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Trip of the President to Santiago Chile for the Summit of the Americas, April 15-20, 1998: Final [2]

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. briefing paper	President pull aside (5 pages)	04/09/1998	P1/b(1)
002. briefing paper	President pull aside (7 pages)	04/07/1998	P1/b(1)
003. briefing paper	Sunday Morning (3 pages)	04/09/1998	P1/b(1)
004. briefing paper	President pull aside (3 pages)	03/31/1998	P1/b(1)
005. briefing paper	President pull aside (3 pages)	04/09/1998	P1/b(1)
006. talking points	Presidential (1 page)	04/07/1998	P1/b(1)
007. briefing paper	President pull aside (4 pages)	04/09/1998	P1/b(1)

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Clinton Presidential Records
Special Envoy for the Americas
Steven Ronnel
OA/Box Number: 11854

FOLDER TITLE:

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2009-1155-F

kc1146

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TALKING POINTS FOR SATURDAY MORNING SESSION:
EDUCATION: THE KEY FOR PROGRESS

- So many of us have been educators and have devoted our administrations to advancing education reform to prepare our citizens for the 21st century.
- Applaud Summit commitment to quality education, especially the need for all citizens to have educational opportunities throughout their lives.
- As Hillary and I have stressed in our own country, early childhood strategies are key.
- Important to reaffirm the Miami Summit targets for universal access to and completion of primary and secondary education.
- Education and training for adults are critical for sustaining economic growth.
- Harnessing new information technologies also critical. The Hemisphere cannot afford to be left behind in the information age. Look forward to the unveiling of *Americas.edu*.
- Focus on a partnership among public and private sectors, multilateral institutions and civil society is fundamental for achieving change.
- The IDB commitment to double new lending to \$3 billion for primary and secondary is impressive. It will be a challenge to use these precious resources effectively.
- Look forward to the World Bank Conference in June and its focus on finding ways to finance education reform in the hemisphere.
- Let us try to make a concrete "downpayment" on implementing these initiatives in time for the July ministerial in Brazil.

SATURDAY MORNING SESSION:
PRESERVING AND STRENGTHENING DEMOCRACY, JUSTICE, AND
HUMAN RIGHTS

Key Objectives

- Roll out key initiatives in this basket: Inter-American Special Rapporteur for Freedom of Expression; hemispheric Justice Studies Center; and multilateral Alliance Against Drugs.
- Urge progress toward a hemispheric convention on transparency in major weapons systems acquisition and an international protocol to strengthen the Biological Weapons Convention.
- Highlight positive role of OAS convention and model national regulations in stemming the illicit firearms trade in the Americas.

Background

You are one of four leaders who will open this session, with four minutes reserved for your presentation. We recommend you highlight three Summit initiatives which will significantly advance the rule of law in the Americas: the creation of a Special Rapporteur for Freedom of Expression, of a Judicial Studies Center, and of a Multilateral Counternarcotics Alliance. You should also highlight the important steps we have taken since Miami to build a climate of mutual confidence and security in the hemisphere, and the importance of working together on an OAS convention on transparency in major weapons system acquisition and an international protocol to strengthen the Biological Weapons Convention.

Under the **democracy** rubric, the Summit will endorse the creation of a Special Rapporteur for Freedom of Expression within the OAS Inter-American Commission on Human Rights. Directly responsive to your call for a hemispheric ombudsman for press freedom during your November visit to South America, journalists throughout the hemisphere have already welcomed this move. The Rapporteur will help resolve specific human rights cases involving the press and focus international attention on attacks against the hemisphere's emerging Fourth Estate, as their investigative reporting provokes increasing threats from

narcotraffickers or governments that are unused to the sting of muckraking.

The weakness of **justice** systems throughout the hemisphere constitutes a real challenge to the democratic progress of the last decade. Latin electorates are demanding an end to impunity and corruption, as well as protection from rising crime. Latin economies also need secure legal environments to underpin trade and investment.

The hemisphere is responding to this challenge with a series of related reforms. Judicial councils and other changes in the structure of judiciaries are being made to improve management and the quality of appointments. New criminal procedure codes are being adopted throughout the region, replacing the traditional investigative judge with an adversarial, prosecutorial system more like our own. Police forces are being civilianized and professionalized. Alternatives to judicial resolution of disputes are being developed to relieve the burden on court systems and provide greater access to justice for members of the population who have generally gone without legal services. Non-governmental organizations and other civil society organizations are emerging to fill areas not being covered by the government and to maintain pressure for reform.

We have supported these efforts with over \$300 million in aid over the last decade. Other donors have helped too. The Inter-American Development Bank and World Bank are now offering far greater resources to expand this work.

To facilitate this process, the Summit will endorse the establishment of a Justice Studies Center for the hemisphere to promote judicial training and facilitate technical cooperation. Funded principally by the IBD, the Center will serve as a central repository for information in particular areas and stand ready to assist with technical tasks, such as development of curricula for judges or prosecutors, as may be requested by different countries or institutions.

In the **counternarcotics** field, the Summit will advance our objective to establish a multilateral counterdrug alliance for the hemisphere; an alliance analogous to the bilateral alliance you signed with President Zedillo, but with even more explicit goals, commitments, and responsibilities. The centerpiece of this alliance will be a mechanism for mutual evaluation of each member country's progress in achieving their agreed counternarcotics goals. Hemispheric governments support this

multilateral mechanism in the hopes that it will ultimately supplant certification. We have cautioned that we can make no promise in that regard, but said that the existence of an effective multilateral process could help the Administration and those in Congress who want to modify the certification process make their case. Congressmen Hastert, Souder and Shadegg will be in Santiago to highlight their concern that the Administration not "trade away" certification. We recommend you avoid making a link between certification and the multilateral alliance, although other leaders can be expected to do so. You should also announce our intention to establish a hemispheric demand reduction training and research academy.

Regarding hemispheric **security**, we have made significant strides since the Miami Summit, where even modest language on defense, confidence building and security measures was difficult to include. At security conferences in Santiago (1995) and San Salvador (1998), delegates agreed on a range of measures including advance notification of military exercises, participation in the UN Registers of Conventional Arms and Military Expenditures, and exchanges of defense information. In San Salvador, we made progress toward an OAS convention on transparency in major weapons systems acquisition that could be concluded this year. The Santiago Declaration will bring the Defense Ministerials of the Americas, initially a stand-alone process that Secretary Perry launched in 1995, into the Summit framework, thereby reflecting the region's growing confidence in the maturity of its civil-military relations.

Several countries in the region are also key players in the international negotiations to strengthen the 1972 Biological Weapons Convention. Argentina shares our interest in completing the framework of a BWC compliance protocol by the end of the year. Mexico, Brazil and Chile, however, have supported non-aligned efforts to slow the pace of the negotiations and to condition their support for BWC declaration and inspection measures on the elimination of export controls and provision of technical assistance by the West.

Your decision last summer to bring our military sales posture in Latin America into line with our practices elsewhere in the world -- specifically to remove our policy of presumptive denial of arms export licensing for the Americas -- has not sparked the arms race that some critics feared. Instead, the hemisphere's professional defense establishments and their civilian leaders have handled this change with restraint. We have made clear that procurement decisions must be made by civilian leaders, and

have used this insistence to help further bolster civilian control over their military establishments.

Last fall, you signed the Inter-American Convention Against the Illicit Manufacture of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials, along with President Zedillo. This Convention is designed to establish a much more reliable, effective and transparent system for preventing illegal trade in firearms without restricting legal commerce. At Santiago, you can announce your intention to send this Convention to the Senate for ratification upon your return to Washington.

You can also announce your intention to complete implementation within 60 days of the OAS model regulations on commercial arms transfers. These regulations will require a much greater degree of specificity regarding the types of weapons authorized for transfer, and will allow governments to control and eliminate unwanted weapons from legitimate international commerce.

TALKING POINTS FOR SATURDAY MORNING SESSION:
PRESERVING AND STRENGTHENING DEMOCRACY, JUSTICE AND
HUMAN RIGHTS

Introduction

- Democracy is established in 34 of the hemisphere's 35 nations, and has been further consolidated since we met three and a half years ago in Miami.
- Still, we can never take democracy for granted. It must work for the benefit of all our peoples. Too many see democracy as working for others, but not for them. Almost all endorse the concept of democracy, but many are dissatisfied with the way it has been put into practice. We must change the reality and the perception.
- Pleased that, in this Summit area, we have a number of initiatives that will help us do that.

Rapporteur for Freedom of Expression

- Cannot sustain democracy without an informed public. Cannot prevail against impunity and injustice without a vigilant free press.
- Our hemisphere is well endowed with an independent journalistic spirit. But many representatives of the press are under attack.
- Crime, narcotraffickers, corruption, corporate pressures, and political intimidation too often limit the media's ability to inform the public.
- The Special Rapporteur for Freedom of Expression we are endorsing here is a significant step. Based within the OAS' Inter-American Commission on Human Rights, this full-time professional will help us all to strengthen our commitment to a free press and to freedom of expression generally.

Justice

- Just as the people must know the truth, they also must see that the truth prevails in our courts of law.

- Our officials have taken an important step by agreeing to establish a hemispheric Justice Studies Center.
- Our courts, our prosecutors and our judges can all profit from this effort to share what we each have learned, to adopt best training practices, and to rededicate ourselves to the professional and honest judiciaries that are the guarantors of a citizen's faith in the institutions of the state.
- The Americas have set a standard for other regions of the world by designing and adopting the OAS Convention Against Corruption in 1997. I'm pleased to report that I have submitted this Convention to the United States Senate for its advice and consent to ratification.

