Mack McClarty

*(1) Steve
 (2) Eric
 (3) Nelson*

At: Office of the Special Envoy

Fax: 202-456-2215

Phone: 202-456-7580

Number of Pages with this cover 2

From: Ambassador Victor Marrero
 Fax: 202-647-0911 Phone: 202-647-9876

Additional Message: _____

① OAS GA

mid-June



United States Department of State

United States Permanent Mission to the
Organization of American States

Washington, D. C. 20520

February 9, 1998

UNCLASSIFIED
MEMORANDUM

TO: ARA - Jeffrey Davidow
ARA - Peter F. Romero
EPSC - Richard C. Brown
NSC - Jim Dobbins
Special Envoy - Mack McClarty

FROM: USOAS - Victor Marrero *VM*

SUBJECT: OAS Press Ombudsman -- Meeting with IACHR

File
- Summary
- Press Freedom

SUMMARY

In furtherance of our efforts to establish a press ombudsman, or rapporteur, at the OAS, I have arranged a luncheon with all seven commissioners of the Inter-American Commission on Human Rights on Wednesday, February 18 at 13:00 in the Henry Clay Room. I will seek the commissioners' support for our concept of an external rapporteur on freedom of expression, and their commitment to endorse the proposal at the conclusion of their session of February 17-March 6. If you are interested in attending the luncheon, you are welcome. Please let me know.

DISCUSSION

USOAS is lobbying the Inter-American Commission on Human Rights (IACHR) to support the concept of a full-time **external** rapporteur on freedom of expression, a significant policy innovation. The IACHR's current system involves the part-time commissioners themselves serving as rapporteurs. The commissioners' broad mandate and limited resources has resulted in this system being ineffective. If we are successful, the IACHR could announce endorsement of the concept at the conclusion of its February 17-March 6 session and begin discussing the appointment process.

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We have asked member states for their views on strengthening press freedom mechanisms at the OAS but we have not informed them of our specific proposal of an external rapporteur (we have suggested to commissioners, however, that we would press to create a new mechanism, outside the IACHR, if the commission rejects our external rapporteur proposal). The IACHR operates by consensus and we do not want to give countries opposed to our approach an opportunity to influence a commissioner against us.

I will host all seven commissioners for lunch on Wednesday, February 18 at 13:00 in the Henry Clay Room. Please let me know if you are interested in joining us.

Talking Points
for
OAS Press Freedoms lunch

File
- Press Summit
- Press Freedom

- Thank you Ambassador Marrero and congratulations again on your swearing-in today as our capable Ambassador to the OAS. Welcome to the distinguished members of the Human Rights Commission. We appreciate your time and interest in the Summit of the Americas and the subject of press freedoms.
- Let me say briefly that freedom of expression and freedom of the press are basic tenants of any working democracy. And we hope to highlight and strengthen these basic freedoms at the Summit of the Americas in Santiago. At the Summit, we will focus on press freedoms and many other important elements of the so-called "second generation of reforms" in the hemisphere. We have open democracies, but not fully developed democratic institutions...
- The OAS Human Rights Commission is perhaps the most respected body of its kind in the hemisphere, and it speaks volumes to us that the journalistic community in the Americas is strongly asking that your Commission, with its resources and credibility, be charged with helping to promote greater respect for these press freedoms. We are hopeful that we can make progress together that can be lifted and supported by the governments of the hemisphere at the Santiago summit. We thank you for joining us today for this discussion.