Counternarcotics

- Too often, the challenges to our journalists, our courts, and our other public institutions come from the drug trade.
- Let me be clear: America's \$57 billion annual appetite for drugs is a major reason for this scourge. We are taking strong steps to reduce our demand, and I'm pleased to say it's working.
- But none of us should assume that drugs are someone else's problem. This cancer will eat away at all our institutions, destroy our young people, and undermine our very ability to govern if we do not act strongly, cooperatively, and effectively in response.
- I am pleased we have agreed to establish a hemispheric Alliance Against Drugs. It is time to move to true multilateral cooperation on this issue.
- We are agreed that this Alliance should include a mechanism for mutual evaluation of our respective counternarcotics efforts, against a clear set of pre-agreed standards. This will incorporate multilateral assessment of my own country's efforts at demand reduction.
- In this regard, I am also pleased to announce that the United States will open a hemispheric academy for demand reduction training and research this year.

Security

- I want also to highlight the distance that we have traveled together since Miami in terms of our security cooperation.
- A stable security environment for the Americas rests on a foundation of trust, transparency and communication. This year, we should conclude an OAS convention on transparency in major weapons systems acquisition.
- We also share a common interest in preventing others from using disease as a weapon of war or terror. We must work together to complete the framework of a Biological Weapons Convention compliance protocol by the end of the year.
- We are living in one of the most peaceful periods in the history of this Hemisphere, thanks to leadership, vision, and international cooperation of many of you and your predecessors. We are moving rapidly toward resolving some of the oldest disputes in our hemisphere. Let us strive to resolve the rest, so that the Americas can be the hemisphere without war.
- Through the Inter-American Convention on Firearms, we are establishing a much more transparent, reliable, and effective system for controlling trafficking in firearms.
- Upon my return home, I will send the Inter-American Convention on Firearms to the Senate for its advice and consent to ratification.
- The United States already has implemented most of the model regulations developed by our governments to prevent the unauthorized sale of firearms. We will put the remainder into force within the next 60 days. Once the model regulations are in place, no country in this hemisphere will receive any weapons it has not explicitly authorized. This will assist all of us to remove unwanted firearms from our streets.

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SCENESETTER: SUMMIT LEADERS LUNCH

On Saturday, you will have lunch with other heads of state at the El Camino Real restaurant in Santiago's Metropolitan Park. The restaurant is set on the San Cristobal Hill, which rises directly north of downtown Santiago and the Mapocho River. On a clear day, the hill offers spectacular views of Santiago and the Andes mountains behind it.

Upon arrival, you proceed as a group by foot to a park site immediately to the right of the restaurant for the official Summit photograph. You then return to the restaurant for a Presidents-only lunch (with whisper interpretation). You are not expected to offer a toast or other remarks.

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SATURDAY AFTERNOON SESSION:
ERADICATION OF POVERTY AND DISCRIMINATION

Key Objectives

- Highlight success of Chile in engineering growth with equity, and reducing poverty using free market policies.
- Urge leaders to take worker rights and core labor standards beyond the modest language Summit negotiators settled on.

Background

As with Education, this Summit basket has significant resources attached. Most countries in the hemisphere suffer from dramatically skewed income distributions, many of which have worsened in recent years. Although income distribution remains a problem, Chile's success in reducing poverty nonetheless provides a successful model for broad-based growth accompanied by improving social equity.

The Summit Plan of Action lays out measures to promote micro, small and medium enterprises; expand property registration for the poor; improve health care; strengthen the rights of women and indigenous populations; promote worker rights; and attack hunger and malnutrition. All these initiatives are designed to encourage growth with equity.

To promote microenterprise, USAID will provide \$120 million over the next two years, closely linked to the IDB's \$500 million Micro 2001 program. Since Miami, hemispheric microlending institutions have increased coverage by over 250,000 new borrowers annually, creating over 175,000 new jobs. Combined, donor efforts should provide new financial resources to over 1 million new microentrepreneurs.

USAID will also provide \$10 million toward property registration improvements in the hemisphere, so that smallholders can receive clear title to lands they are working through modern mapping techniques (GPS), streamlined bureaucratic procedures, and reduced titling fees.

USAID health care initiatives will focus on reducing the incidence of communicable diseases, improving access to safe water, and make increased use of low-cost technologies to spread these benefits as widely as possible, including to remote rural

areas. Telecommunications systems and the internet offer new avenues for providing health care information and advice. USAID will devote \$20 million to these efforts over the next two years; multilateral lenders are also heavily involved in the health sector.

Summit documents reaffirm commitments to promote the rights of women, through various international conventions, and call for a reexamination of existing national laws that have the effect of limiting the full participation of women in political life. The role of indigenous populations in national life is a question of great political significance for a number of Summit countries -- witness Mexico's current wrestling with indigenous rights in the context of Chiapas -- and the Summit commits governments to expand training and economic opportunities, strengthen the identity, and improve the participation of indigenous groups in society.

Promoting respect for core labor standards and worker rights has proven very contentious, with Mexico and others resisting language that we proposed to address this topic. In the end, a consensus was reached on language that acknowledges the role of government in promoting workers' rights but stops short of forcefully committing countries to specific steps. The Vice President raised these issues with President Zedillo in the final days of negotiations on the Summit documents, but with only partial success. USAID will devote \$12 million over the next two years to programs designed to strengthen respect for core labor standards.

The Summit is also taking specific steps to address child labor. Secretary Herman and her Central American counterparts met last year to map common strategies and action against this problem, among other labor challenges, and your FY99 ten-fold increase (to \$30 million) of the ILO's International Program Against Child Labor will allow us to devote more resources to this area here and around the world.

To address hunger and malnutrition, particularly among children, women and the disadvantaged, USAID will spend \$375 million over the next two years, including \$340 million in food assistance. Vaccinations, immunizations, breast feeding, and civic engagement on hunger issues are all elements of the approach the Santiago documents lay out.

TALKING POINTS FOR SATURDAY AFTERNOON SESSION:
ERADICATION OF POVERTY AND DISCRIMINATION

Chilean Market Model

- Our economies are performing strongly, having generally weathered Asian shocks and vagaries of the international market. This is testimony to the reforms you have introduced and stuck to.
- But not all our citizens benefiting enough. Equity must be the companion of growth if we are to have real economic development.
- Salute the Chilean experience, which has demonstrated to us that reductions in poverty can be achieved in conjunction with market reform. Chile now a nation of stakeholders, participating and sharing in economic growth.

U.S. Contribution

- United States pleased to be a strong contributor to many of the initiatives we have identified to eradicate poverty and discrimination.
- Over \$500 million in U.S. programs in these areas over the next two years. Many times more than that in multilateral lending.
- With microlending, we can provide the tools for the smallest of businesses to succeed. This experience has been richly rewarding in South Asia, Africa. The smallest entrepreneurs are often the most capable of responding to economic opportunity, creating jobs. We must continue to find innovative ways to support their activities.
- New technologies can be an important way to leverage our expenditures on health care. With the internet, a telephone system can become a means of providing basic medical care, or diagnosis, or epidemiology.
- Critical that the role of women be stressed. No society can afford to undervalue the labor, energy and talent of half its population. And yet we all do, in varying degrees. We must be committed to the eradication of discrimination against

women, and to ensuring that they are compensated equally for their equal work. Anything less is self-limiting.

- Also need to better integrate indigenous populations and other minorities in our economies and societies. Our future will continue to be limited so long as we do not tap into all our potentials.

Labor

- Promoting respect for core labor standards and worker rights is an important feature of this Summit basket. Believe we can do even more in this sector than we have agreed. Our prosperity is fragile if we choose to construct it on a foundation that lacks full respect for the contributions of workers.
- Our delegates at the ILO now discussing a range of issues dealing with improving respect for worker rights, examining linkages between trade and labor. We should seize this as an opportunity to strengthen our economic foundation.
- Child labor is an area where there is no excuse for complacency. Every one of our societies suffers from this problem. Some because of agricultural sector needs and traditions; others because of indecent exploitation of the youngest by manufacturers.
- Child labor robs our future. Leads to generations of undereducated, under-equipped workers. Nothing less than an egregious human rights abuse.
- We are working with ILO, Central American leaders, and others to attack this problem. Hope we can keep this on the hemispheric agenda.

SATURDAY AFTERNOON AND SUNDAY MORNING SESSIONS:
ECONOMIC INTEGRATION AND FREE TRADE

Key Objectives

- Energize launch of FTAA and promote early progress.
- Convey that absence of Fast Track is not a deterrent to serious negotiations.
- Stress importance of "civil society" input to FTAA process.
- Congratulate leaders on maintaining financial stability and market confidence despite Asia turbulence.

Background

This two-part discussion includes free trade, financial reform, science and technology, energy cooperation and infrastructure development. At our request, the Chileans switched the agenda to allow us to highlight social issues on the first day, followed by economics and trade on the second.

The discussion will begin with presentations by three countries and short remarks by international financial institutions such as the IDB. You are not one of the opening speakers for this session, but your remarks nonetheless will set the tone.

The vision of hemispheric economic integration was the signature of the Miami Summit. Since then, the hemisphere was first buffeted by Mexico's peso crisis, and now the turbulence in Asia. Despite these difficulties, economic integration has continued and even accelerated. Inter-regional trade has grown robustly. The economic reforms adopted across the hemisphere have resulted in the lowest inflation and highest growth in over two decades. U.S. exports to FTAA countries reached \$286 billion in 1997, which comprised 42 percent of all U.S. exports. U.S. exports to FTAA countries grew 17 percent last year, nearly three times the rate of export growth to the rest of the world. This is the only region of the world with which the United States has a trade surplus.

Trade/FTAA. The Summit's main trade deliverable will be the formal launch of negotiations on the Free Trade Area of the Americas (FTAA). Charlene Barshefsky and her counterparts

hammered out all contentious issues in their trade ministerial last month in Costa Rica. There are thus no issues blocking the launch of negotiations, but our lack of Fast Track, and continuing differences between the United States and most of our negotiating partners over treatment of labor and the environment remain hurdles to be overcome in the future.

The key aspects of the launch are the following:

- For the first time in an international trade negotiation, there will be a committee of government representatives that will receive inputs from labor, environment, consumer and other groups. This innovation, while falling short of our desire for negotiating groups on labor and the environment due mainly to Mexican opposition, nonetheless is important for incorporating input from civil society.
- Reflecting concerns largely from the Caribbean, the negotiations will include a Working Group on Smaller Economies, which will help direct expertise and support to countries that might otherwise not be able to keep up.
- Miami will be the site for the first three years of negotiation. The U.S. and Brazil will chair the final round of negotiations, starting in November 2002.
- The FTAA offers an opportunity to advance the discussion on electronic commerce, through a committee of public and private experts who will develop a workplan for the adoption of duty-free cyberspace in the hemisphere.

As agreed at Miami and reaffirmed during your October visit to South America, the FTAA will be a balanced and comprehensive negotiation leading to a single undertaking in 2005, with concrete progress by the turn of the century. Each of these phrases is laden with meaning; you will want to reiterate U.S. views on the meaning of each.

Balanced and comprehensive: We agreed on nine negotiating groups, and met a key MERCOSUR demand by setting agricultural issues apart in their own group. You affirmed in Brasilia that we favor "balanced and comprehensive" negotiations.

Single undertaking: In the view of MERCOSUR in particular, this is a bulwark against any partial or interim tariff reduction agreement, for which Brazil especially feels unprepared. Your

point of emphasis to counter-balance this go-slow approach will be on "concrete progress" by 2000.

Concrete progress: We have lobbied hard for a broad definition of concrete progress, to include meaningful interim agreements by the year 2000. MERCOSUR and others prefer less ambitious agreements on business facilitation measures instead. The selection of Canada as initial chair of the negotiating process should help in this regard. Chretien, as likely next Summit host, would want to be able to point to concrete FTAA progress under the Canadian gavel. You can support this by indicating we will be aiming for such progress as we negotiate.

Finance. Latin America has fared relatively well in the face of Asia's recent financial turbulence. Much of the region's success has been due to the tough macroeconomic choices made by leaders such as Cardoso and Zedillo to bolster the confidence of international capital markets: Cardoso through high interest rates and budget reforms, Zedillo through peso depreciation and budget cuts. Such confidence is necessary to maintain the flow of foreign savings into Latin America which provides support, for example, for the variety of Summit infrastructure initiatives regarding telecommunications, transportation and energy.

A number of Summit initiatives will reinforce such financial confidence-building efforts. Hemispheric governments are already on their way to building more modern financial systems through greater transparency and supervisory oversight. The Summit will advance these efforts by promoting implementation of Basle Principles for Banking Supervision, establishing high-quality reporting and disclosure standards for banks, and improving banking and securities market clearance and settlement systems.

Economic Integration. Beyond the FTAA, a variety of Summit initiatives will contribute to this process, including steps to promote more integrated regional energy markets; voluntary principles drafted by the IDB to facilitate private sector participation in infrastructure development; and strategies for affordable access to basic telephone service and the internet.

TALKING POINTS FOR SATURDAY AFTERNOON AND
SUNDAY MORNING SESSIONS:
ECONOMIC INTEGRATION AND FREE TRADE

Introduction

- These are challenging times for free market democracies, but this hemisphere has shown that through sound policies it can withstand the turbulence seen in Asia.
- Price for this has been tough macroeconomic policies. These have been painful for many of our peoples, but recovery will be stronger and faster as a result.

FTAA

- Launch of FTAA negotiations is historic.
- Freer and fairer trade will benefit all our citizens through the creation of jobs, the exchange of goods and services, lower inflation and higher and more sustained economic growth.
- Pleased at the progress our Trade Ministers made in the run-up to this launch. Important that all the region's economies will be able to be full participants, thanks to such measures as Working Group on Smaller Economies.
- The process of integration is being led by businessmen and investors, who are forging ever wider markets, more efficient industries, and higher levels of employment.
- Governments, through arrangements like NAFTA, MERCOSUR, CARICOM, the Central American Common Market, and the Andean Pact are channeling this energy into an ever broadening array of trade agreements.
- Important to ensure that current and prospective trading arrangements expand, not divert global trade.
- We are all committed here to keeping these endeavors on a convergent course, one which expands access to all our markets while culminating, by no later than 2005, in hemispheric free trade. And we have charged our Trade Ministers to secure

early and significant progress toward that goal by the end of this decade.

- Critical not to hold up progress on individual issues till 2005. Must build support by showing concrete progress on specific initiatives such as electronic commerce early.

Fast Track

- Absence of Fast Track a disappointment to me. But not a deterrent. Launched Uruguay Round before Fast Track. We are committed to businesslike and purposeful negotiations across the nine negotiating groups.
- Confident that we will have Fast Track at the appropriate time.
- Our increasingly open and vibrant trade must be seen to make a difference in the lives of our people. The challenge of globalization is to bring all our citizens along with us, as we grow our economies and expand our opportunities.
- Pleased that we have agreed to a civil society input in this FTAA process. Role of civil society, such as labor and environmental groups, is important to this objective of broad-based growth.

Financial Stability

- We can also be proud of the hemisphere's progress in bolstering market confidence through transparency and oversight, despite the challenges of Asia's financial turmoil.
- Tough decisions, tough policies behind the hemisphere's success. We must acknowledge the difficulty of these necessary steps.

SCENESETTER: SUMMIT GALA DINNER

The Summit gala dinner will take place at La Moneda, Chile's presidential palace. You will be the last Head of State to arrive and will be greeted by Summit Secretary General Oscar Pizarro. Following a brief welcome by President Frei, the assembled Heads of State and First Ladies proceed up an interior stone stairway to the second floor, where you are met by Director of Protocol Juan Pablo Lira.

After cocktails on the second floor, the Heads of State and First Ladies will follow President and Mrs. Frei to an interior first-floor courtyard (the Orange Tree Patio). When President and Mrs. Frei reach the bottom of the steps, the group will pause to be photographed.

You will be seated in the Orange Tree Patio for a concert, including the initial orchestral and choral performance of the Summit of the Americas Anthem, Canto A La Cordillera ("Ode to the Andes"). After the concert, you will proceed with the other guests to the adjoining Patio de Honor, where the heads of state will be seated at a single table. Only President Frei will offer a toast. A brief vocal concert follows the dinner.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. briefing paper	Sunday Morning (3 pages)	04/09/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
Steven Ronnel
OA/Box Number: 11854

FOLDER TITLE:

The Trip of the President to Santiago Chile for the Summit of the Americas, April 15-
20, 1998: Final [2]

2009-1155-F

kc1146

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. briefing paper	President pull aside (3 pages)	03/31/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
Steven Ronnel
OA/Box Number: 11854

FOLDER TITLE:

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2009-1155-F

kc1146

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Resources Available for Santiago Summit Initiatives, page 2

	<u>IDB/World Bank*</u>	<u>USAID</u>	<u>Total</u>
III. Economic Integration and Free Trade			
Cleaner energy, including renewable sources	841	100	941
Infrastructure, especially transportation and telecommunications	14,736	5	14,804
Science and technology, including mitigating El Niño effects	3,079	40	3,119
Strengthening financial markets		3	3
Total Economic Integration	18,719	147	18,866
IV. Eradicating Poverty and Discrimination			
Promotion of microenterprise and medium-sized businesses	926	120	1,046
Land and parcel property registration for the poor	440	10	450
Health care, especially in the area of low-cost vaccine production, application of information technologies, and basic sanitation	7,639	60	7,699
Strengthening women's position in society, especially in the area of legal reform for equality and attacking domestic violence	82	20	102
Respect for core labor standards	95	12	107
Indigenous communities (health, education, institutions)	2,086		2,086
Hunger and malnutrition, especially pregnant and nursing mothers, infants and the elderly	665	375 ***	1,040
Total Eradicating Poverty and Discrimination	11,933	597	12,530
Totals			
Region Total (FY 1998-2000)	44,430	1,164	45,594

- * Lending projections assume that countries from the region will be willing to borrow from multilateral development banks for projects included in the 1998-2000 pipeline. Figures are estimates based on thematic categories of the Santiago Action Plan.
- ** Includes \$340 million in Food Assistance.