GUEST LIST
LUNCHEON IHO INTER-AMERICAN COMMISSION ON HUMAN RIGHTS
 Wednesday, February 18, 1998
 Henry Clay Room

Commissioners and staff

Dr. Carlos Ayala Corao, President
 Professor Robert K. Goldman
 Dean Claudio Grossman
 Dr. Alvaro Tirado Mejia
 Dr. Jean-Joseph Exume
 Dr. Helio Bicudo

Ambassador Jorge Enrique Taiana, Executive Secretary
 Mr. David Padilla, Deputy Executive Secretary

USOAS

Ambassador Victor Marrero	647-9430
Mr. Ronald D. Godard, DCM	647-9422
Mr. Scott Hamilton	647-9916

Other USG

Mr. Steven Coffey, PDAS, DRL	647-1780
Mr. Mack McClarty, Counselor to the President and Special Envoy for the Americas	456-7580
Mr. Steven Ronnel, Special Envoy's Office	456-7580
Mr. James Dobbins, NSC	456-9131
Ambassador Richard Brown, EPSC	647-7531

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Special Envoy for the Americas
McLarty, Thomas (Mack)
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Summit - Press Freedom

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**SUMMARY RESUMES
MEMBERS OF THE INTER-AMERICAN COMMISSION ON HUMAN RIGHTS
February 1998**

Dr. Carlos Ayala Corao - Chairman

(b)(6)

[001]

Chairman of the Inter-American Commission on Human Rights 1998
Member of the IACHR - 1996 to present
President, Venezuelan Constitutional Law Association
Professor of Constitutional Law - Andrés Bello University and Central University of Venezuela - 1992 to present
Numerous books and articles on constitutional law

Prof. Robert K. Goldman - First Vice Chairman

(b)(6)

Member, Inter-American Commission on Human Rights - 1996 to present
Professor of International Law - American University - 1979 to present
Previously active in numerous non-governmental human rights organizations
Advisor to the United Nations and the International Committee of the Red Cross
Numerous publications in human rights and humanitarian law

Dr. Joseph Exume - Second Vice Chairman

(b)(6)

Member IACHR - 1996 to present
Legal Advisor to several labor organizations
Member of the Legal Service team (Ecumenical Centre for Human Rights, Haiti)
Legal Advisor, Haitian Forum on Human Rights

Dr. Alvaro Tirado Mejía

(b)(6)

Former Chairman, member, Inter-American Commission on Human Rights, 1992 to present
Former Presidential Advisor for Human Rights in Colombia
Professor, Universidad Autónoma Latinoamericana and Universidad Nacional de Colombia
Historian, author of numerous works of history and law

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202 458 8992

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2

Dean Claudio Grossman

(b)(6)

Former Chairman, member, Inter-American Commission on Human Rights, 1994 to present

Dean American University School of Law - 1995 to present

Professor of International Law - American University - 1992 to present

Author of numerous publications on international law

Prof. Hélio Bicudo

(b)(6)

Member, Inter-American Commission on Human Rights - 1998 to present

Deputy, Congress of Brazil

Recipient of the National Human Rights Prize of Brazil - 1995

Currently First Vice President of the Human Rights Commission of the Brazilian Chamber of Deputies

Author of a volume on human rights in Brazil



United States Department of State

*United States Permanent Mission to the
Organization of American States*

Washington, D. C. 20520

February 9, 1998

UNCLASSIFIED
MEMORANDUM

TO: ARA - Jeffrey Davidow
ARA - Peter F. Romero
EPSC - Richard C. Brown
NSC - Jim Dobbins
Special Envoy - Mack McClarty

FROM: USOAS - Victor Marrero *VM*

SUBJECT: OAS Press Ombudsman -- Meeting with IACHR

SUMMARY

In furtherance of our efforts to establish a press ombudsman, or rapporteur, at the OAS, I have arranged a luncheon with all seven commissioners of the Inter-American Commission on Human Rights on Wednesday, February 18 at 13:00 in the Henry Clay Room. I will seek the commissioners' support for our concept of an external rapporteur on freedom of expression, and their commitment to endorse the proposal at the conclusion of their session of February 17-March 6. If you are interested in attending the luncheon, you are welcome. Please let me know.