Resources Available for Santiago Summit Initiatives

Projections for FY 1998-2000

(US\$ million)

	<u>IDB/World Bank*</u>	<u>USAID</u>	<u>Total</u>
I. Education: Investing In People			
Early childhood	460		460
Evaluations, assessments, and indicators	450	6	456
Preparation of teachers and educational administrators	1,161	11	1,172
Education reform, including local community control	3,651	11	3,662
Bilingual education and foreign language teaching	101	3	104
Technical and vocational training for workers	697	11	708
Textbooks and other educational materials	862	11	873
Information and distance learning technologies	854	3	857
Exchanges and internships	5	25	30
Total Education	8,241	80	8,321
II. Strengthening Democracy and Protecting Human Rights			
Modernization of municipal and regional governments	4,359	25	4,384
Corruption	190	25	215
Strengthening justice systems	776	90	866
Upgrading and modernizing labor ministries	212	3	215
Strengthening civil society		36	36
Human Rights		22	22
Education for Democracy		25	25
Control of Illicit Narcotics: Alternative Development Projects		114	114
Total Democracy and Human Rights	5,537	340	5,877

* Lending projections assume that countries from the region will be willing to borrow from multilateral development banks for projects included in the 1998-2000 pipeline. Figures are estimates based on thematic categories of the Santiago Action Plan.

THE WHITE HOUSE
WASHINGTON

April 12, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
LARRY SUMMERS

SUBJECT: BACKGROUND ON CHILEAN SOCIAL SECURITY SYSTEM

The Chilean privatization of its public pension system in 1981 has proven extremely influential in Social Security debates across the world. The Chilean model has played a role in reform efforts in Argentina, Peru, Mexico, and many of the emerging nations of Central and Eastern Europe and the former Soviet Union. You should also be aware that Jose Pinera, the "father" of the Chilean model, has been working closely with the Cato Institute to promote private accounts in the United States. Anything you say about the Chilean model will be examined extremely carefully for its possible implications about Social Security reform here. This memorandum provides a brief summary of the Chilean system.

The Old System

The old system in Chile was an unpopular defined benefit plan financed by a 25 percent payroll tax rate. Benefits varied significantly across occupational groups, leading to a public perception of unfairness, further eroding public confidence.

The New System

The Pinochet government established the current system in 1981. Workers were given the choice of opting out of the old system until 1985. Almost all workers (98 percent) chose to do so. Recognition bonds were issued to workers opting in to the new system to cover the benefits they had accrued under the old system. The transition was facilitated by the dictatorship's mandating a wage increase of 18 percent to help workers make the required contributions to the new system. According to actuary Robert Myers, those joining the new system received a significant take-home pay increase -- while those remaining in the old system were left with about the same take-home pay. After 1982, new entrants to the labor force were required to enter the new system.

The new system provides a benefit based on either (a) a general-revenue-financed

minimum benefit, or (b) the proceeds of an individual account.

- The minimum benefit is set at either 75 percent of the poverty rate or 25 percent of the worker's average pay over 10 years, whichever is greater. (In the United States, 75 percent of the poverty threshold for a single elderly person would amount to \$5,645.)
- The individual account is financed by a mandatory employee contribution of 10 percent, supplemented by additional voluntary contributions up to 20 percent of wages.
- The minimum benefit is paid only if the individual account generates an annual benefit below the minimum. A worker cannot collect from both tiers: if a retiree collects the minimum benefit, he surrenders the proceeds from his individual account.
- The accounts are managed by *Administradoras de Fondos de Pensiones* (AFPs), which also provide survivor and disability insurance. Workers pay about 3 percent of wages annually to the AFPs -- to cover both the insurance and administrative costs. (Recent experience indicates that about half of the 3 percent charge goes to administrative expenses.)
- AFPs are heavily regulated. They are required to meet a minimum annual return relative to the average for all AFPs (and if a particular fund outperforms the average by more than two percentage points, the excess is placed in a reserve to make up for low-performance), limits are set on their holdings of different types of securities, and they must post minimum capital requirements to enter the AFP market.

What supporters of the new system say

- Supporters attribute Chile's 7 percent growth rates directly to social security privatization and they also credit the new system with increasing national saving.
- Projected benefits are 40 to 50 percent above those under the old system, and have realized real rates of return that averaged 10 percent during the decade of the 1980s. In addition, supporters argue that the new system has de-politicized the setting of benefits, because benefits (other than the minimum) are tied to the performance of the individual accounts.
- The new system has gained support among the Chilean public at least in part because of Chile's past economic growth performance and the resulting higher projected benefits associated with privatization. Public support is also based on the new system's fairer treatment of workers.

What critics say

- Many economists have argued that Chile's economy has improved because the economic reforms accompanying privatization have enhanced the appeal of Chilean capital markets and improved their efficiency.
- Compared to well-run government systems, administrative costs are high. According to MIT economist Peter Diamond, one of the world's leading scholars on savings and pensions, "perhaps the most surprising aspect of the Chilean reform is the high cost of running a privatized social security system." Administrative costs as a fraction of benefits are almost 20 times higher in Chile than in the U.S. Social Security system
 - The importance of administrative costs should be considered in combination with the market return on the accounts, and many argue the high cost of the Chilean system is not important because the returns net of administrative costs have been very high.
 - Virtually all analysts agree, however, that "account churning," which has been a problem in the Chilean system, has generated significant costs. Marketing enticements have helped to produce 30 percent annual turnover rates.
- Public support for the program may be based largely on high rates of return. Since the system began to operate on May 1, 1981, the average real return has been 12 percent per year. But recent returns have been low: -2.5 percent in 1995, 3.5 percent in 1996, and probably 0 percent in 1997. Factoring in administrative costs, the return during the past three years has been negative. However, until there is a prolonged market downturn, public reaction to a low return scenario is unknown.

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. briefing paper	President pull aside (3 pages)	04/09/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
Steven Ronnel
OA/Box Number: 11854

FOLDER TITLE:

The Trip of the President to Santiago Chile for the Summit of the Americas, April 15-20, 1998: Final [2]

2009-1155-F
kc1146

RESTRICTION CODES

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RR. Document will be reviewed upon request.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. talking points	Presidential (1 page)	04/07/1998	P1/b(1)

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Special Envoy for the Americas
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. briefing paper	President pull aside (4 pages)	04/09/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
Steven Ronnel
OA/Box Number: 11854

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2009-1155-F
kc1146

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PRESERVATION**

CABINET

SUMMIT OF THE AMERICAS-SANTIAGO, CHILE

APRIL 1998

(as of 12:30 p.m. April 14)

<i>Time</i>	<i>POTUS Schedule</i>	<i>Time</i>	<i>Cabinet Schedule</i>
<u><i>WEDNESDAY, APRIL 15TH</i></u>			
8:45 pm	Depart AAFB en route Santiago [flight time: 10 hours, 15 minutes] [time change: none]	8:45 pm	Depart AAFB en route Santiago Daley, Riley, Barshefsky, McCaffrey, Alvarez depart
<i>RON</i>	<i>AIR FORCE ONE</i>	<i>RON</i>	<i>AIR FORCE ONE</i>

THURSDAY, APRIL 16TH

7:00 am **Arrive Santiago**

7:10 am- **Arrival Ceremony**
7:25 am TARMAC
 Santiago Airport
 Open Press

8:00 am Arrive Hyatt Regency Hotel

8:00 am- **Down Time**
9:30 am Hyatt Regency Hotel

10:25 am- **State Arrival Ceremony**
10:35 am Courtyard - La Moneda Palace
 Press TBD

10:35 am- **Restricted Bilateral with President Frei**
11:25 am President's Office - La Moneda Palace
 Official Photo Only
 Note: Potus plus 5.

11:45 am- **Expanded Bilateral with President Frei**
12:15 am Room TBD - La Moneda Palace
 Simultaneous Interpretation

7:10- **Arrival Ceremony**
7:25 Albright, Daley, Riley,
 Barshefsky, McCaffrey, Alvarez
 attend

10:25- **State Arrival Ceremony**
10:35 Albright, Daley, Riley,
 Barshefsky attend

10:15- **Signings**
11:25 Albright, Daley, Riley,
 Barshefsky attend

11:45- **Expanded Bilateral with**
12:15 **President Frei**
 Albright, Daley, Riley,
 Barshefsky, McCaffrey, Alvarez
 attend

12:30- *McCaffrey attends Demand*
2:30 *Reduction Working Lunch*
 Chilean Association of
 Municipalities (CODEL will
 attend)

12:30- *Daley attends Luncheon with*
2:45 *Am Cham*
 Castillo Hidalgo

1:00- **Cabinet Lunch at Foreign**
2:30 **Ministry**
 Albright, Riley, McCaffrey,
 Barshefsky, Alvarez, Munoz
 CODEL attend

12:50 pm-
1:50 pm **Discussion With Community Members**
Room TBD
Location TBD
Press TBD

2:00 pm-
2:20 pm **Tour South Santiago Neighborhood**
Room TBD
Location TBD

3:20 pm-
4:20 pm **Economic Address**
Room TBD
Location TBD

4:15 pm-
8:15 pm **Down Time**
Hyatt Regency Hotel

8:30 pm-
11:00 pm **State Dinner/Entertainment**
La Moneda Palace
Pool Press (At the top/Toast Only)
Note: Business Attire. 400 guests in attendance. US seats = 150. Potus makes reciprocal toast.

RON **HYATT REGENCY HOTEL -
SANTIAGO, CHILE**

3:00-
5:30 *Alvarez attends Informatics
Conference*

3:30-
4:00 *McCaffrey meets with Deputy
Interior Minister*

3:20-
4:20 **Economic Address**
Albright, Daley, Barshefsky
Munoz, Harrington, CODEL
attend

4:00-
6:00 *Riley meets with Minister
Arellano and Chilean Education
Officials*

5:00-
6:30 *McCaffrey speaks to Diplomatic
Academy*

6:00-
7:00 *Daley attends NOAA Event El
Niño Event
Site TBD*

7:45 *Depart for State Dinner*

8:30-
11:00 **State Dinner/Entertainment**
Albright, Daley, Riley,
Barshefsky, McCaffrey, Alvarez,
Munoz, Harrington, CODEL
attend

RON **HYATT REGENCY HOTEL-
SANTIAGO, CHILE**

FRIDAY, APRIL 17TH

9:30 am-
10:00am **Speech Prep**

10:35 am Depart Santiago en route Valpariso
Landing Zone
[helo time: 30 minutes]

11:35 am-
12:35 pm **Address to Congress**
Chamber
Simultaneous Interpretation
Open Press
*Note: First Lady to attend, 50 seats available
for US delegation*

1:00 pm-
2:30 pm **Informal Lunch with President and Mrs. Frei**
Cerro Castillo
Pool Press (Arrival Only)
*Note: Small, casual lunch with a few
guests for couple to choose.*

6:52 *Reno arrives Santiago
American Airlines*

am *Reno meeting with Chilean
Justice Minister*

am *Barshefsky bilateral
investment treaty with
Bolivia*

8:00-
9:00 *McCaffrey has working
breakfast with Dr. Torrendel
of Argentina*

9:00-
11:30 *Daley, Barshefsky attends
AmCham roundtable*

10:00- *Alvarez attends Informatic
session on small business and
micro enterprises*

9:30-
11:00 *McCaffrey speaks at
CONACE meeting*

11:35-
12:35 **Address to Congress**
Albright, Riley, attend

11:50-
2:30 *McCaffrey attends
Challenges and Opportunities
in the Americas conference*

12:30-
1:30 *Reno addresses DeigoPortals
University*

2:30- *Barshefsky holds press*

3:45 pm- **Visit Rural Town/Greet Local People**
5:45 pm Room TBD
Location TBD

7:15 **Down For The Evening**

**RON HYATT REGENCY HOTEL -
SANTIAGO, CHILE**

TBD *backrounders and bilaterals
BIT signings to be scheduled*

2:45- *McCaffrey holds bilaterals*
3:45 *with Canadian Foreign
Minister*

2:00- *Reno Luncheon Co-Hosted*
3:00 *by Chilean Justice Minister*

3:00- *Reno Bilateral Meetings*
TBD

4:00- *Reno gives Judicial Academy*
TBD *Speech*

4:00- *McCaffrey visits treatment*
5:30 *center*

4:30- *Daley attends Informatics*
5:30 *2000*

5:15- *Reno attends meeting with*
Justice Ministers, Chile,
Venezuela, Bolivia,
Argentina, Mexico,
Dominican Republic

6:30- *Daley attends OTR Events*
TBD

7:00- *Public concert at train*
9:00 *station, Daley, Riley, Alvarez,*
Munoz, CODEL attend

9:00- *McCaffrey attend dinner*
TBD *with Chilean Officials*

**RON HYATT REGENCY
HOTEL-
SANTIAGO, CHILE**

SATURDAY, APRIL 18TH

9:15 am- **Opening Ceremony**

9:45 am Sheraton Hotel

Open Press

*Note: POTUS and Frei to make remarks.
600 guests in attendance. US Delegation
to attend (10 seats only).*

9:45 am- **Coffee Break (Pull Aside Opportunity)**

10:00 am Sheraton Hotel

Closed Press

10:05 am- **Session One A (Education/Human Rights/
Democracy/Justice)**

11:05 pm

Closed Press

Note: Leader plus three

11:10 am- **Session One B (Education Discussion)**

1:10 pm

Closed Press

7:26 *Peña arrives Santiago*

9:15- **Opening Ceremony**

9:45 Albright, Reno, Daley, Peña,
Riley, Barshefsky,
McCaffrey, Alvarez attend

10:00- *McCaffrey holds bilateral
10:30 with Tablante, Venezuela*

10:05- **Session One A**

11:05 Reno, Riley, McCaffrey
attend

10:30- *Peña attends Roundtable
11:30 with Energy Firms*

10:25- *Daley Site Visit/Advocacy
10:55 Site TBD*

11:20- *Daley Bilateral with
11:50 Uruguayan Foreign Trade
Minister*

11:45- *Peña attends signing
12:45 ceremony and inauguration
of Natural Gas Bus pilot
project*

12:00- *Barshefsky attends Trade
2:00 Ministers lunch*

12:30- *Daley hosts luncheon for
2:00 American business execs
Site TBD*

12:30- *McCaffrey attends working*

1:45 pm-
3:00 pm **Leaders Lunch (Pull Aside Opportunity)**
Real Camino Restaurant
Open Press (Arrival)
Closed Press (Lunch)

3:30 pm-
6:30 pm **Session Two (Poverty Alleviation/
Discrimination)**
Sheraton Hotel
Closed Press

7:00 pm-
8:15 pm **Down Time**
Hyatt Regency Hotel

8:35 pm Arrive La Moneda Palace
*Note: POTUS is the last to arrive
and cannot be late.*

8:45 pm-
11:00 pm **Summit Gala**
La Moneda Palace
Interpretation TBD
Press TBD
*Note: Business Attire.
Leaders plus spouses only.*

**RON HYATT REGENCY HOTEL -
SANTIAGO, CHILE**

2:30 *multilateral drug luncheon*

1:30-
3:00 *Riley tentatively lunch with
Education Ministers*

2:30-
3:30 *Daley attends Central
American Minister's Round
Table
Site TBD*

3:30-
4:00 *McCaffrey meets with
Argentina Drug Minister*

4:00-
5:00 *Peña attends roundtable
with Energy Firms*

4:00-
TBD *Riley attends meeting with
Ministers of Education*

6:30-
8:00 *McCaffrey holds multilateral
Drug Minister Reception*

8:10 *Reno Departs en route
Washington, D.C.
American Airlines*

8:30-
TBD *Delegation Reception
Albright, Daley, Peña, Riley,
Barshefsky, McCaffrey,
Alvarez, Harrington attend*

**RON HYATT REGENCY
HOTEL-
SANTIAGO, CHILE**

SUNDAY, APRIL 19TH

8:45 am- **Briefing**
9:15 am Hyatt Regency Hotel

9:00 am- **Summit Session Three (Trade/Economics)**
10:00 am Sheraton Hotel
Closed Press

10:00 am- **Summit Session Four (Free Talk)**
12:00 pm Sheraton Hotel
Closed Press
Note: Leaders only

12:30 pm- **Closing Session**
1:15 pm Former Congress Building
Open Press
*Note: Signing of Document,
Frei speaks, followed by POTUS and other
three leaders TBD. Twenty Seats.*

1:50 pm- **Remarks to Embassy Personnel/Families**
2:35 pm US Embassy-Terrace
Closed Press

3:30 pm- **Depart via Air Force One
en route Washington, DC**
[flight time: 10 hours]
[time change: none]

9:00 *Alvarez departs Chile
en route Mexico City*

9:00- **Summit Session Three**
10:00 Daley, Peña, Barshefsky
attend

9:00- *Riley meets with Inter-*
12:00 *American Development Bank
and Education Ministers*

10:30- *Peña meets with Colombian,*
11:15 *Venezuelan, and Chilean
Energy Ministers*

TBD *Daley departs en route Bariloche,
Argentina*

12:30- **Closing Session**
1:15 Albright, Peña, Riley,
Barshefsky, McCaffrey attend

1:50- **Remarks to Embassy Personnel**
2:30 Albright, Peña, Riley, Harrington
attend

2:00 *McCaffrey departs Santiago en
route Santa Cruz, Bolivia*

3:30 **Depart via Air Force One en
route Washington**
Peña, Riley, Barshefsky
depart

Bios-Mack

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THE WHITE HOUSE
WASHINGTON

Thomas F. (Mack) McLarty

Counselor to the President of the United States

and

Special Envoy for the Americas

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A Second Generation of Reforms for the Next Generation of the Americas

Remarks by Thomas F. "Mack" McLarty III
Counselor to the President and Special Envoy for the Americas
The National Press Club, Washington D.C., April 9, 1998

Thank you for that warm and welcoming introduction. I am pleased to return to the National Press Club. *Es un placer estar con ustedes*, I am honored to be here.

I know that the competition is fierce among policymakers for those coveted National Press Club mugs. But beyond that esteemed recognition, and the honoraria here, it is a genuine privilege to be with you and your National Press Club Colleagues as you celebrate your 90th anniversary. During your distinguished history, the Club has been a witness to and participated in many important events. To put things into perspective, ninety years ago Teddy Roosevelt was President. Strom Thurmond, who spoke here last week, was in first grade. Believe it or not, 1908 was the last time the Chicago Cubs won the World Series. And that was also, it sometimes seems, the last time many Americans paid very much attention to Latin America and the Caribbean.

I. The Quiet Revolution of the Americas

So I am particularly pleased to come before you today to encourage all of us to take a fresh look at the western hemisphere. This, my friends, is not your father's Latin America.

- Thirty years ago half of the region was ruled by authoritarian governments or dictatorships; today 34 out of the 35 countries are democratic.
- Fifteen years ago Central America was torn apart in civil war and conflict between the United States and the Soviet Union; today Central America is at peace, and the United States exports more to Central America than all of the former Soviet states combined.
- Less than ten years ago, Argentina's annual rate of inflation was 5,000 percent. Today Argentina's it is 0.3 percent, with an average growth rate of 7 percent. In Brazil, Latin America's largest economy, the 10th largest in the world, inflation is still 5 percent. As Secretary of Finance Pedro Malan told President Clinton and I and our cabinet members last year, the difference is that's an annual figure, not a weekly one.
- And from a security standpoint, regional cooperation is the norm rather than the exception.