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File
- Summit
- Press Freedom

Daniel Lesme  02/25/98 10:53:38 AM

Record Type: Record

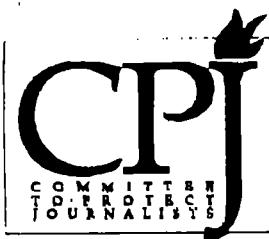
To: Nelson W. Cunningham/WHO/EOP, Eric Farnsworth/WHO/EOP, Steven J. Ronnel/WHO/EOP, Ana Maria Salazar/WHO/EOP

CC:

Subject: Press Rapporteur

Here's USAID's take on funding for the OAS Office of the Press Rapporteur. They intend to provide most of, if not all, the start up funding for this office for the first year -- estimated at \$150,000 to \$200,000. In the meantime, there will be a concerted effort to seek to obtain commitments from other donors to help fund operations from the 2nd year on out. They were not aware that the IDB was being requested to fund any of the start up costs, but were clearly encouraged by this prospect.

Dan



File
-Summit
Press Freedom

COMMITTEE TO PROTECT JOURNALISTS

330 Seventh Avenue, New York, NY 10001 USA Phone: (212) 465-1004 Fax: (212) 465-9568 Web: www.cpj.org E-Mail: info@cpj.org

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Dan Rather
CBS NEWS

John Sargent
THE FREEDOM FORUM
FIRST AMENDMENT CENTER

Bernard Shaw
CNN

Thomas Winship
INTERNATIONAL CENTER FOR
JOURNALISTS

VIA FACSIMILE

February 11, 1998

His Excellency Alberto Fujimori
President of the Republic of Peru
Palacio de Gobierno
Lima, Peru

Your Excellency,

The Committee to Protect Journalists (CPJ) is writing to express its grave concern about the possible arrest and detention of investigative journalist José Arrieta Matos. We ask that your government clarify whether or not criminal charges have been filed against Arrieta. If no charges exist, we ask that you state this information publicly so that Arrieta can return to Peru without fear of arrest. If charges have been filed, we ask that you specify their exact nature so that Arrieta is able to prepare a legal defense.

As you are aware, CPJ invited Arrieta to our offices in New York on January 8, after being informed that he faced imminent arrest in Peru. Arrieta, the former head of the investigative unit at Frecuencia Latina-Canal 2, was first summoned to appear before the National Board Against Terrorism (DINCOTE) on December 18. With his lawyer present, Arrieta was interrogated for seven hours by Captain Oscar Arriola Delgado about his sources in the Peruvian intelligence services. After the grueling interrogation, Arrieta asked if he was being questioned as a witness or as a person accused of a crime. He was told that he faced possible arrest. Two weeks later, Arrieta learned that his arrest was imminent. A few days after he left Peru, a high government official reportedly commented that it was "a miracle that Arrieta had managed to get out of Peru before he was arrested."

After meeting with Arrieta in New York and talking to our sources in Peru we have come to the conclusion that attempts to intimidate and possibly detain Arrieta have been taken in response to his reporting, and therefore constitute a direct attack on freedom of expression and a violation of international guarantees. Article IV of the American Declaration of the Rights and Duties of Man states "every person has the right to freedom of investigation, of opinion, and of the expression and dissemination of ideas, by any medium whatsoever." Your Government ratified the American Convention on Human Rights, which reiterates these rights (Article 13). As we have made clear in letters sent to Your Excellency in the past year, CPJ has become increasingly concerned about what we fear is a concerted effort by your government to silence a critical press.