But the story I want to tell today is not the absence of crisis. Rather, it is a story of genuine opportunity. We have seen a quiet revolution in the Americas that in many ways is no less dramatic than the fall of the Berlin Wall. Profound changes have opened the door to unprecedented democracy and growth. But these fundamental changes are not fully guaranteed. As a result, the President and our Administration have seized this moment in time to pursue a vision for a greater Americas based on mutual trust, mutual respect, and mutual reward.

II. The Results of U.S. Engagement

This Administration's sustained engagement with the Americas has produced meaningful and concrete results. In the first term, the President worked to pass the NAFTA, convene the Miami Summit, help reverse the Mexican peso crisis, restore democracy in Haiti, and, with the friends process, bring peace to Guatemala and to the border between Ecuador and Peru. The Vice President has made five trips to the hemisphere, highlighting economic growth and the environmental stewardship. Our First Lady has made four trips, raising the profile of important issues of health, poverty, and women's participation in civil society.

It is no coincidence that the first two state visits in President Clinton's second term were for hemispheric leaders: Prime Minister Chretien of Canada and President Frei of Chile. And with his travel next week to the Summit, the President will have made three trips to seven countries in the region in less than a year. That's an unprecedented level of Presidential engagement. And at each stop we have made progress on trade, democratic reforms, environmental issues, drugs, crime, and corruption.

III. A Real Impact on Our Daily Lives

Still, some may legitimately ask why Americans and their President should care so deeply about what happens in the Americas. After all, James Reston once wrote that the people of the United States will do almost anything for Latin America except read about it. But if it is true, as the President has suggested, that the once bright line between domestic and foreign policy is blurring, then perhaps there are no foreign policy issues more compelling and relevant to the American people than those in Latin America and the Caribbean. Whether it is jobs and the economy, immigration and drugs, or the very air that we breathe, these issues hit home and have a real impact on people's lives. These are the issues that Americans discuss as they gather together around their kitchen tables.

- Let's take the timely subject of gasoline prices. Gasoline today sells for just a little over a dollar per gallon -- adjusting for inflation, that's the cheapest it's been in a generation. But how many of us know and recognize that Venezuela is our number one energy supplier, and that three of our top four sources of energy are in our hemisphere?
- Let's take jobs. One-fourth of our economy depends on trade, and export-related jobs pay some 16% more than others. Forty percent of our total exports go to this hemisphere. For example, we export more to Chile, with 14 million people, than we do to India, with 940 million. We export more to Brazil than to China, and Mexico has now replaced Japan as our #2 market for goods and services behind Canada. And with half of Latin America's population under 21, the potential for future economic growth literally goes off the charts.
- What about retirement? Forty-three percent of all Americans now own stock. Working families *depend* on these investments, but these investments depend on international financial stability. And many Latin American economic and financial policies today are more a model to emulate than a model to avoid. I have seen this personally at the recent APEC Summit in Vancouver and at the World Economic Forum in Davos where Asian and other officials -- from both the public and private sector -- actively sought out Latin American leaders for their economic counsel.

But beyond economic security, Latin America and the Caribbean are also important to U.S. national security.

- Our allies in this hemisphere stand with us and by us on the world stage. They provide significant support for efforts in Bosnia, Haiti, and elsewhere, and they are steadfast supporters of non-proliferation, including our efforts to contain Saddam Hussein.
- Our allies are clearly critical to our efforts to combat the forces of illegal narcotics. Drugs are both a supply problem and a demand problem. But we cannot win this fight without the full cooperation of Mexico, Peru, Colombia, Bolivia, the Caribbean and others. We must continue to work together if we hope to prevail against this dark, evil force.
- The same is true with environmental stewardship. The Amazon is the world's largest rainforest -- providing a good bit of the oxygen we breathe. Rather incredibly, Costa Rica contains fully 7% of the world's biodiversity. My point is that we cannot stop the universal threats to our environment, like global warming, without the full cooperation of developed and developing nations.
- Similarly, we simply cannot address the complicated issue of illegal immigration without economic growth and cooperation abroad.

Now, I'm no Charles Kuralt, reporting on American opinion, but I think it is safe to say that national security, jobs, gas prices, drugs, immigration, and the environment are issues that the American people care about -- and care about deeply.

And as a result, as the President's special envoy for the Americas, I am certainly pleased that Americans are showing a growing interest in the region. We clearly share geography and the common values of family and faith, and a sense of community responsibility. Our cultural exchanges are at record levels, and the United States has the fifth largest Hispanic population in the world. And as I noted before, our trade to the hemisphere is booming, growing at twice the rate of any other region of the world.

By the same token, importantly, our neighbors to the south are rethinking their view of the United States. Motives are no longer automatically questioned. For the first time, the hemisphere is now ready and willing to enter into a broad partnership. The new reality is this: in the wake of the quiet revolution that I noted earlier, the people of the Americas have discovered shared values, common interests, and the same hopes for a better life. But now we must solidify our progress by working together, with purpose and resolve, to address the issues that make a real difference in people's lives.

IV. The Santiago Summit of the Americas

Almost four years ago at the first Summit of the Americas in Miami, we affirmed the region's progress with the so-called first generation of reforms -- free and fair elections, and stable, open economies. And if our agreement to create a Free Trade Area of the Americas by the year 2005 was the centerpiece of Miami, as some pundits claim, then the launch of actual negotiations in Santiago will be the cornerstone of our economic architecture.

But as someone from the private sector, I also believe that the first generation of reforms is not sustainable without a second generation of reforms to strengthen democratic institutions in the hemisphere. Democracy and market reforms are literally two sides of the same coin. Both are necessary to continue the region's impressive growth and development. And together they will ensure that a rising tide lifts all boats.

That is the agenda that we collectively developed for Santiago. The leaders and the people of the region are as focused on education, poverty alleviation, and economic growth as we are domestically. It is truly a common agenda.

Education

In today's interconnected global economy, education is the only route to lasting, inclusive growth. But the hemisphere regrettably has not always received a passing grade. On average, Latin American children receive only seven years of schooling. Primary schools are underfunded, and some teachers supervise up to 150 students. These are some of the same challenges that we confront in the United States, but perhaps more acute. Experts warn that this grim report card may be the single greatest impediment to full participation in the global economy. And our leaders and people agree.

In Miami we made the commitment to provide every child a basic education by 2010. We ought to honor that commitment, and we will in Santiago, with an emphasis on primary and secondary education, and with increased funding from state and federal governments, supported by a dramatic increase in funding from the Inter-American Development Bank and the World Bank. We will put more teachers in the classroom, improve curricula, encourage more parental involvement and responsibility, link students to the internet, and expand vocational training for lifelong learning.

But in a world where the line between domestic and foreign policy has blurred, a better-educated hemisphere is clearly in *our* interests as well. Broadbased education improves economic growth, and a strong economy enlarges the middle classes who buy our goods and services, encourages those tempted by illegal immigration to remain home with their families, it both educates and encourages environmental stewardship. It reduces the urge to make money from illegal drugs, and it improves governments' capability to stem the flow of narcotics.

These matters are in the interests of hemispheric leaders to address, and it is in the U.S. interest that they do so. And the same is true with remainder of the Summit agenda. From the concrete steps toward a multilateral alliance against drugs, to progress on global climate change and clean energy, the Summit will address the issues that matter to our citizens. After all, pot smoke and clean air simply don't mix.

The Santiago Summit will call for creation of a justice studies center to strengthen the rule of law. Independent judiciaries are essential for strong democracies. And it will help establish the office of a Special Rapporteur to advocate for freedom of expression, something important to members of this institution. You might know that, since 1988, almost 200 reporters have given their lives in pursuit of a story, undermining the public dialogue on which democracy is built. Democracy cannot deliver without a free press, and we cannot tolerate intimidation of free expression, whether it be by drug lords, guerrillas, or by governments.

The Second Generation of Reforms

During recent trade discussions in Costa Rica, I visited a new state-of-the-art Intel microchip plant outside of San Jose. I asked the managers there, hard-nosed business people to be sure, why they selected Costa Rica over everywhere else in the world for their half-billion dollar investment. Open markets are important, they said, but the deciding factor was Costa Rica's educated workforce, stable democracy, and respect for the rule of law. This is exactly the point that our hemispheric neighbors understood when they were developing the Summit agenda almost a year ago. Now is the time to pursue a second generation of reforms for the next generation of the Americas.

Launching Trade Negotiations

Next week in Chile we will formally launch comprehensive and meaningful negotiations to establish a Free Trade Area of the Americas (FTAA). Last month our trade ministers met to plan negotiations, and they made significant progress. We should not underestimate the importance -- or the difficulty -- of achieving consensus on these issues. Now we are negotiating with order and determination over the pace of negotiations, but not the overall goal. We are agreed on that.

Let me be clear: economic integration in the hemisphere will proceed regardless of government action. The private sector is moving forward with trade and investment in a natural linkage of markets. Our efforts are intended to bring order to this ongoing process. The President is committed to the FTAA, he is committed to these negotiations, and to complete them, he is committed to obtaining fast track negotiating authority, which will help the United States shape the agreement consistent with our vital interests and the values our citizens hold dear. As negotiations proceed and the benefits of the FTAA become clear, we are confident that Congress will give the President the tools he needs to finish the job.

V. Democratic Values: From Solitude to Solidarity

Let me conclude my remarks with a few final thoughts. As we look ahead to the next century, we must not ignore the new realities that have swept the Americas. We must help shape the character of our hemisphere through sustained engagement.

I think our choice is rather clear. Will our future as neighbors be one of sovereign states, working together as partners on the common concerns of our people? Or will we see mixed progress, less prosperous hemispheric economies--including our own--and a return to suspicion and mistrust? For the first time in memory, the hope in the Americas for democracy, peace, and prosperity is a realistic one. What we do in Santiago and beyond will help determine whether democracy will in fact deliver, and whether it will endure for generations to come.

For much of the last century, democracy was all too rare in our own hemisphere. Citizens and governments who spoke out for democracy could often sympathize with the title of Gabriel Garcia Marquez's novel "One Hundred Years of Solitude." But the new character of the hemisphere has brought our citizens and governments together. With sustained U.S. engagement and a new spirit of partnership, we can create "One Hundred Years of Solidarity" for democratic values. From *Cien Años de Soledad* to *Cien Años de Solidaridad*, from solitude to solidarity. Together we can realize the vision of a truly greater Americas.

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MR. HARBRECHT: Mr. McLarty, first question: the United States, Brazil and Mexico all want to go slow on free trade negotiations, yet the United States has been saying it is committed to achieving concrete results by the year 2000 with a free trade agreement by the year 2005. What do you mean by "concrete results," and how will we know whether we've got them?

MR. MCLARTY: I think in any type of discussion or negotiation, particularly involving a large number of countries, there is a natural dynamic of give and take and of different points of view. And as I suggested in my remarks, I think we are now firmly agreed on the goal of a free trade area with the time line of 2005.

There are clearly issues of order, pace, and other specific issues that we are not fully agreed upon. Although the structure that came out of the San Jose ministerial I think gives us a very workable mechanism to achieve concrete results, and particularly, I think, to expand and use what is called "business facilitation" which, frankly, means making trade and investment flows easier, more orderly, and more meaningful in terms of building businesses and building jobs.

I think, Doug, sometimes specific measurement, particularly in trade agreements or public endeavors, are not easy to define. I think what is easy to see is the dramatic increase of trade and investment flows within this hemisphere. And I think I can say with considerable confidence, in my judgment, those will continue to grow rather dramatically, and I think you will see continued progress in terms of harmonizing customs, regulatory regimes, matters that are not particularly breath-taking or exciting, but mean a great deal to businesses large and small who are participating in trade in the region.

So I think you will see continued results in a very defined structure as we move toward that goal of a Free Trade Area of 800 million people by the year 2005.

MR. HARBRECHT: In your speech you used the cliché "a rising tide lifts all boats." But as Latin American economies boom, the gap between rich and poor nations grows wider, especially in countries like Brazil, the gap between the rich and the poor widens. What is your answer to the increasing millions of poor in Latin America who have no boat?

MR. MCLARTY: I think in any working democracy there has to be openness and inclusion, and there has to be an ownership stake in it. And when I talk about the second generation of reforms and the deepening of democracies, that goes in large measure to make sure everyone is included and is participating in the democracy. I think we already see political liberty in the region with open, fair, contested elections. We, in some cases do not have fully developed democracies.

In terms of the poverty issue, I think it is important to note that the Latin leadership and the Caribbean leadership have emphasized this as one of the major priorities for the summit agenda. And I think in Brazil, where you specifically mentioned those in poverty, if you think about what has been the cruellest burden to those below the poverty line, it has been the hyperinflation. And you have seen a dramatic reduction in inflation in Brazil, and other parts of the region, and that has lifted a large number of people above the poverty line.

But I think specific targeted programs such as microenterprise, which is particularly effective through the Inter-American Development Bank; land titling, giving people a basic ownership interest in their property and an ability to borrow against it, including both women and indigenous people — all sectors, which President Cardoso, again to go back to Brazil, is absolutely committed to. And we have seen remarkable progress, for example, in Chile, where there has been a dramatic reduction in poverty.

So I think we are on the right track. I think what is critical is to support the efforts to sustain this deepening democracy and open-market reforms.

MR. HARBRECHT: The Clinton administration sought the creation of a committee to recommend environmental and labor protections as part of the negotiations in Santiago, but other nations refused. Will the United States drop environmental protections and labor rights from these negotiations?

MR. MCLARTY: I think we should not confuse the issue of commitment and the importance that our respective countries place on environmental issues, on labor issues, worker rights, and frankly, on basic human rights, and the worth and dignity of each individual, which is at the core of any democracy. I think we saw in Kyoto, for example, a number of the developing countries in Latin America — Argentina, Brazil, Costa Rica, others — take a leadership role in the global climate-change discussions. Where there are, I think, differences of view, not only among the 34 countries in the hemisphere, but in our Congress as well, is how environmental and labor issues would be dealt with in terms of a trade agreement.

We believe that, as we deepen our trading relationships in this hemisphere with the shared values and common interests we have, that this will give rise to increased environmental stewardship and more worker rights and participation. And we will continue to advocate that in a very strong, and hopefully effective, manner. That is one reason we need the ability to shape these agreements.

But I think that is one of the major issues that ultimately has to be resolved in our Congress, for negotiating authority, and I think over time, must be dealt with in the FTAA, the free-trade process. I am hopeful on both counts. And I think we will reach our goal on both counts, to reach a free-trade area, and the president will have the negotiating authority to consummate the agreement.

MR. HARBRECHT: Any second thoughts about the way NAFTA has been implemented?

MR. MCLARTY: I think you always in any agreement, whether it be a trade agreement or an agreement in the private sector, there are always items that you review and try to improve and build upon. But I think if you look at the basic results, to go back to the measurements that you alluded to earlier; the exports from the United States to Mexico and Canada, under the North American Free Trade Agreement, are up dramatically. In the United States, if you go to almost any state in our country, whether it's in the heartland of our agricultural or manufacturing belt to the west coast, the east coast, to my home state of Arkansas, you will see a double-digit increase in exports to both Mexico and Canada providing jobs, and good paying jobs, for the hard-working men and women of this country.

On the other hand, I think you've seen a dramatic increase in exports from both Canada and Mexico to the United States. So I think it has been good for their economies, their workers and their businesses. Do I think we can make some improvements, particularly in the side agreements of the environment and labor? Yes, I do. Do I think we need to do more on the border area, particularly where we have mechanisms such as the Border Environmental Commission and the North American Development Bank? Yes, I think we can do better there, and we are. And the president has underscored that as a priority. But I think on balance if you look at the NAFTA it has dramatically strengthened our economy as well as our neighbors', and that is shown by the fact that they are one and two in our trading relationships.

But in Mexico particularly, that faced a severe financial crisis with the peso crisis — caused by an overheating of the economy and the current deficit account, not the NAFTA — the NAFTA locked in those reforms from the United States standpoint. We maintained market share, protected our jobs here. Now Mexico's economy is recovering. But as importantly, we saw Mexico return to conventional financial markets with our financial support package multilaterally in seven months, where in the 1980s in the debt crisis it took Mexico seven years to return to conventional financial markets, and the United States lost market share and jobs in that period.

So I would argue that the NAFTA has not only been good for trade and economics, but it has also been a very stabilizing factor in our relationship with Mexico.

MR. HARBRECHT: Mr. McLarty, last year the Congress refused to renew the president's authority to negotiate trade deals on a fast track: that is, an expedited process where there's an up-or-down vote without any amendment. Has this caused any lasting damage to trade relations with Latin America? Will it hurt the chances of creating a free trade zone? And with the lack of fast track, is there any concern that Japan and the European Union will overtake the United States in Latin American market?

MR. MCLARTY: Well, that's really two questions. Let me take the second one first.

I have said, and I said today, reiterated today that Latin America and this hemisphere is a natural market for the United States. Main Street is literally extending. And you can see that in the numbers and the jobs, and you can see it in the airline flights between the United States and Latin America as well. But it is not a market that we can or should take for granted. This is a highly competitive global economy, as all of you know. And there is real competition, not only from the Europeans and the Asia-Pacific region, but from an intra-regional standpoint as well, and we've got to work diligently to make sure that we are positioned to be competitive to maximize our market share, not in a win-lose situation. I don't think those agreements -- as I was speaking earlier to Paul -- stay together very long, whether it be in the public sector or the private sector. I think this is a true win-win situation with a natural marketplace. But we have to be in the position to maximize that, and without negotiating authority, we, in the long run, in the long run, will not be. I am confident that we will get that negotiating authority to complete the free trade area.

In terms of the actual negotiations, let me be very -- try to be very succinct, but I think it's an important point. The Clinton administration, I think, had a very good record, a very strong record of success during the first term in terms of trade measures. We were able to pass, on a bipartisan basis, the NAFTA, the GATT. The president convened both the summit and the APEC conference, as I noted. I think we signed over 200 trade agreements totally -- some bilaterally, of course, smaller measures, during the first four years.

So I think we need to remember that when the Uruguay Round was launched in 1986, President Reagan did not have fast-track negotiating authority. When President Bush moved forward on the NAFTA, he did not have fast-track negotiating authority. And yet once those negotiations got underway, it gave an impetus and a momentum to get the authority and complete the agreement.

So I think San Jose -- the trade ministerial there -- demonstrated that we will be able to move forward with a comprehensive launch that is genuinely agreed upon to move forward in the overall trade process. So I don't think it will be a setback in that regard. Certainly, in a better world, we would like to have fast-track authority. But I think we can make significant progress in the near term without it, and I am confident the president will be given the tools to complete the job.

MR. HARBRECHT: Specifically, in the absence of fast track, is the U.S. ceding leadership to Brazil in the matter of free trade within the hemisphere?