Throughout his career as an investigative journalist, Arrieta has broken a number of extremely important stories which highlighted official abuses and corruption. As head of

TO: MACK

FR: SID

① Nelson

② Cruz

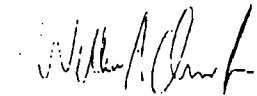
③ Stone

the investigative unit at Frecuencia Latina-Canal 2, he reported how former intelligence Leonor La Rosa was tortured by her colleagues after she revealed a secret plan, code-named "Bermuda," to murder journalists and opponents of your government. Arrieta also produced a series of reports on the paramilitary group Colina, which was allegedly responsible for a dynamite attack on Congressman Javier Diez Canseco in 1990. Arrieta's source for that story was ex-military intelligence officer José Luis Bazán Adrianzén, a former member of Colina. In several interviews, aired in January 1995 and in April 1997, Bazán admitted that he participated in the dynamite attack. He was jailed in April 1997 for eight months for having revealed state secrets. After being released from prison in December, Bazán suddenly recanted his testimony. During his interrogation at DINCOTE, Arrieta was told he could be arrested for allegedly bribing Bazán to admit to his involvement in the assassination attempt.

Arrieta had resigned from his job in September 1997 when Canal 2's owner, Baruch Ivcher, was stripped of his citizenship and control of the station was turned over to his minority partners. That action was taken by Peruvian authorities in response to the station's investigative stories on secret intelligence operations, many of them broken by Arrieta.

Because Arrieta hopes to return to Peru we respectfully ask that you answer our request for clarification of the possible charges against him. As an organization of journalists dedicated to the defense of our colleagues around the world, we would view any attempt to prosecute Arrieta as a serious attack on freedom of expression. If your government does decide to take such a step we ask that, at a minimum, international norms regarding due process be respected.

Sincerely,



William A. Orme, Jr.
Executive Director

CC U.S. Embassy, Lima
Peruvian Embassy, Washington, D.C.
American Society of Newspaper Editors
Inter American Press Association
Amnesty International
Article 19 (United Kingdom)
Artikel 19 (The Netherlands)
Canadian Committee To Protect Journalists
Congressional Committee to Support Writers and Journalists
Freedom House
Human Rights Watch
Index on Censorship
International Association of Broadcasting
International Federation of Journalists
International Federation of Newspaper Publishers
International Journalism Institute
International PEN
International Press Institute
Journalist Safety Service
National Association of Black Journalists

Newspaper Association of America
National Press Club
The Newspaper Guild
North American National Broadcasters Association
Reporters Sans Frontières
Overseas Press Club
The Society of Professional Journalists
World Press Freedom Committee



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~~- Eric
- Nelson
- Andrew
- Ann~~

DATE: December 17, 1997

FAX: 202.456.2464

TO: Steve Ronnel

Pages: 3

FROM: Linda Jewell, ^{Jewell} Director Office of Inter-American Affairs

SUBJECT: Nicaraguan Freedom of the Press Event Background

Per your request, attached is the background information for the possible Nicaraguan freedom of the press event.

File
- Summit
- Press Freedom

Nicaragua Freedom of the Press Event Background

Since its establishment in 1926, *La Prensa* has been a bellwether of press freedom and human rights under dictatorships of the right and left, and democratic regimes. Led by editor Pedro Joaquin Chamorro from 1952 on, *La Prensa* became the foremost opposition paper to the right-wing Somoza dictatorship, and as such suffered the arrest and torture of its journalists, censorship, lack of access to newsprint and printing machinery, and a Somoza-engineered advertising boycott. Chamorro himself participated in a number of anti-Somoza revolts, and was imprisoned repeatedly.

On January 10, 1978, Chamorro was gunned down on his way to work. Chamorro's death led to massive anti-Somoza protests and a three-week national strike. It is widely viewed as the major event catalyzing Nicaraguan opinion against Somoza. As rumors flew about Somoza's hand in Chamorro's death, the dictator cut off *La Prensa's* telephone and telex and had the newspaper's offices sprayed with gunfire. Chamorro's brother, Xavier, took over the reins at *La Prensa* after his brother's death, and used the paper to back the anti-Somoza Sandinista Revolution until the National Guard destroyed the paper's physical plant in June 1979.

Following the revolution of July 1979, *La Prensa* reopened and was able to provide the Nicaraguan people with news free of government censorship, thanks to the Sandinistas' avowed allegiance to freedom of the press and unrestricted freedom of thought, written or spoken. Chamorro's widow, Violeta, accepted an invitation to join the five-member provisional Government of National Reconciliation. Mrs. Chamorro and one other member of the junta were committed democrats who believed they were ushering in a new era of pluralism and respect for human rights in Nicaragua; the other three were members or sympathizers of the leftist Sandinista National Liberation Front (FSLN). Mrs. Chamorro left the revolutionary government in April 1980, declaring that the FSLN had betrayed the democratic principles for which the anti-Somoza revolution had been fought. Upon her departure from the government, Mrs. Chamorro turned her energies to publishing *La Prensa* along with her brother-in-law, Jaime, who had taken over from Xavier when the latter left to run the pro-Sandinista daily, *El Nuevo Diario*. Her son, Pedro Joaquin, Jr., had by this time also joined the editorial board of *La Prensa*.

In the early 1980's, *La Prensa* remained an internationally-known platform for democratic values and soon encountered open confrontation with the increasingly-repressive Sandinista regime. Recognizing that it would be politically costly to close *La Prensa* outright, the Sandinistas sought instead to muzzle it through heavy censorship. A 1982 state of emergency decree wrote *de facto* censorship into law and imposed prior censorship. Thereafter, *La Prensa* was compelled to submit every issue to censors in the Ministry of the Interior. A former *La Prensa* editor estimated that the paper suffered an average delay of publication of about five hours every day, and censorship of about 45 percent of submitted material. At times censorship was so high that *La Prensa* could not publish at all.

This censorship also served the Sandinistas' efforts to cripple *La Prensa* economically. Slow censors often prevented the paper from hitting the streets until well after the afternoon rush hour

(i.e. peak sales time), and made the content of the paper so bland that readership dropped. The Government also set limits on the number of pages any newspaper could have, thereby seriously impairing *La Prensa's* ability to generate income through advertising. Moreover, the Sandinistas repeatedly brought *La Prensa* to the point of ceasing publication by limiting its access to newsprint, and resorted to strong-arm tactics to coerce local distributors not to sell the paper. Other FSLN actions against *La Prensa* included the arrest and protracted detention of its reporters and photographers, published vicious attacks in Sandinista media on *La Prensa's* publishers, and death threats against them. Such threats forced Pedro Joaquin, Jr. into exile in Costa Rica, where he began a small publication entitled *Nicaragua Hoy*, free of Sandinista censors.

Despite continuous harassment and censorship, *La Prensa* carried on the struggle for freedom. Finally, on June 26, 1986, the Sandinistas decided that they could no longer tolerate even a muzzled free press and ordered *La Prensa* closed indefinitely. Jaime Chamorro left the country at this point, but did return in late 1987 when *La Prensa* was allowed to reopen free of censorship. The FSLN leadership had agreed to this (and free presidential elections, and negotiations with the Contras) under the Esquipulas agreement of August of 1987.

The paper played an active role in the discussion of democratic values during the run-up to presidential elections, set for February 1990. Violeta Chamorro, the candidate of the National Opposition Union (a coalition of 14 opposition groups) confronted FSLN candidate Daniel Ortega in that election, which she won. Under Mrs. Chamorro's six-year administration, independent media flourished. The number of radio stations more than doubled, television stations went from one to eight, a fourth daily paper joined *La Prensa* and the two FSLN-oriented papers, privately-owned weekly papers and newspapers grew from zero to 34, and 20 cable television companies were established. Since leaving office, Mrs. Chamorro and some of her children have devoted their time to creating a foundation in memory of Pedro Joaquin Chamorro, dedicated to the freedom of and excellence in the press.

As the twentieth anniversary (January 20, 1998) of Pedro Joaquin Chamorro's assassination approaches, this might be an appropriate time to mark the incredible contribution he, his newspaper and family have made to the cause of democracy in Nicaragua in general, and to freedom of the press in particular. While the Chamorro Foundation is still very much in its infancy, it is possible that they might be an organizing force for some such event.