MR. MCLARTY: Well, my good friend, Ambassador Paulo-Tarso de Lima, is here to my right. So, Paulo-Tarso, you can challenge this, if you wish, after my answer.

I don't see reaching an agreement with 34 countries, even a major economy such as Brazil, the 10th largest in the world, as I noted; a very successful, skilled player on the international scene, and Ambassador Blehl's home country of Chile.

I think this has got to be a consensus agreement that is worked through in the spirit of partnership. Will it be a hard negotiation? Yes, it will be. Are there going to be some disagreements? Yes, there will be. There will be different points of view. But in my 30 years in the private sector and my six years here in the public sector, I have participated in very few discussions that were successful without some measure of mutual trust and mutual respect. So I don't think this is a case where one party wins and one party loses. I think you have a nature complementary market where you have vast resources -- three of our four energy suppliers are in this hemisphere supplying the United States. Tremendous opportunities for U.S. firms in technology, particularly in environmental technology which is certainly needed in Sao Paulo, in Santiago, other regions of Latin America, as well as our own country.

So, I think this is truly a win-win situation. I do think that we need to be in a position to advocate strongly and effectively United States' points of view and interest, and ultimately that's why we will need negotiating authority.

MR. HARBRECHT: Many stories continue to be written about corruption in Latin America. Despite the anti-corruption treaty, which lacks enforcement, will corruption as an issue be discussed in Chile? Will the United States raise it?

MR. MCLARTY: Let me answer the second question first, because I think it is a fundamentally key point that is often misunderstood and a misimpression can easily be gained. Perhaps in the past, certainly, there was a feeling and perhaps even a reality that we were trying to impose, from the United States' standpoint, certain measures on — in certain discussions in Latin America. In terms of corruption, or the effort against drugs, or better educational systems, or more trade, let me assure you there is a vigorous agreement between the countries of Latin America and the Caribbean and the United States.

They understand that corruption is a very punitive tax on those who can least afford it. They fully understand where you have seen dramatic investment to the region, I believe \$71 billion over the past several years — direct investment to the region — will not continue without a strengthened judiciary and without corruption being taken seriously and progress being made.

What we can do in the establishment, for example, of the Justice Study Center, which Justice Breyer, General Reno and others have worked so assiduously on, we can certainly provide information and ideas and support. But there is a great deal of cooperation on this particular matter. And I would remind you, on the Corruption Convention, I believe we are the first hemisphere to adopt an overall convention against corruption.

So it is a very high priority not only for the leaders in Latin America, but if you look at the political structure and the elections themselves, it is a very high priority for the people of Latin America and the Caribbean.

So I am very committed and very confident we'll make progress. We certainly will advocate our very strong position and feelings about the basic principles of the rule of law, human rights, and an open, transparent, professional judiciary.

MR. HARBRECHT: It seems hard to hear you talk about Latin America and the Caribbean without even mentioning Cuba. Isn't the United States being left out as European nations rush to invest in Cuba? And does the Clinton administration have any policy which would treat Cuba as a potential marketplace for U.S. goods, as it once was?

MR. MCLARTY: I very much wish I could have shown a map that reflected 35 democratically elected heads of state in the hemisphere. If you take a map of the hemisphere — visualize it for a moment, if you will — 10 years ago, if you would have had democracies in green and non-democracies in red, about half the region would have been in red. Today, it will all be in green, where you have political liberty, fair elections, democratic structures in place — except Cuba. It is the one country that is being left behind as Latin America has now found its voice of confidence and its seat on the world stage.

Regrettably, there have not been changes in Cuba. We certainly don't want to miss any opportunity there, particularly in light of the pope's historic visit, that did give some space. And the administration, as you know, has taken certain action in a number of key areas, particularly remittances and travel, as well as reaching out directly to the people of Cuba to hopefully strengthen the church and other measures of civil society.

As far as the economic side is concerned, our policy has been a policy that has been followed by Democrat and Republican presidents alike under the Cuban Democracy Act. And that is we very much hope for and support a peaceful transition to democracy in Cuba. To date that has not occurred.

MR. HARBRECHT: Mr. McLarty, there's been a lot of speculation about you leaving the administration after this summit is concluded. Do you have any plans to rejoin the private sector, number one? And here's a follow-up question: without a special envoy such as yourself will the White House return the U.S. to benign neglect on Latin America?

MR. MCLARTY: My wonderful father always suggested to me I concentrate on the task at hand and to do what was clearly before me rather than what was dimly in the future. And I think that was very sound and sage advice. We have a major and important meeting of 34 elected heads of state next week in Santiago, Chile. And that is where all of my energy and attention is going as opposed to some future stop down the road.

Having said that, I hope at some point, despite your dramatic overstatement of my net worth — (laughter) — that I will return from whence I came in the private sector. But I am very much concentrated on the summit, and I think that's where my concentration and thoughts and efforts should be.

In terms of the administration policy, I think it should be very clear that the real impetus for our policy and our priority in the region, despite my strong commitment and advocacy for the region, has come from the president. He very much sees this moment in time, if you will, to use a bit of a cliché — but I think it's descriptive — to strengthen our partnership in the region and to seize these opportunities and to make real progress on some of the problems we've talked about. That's why he's traveled to the region three times, as he travels to Chile next week, inside of a year. And that's why during the first term, as I — listed several major initiatives, including the NAFTA, including the Mexico support package, including the restoration of democracy in Haiti.

So it is very much, I think, a priority of this administration, of this president, of this secretary of state. And I think certainly with very able and capable people such as Assistant Secretary Davidow, Ambassador Brown (sp) and others that we will continue to see a policy importantly of sustained engagement to cement these relationships and strengthen democratic institutions.

MR. HARBRECHT: I have several questions here taking issue with the notion that in Latin America all the nations are democracies, especially on the point of press freedom. There have been a lot of problems in Latin America with press freedom.

Would the administration champion this issue? And another question; do you think America(n) media cover Latin American adequately, and how can that be improved?

MR. MCLARTY: Well, I think there is — the basic element of freedom of expression, a free press, is essential as I noted, in any working democracy. And that may vary from country to country. As I have said, there is certainly political liberty throughout the hemisphere. You have consistently seen free and fair elections. In some cases, you have not yet seen, although I think the countries are clearly on the road to it, fully developed democratic institutions. In terms of that, we have been working at it for 200 years, and we have, from time to time, not perfected it as much as we would like.

My experience in the region has been there is an active press and growingly so. I think there are some issues, as I noted, of instances of some intimidation of the press. And certainly, the loss of life by journalists, primarily covering narcotics issues but not exclusively, is obviously the most serious of issues. We have taken a strong role, and I would say a leadership role, but we are not alone in that regard.

And the president spoke about this when he traveled to the Southern Cone last year. The Latin leadership, both heads of state and others, particularly at the Organization of American States, picked right up on it and supported it. And I do think raising this freedom of expression, freedom of the press, with a mechanism in an existing institution, the Inter-American Human Rights — we are not creating another institution or bureaucracy here, a very independent respected institution — is the right place to have a very respected, objective person as a special rapporteur for press freedoms; not to monitor content, but to advocate and monitor strong freedom of expression and freedom of the press.

It is essential not only in the democratic and governmental process; it is essential in a free market, where consumers have the right and need to know the information about their products and services as well.

MR. HARBRECHT: Mr. McLarty, before we ask our last question, I'd like to present you with a certificate of appreciation for coming today. Thank you so very much.

MR. MCLARTY: Thank you.

MR. HARBRECHT: And here is your second National Press Club mug. (Laughter.)

MR. MCLARTY: (Laughs.)

MR. HARBRECHT: Now you can have your coffee in the morning with that mug, and then you can have warm

milk with cinnamon at night to go to sleep. (Laughter.) That's what I do. Works for me.

MR. MCLARTY: (Laughs.) Doug, thank you.

MR. HARBRECHT: Thank you. Thank you very much.

MR. MCLARTY: Thank you very much. Thank you.

MR. HARBRECHT: For our last question today, I'd just like to ask a serious one, since you are one of the few people in Washington who is very close to the president. How — could you share with us, please, how you have handled the pressure of the Monica Lewinsky incident? And do you think House Republicans will seriously attempt to move impeachment proceedings?

MR. MCLARTY: Well, first let me use my cups like I'm in the Olympics here as part of a medal presentation. And Doug, thank you for that.

On the question of the current environment, I think a couple of points are worth noting.

I think it's very clear, including our efforts in the hemisphere, in this meeting that we have next week in Chile, as well as the president's historic trip to Africa, and certainly domestic issues concerning the tobacco controversy that was discussed here yesterday — and the president obviously voiced very strong feelings about the industry being part of the solution, particularly with our young people's exposure in that area — that the president is focused on what he was elected to do and what he believes in. And these are issues — including the fiscal responsibility, balancing the budget, improving our education and health care systems — that he has worked on for 25 and 30 years of his life. I have seen that firsthand and, in some cases, worked with him from the private sector, in a public-private partnership. And I think it's clear that's what the American people want him to be doing. And I think that is reflected in our relationships around the world.

So I think over the past several years, we have had some training of dealing with these issues and very much concentrating on the business at hand.

What I would say is I very much hope — coming, again, from a private sector background, being very much of the persuasion believing in bipartisanship, having the privilege to serve on two commissions under President Bush when I was in the private sector — that the current environment does not get unnecessarily and bitingly and acidly partisan. I don't think that's what the American people want, and I don't think it would be good for our country and the issues that are important to all of us in this room. (Applause.)