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Series/Staff Member: Steven J. Ronnel
Subseries:

OA/ID Number: 11854
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Folder Title:
Trip of the President to Santiago Chile for the Summit of the Americas, April 15-20, 1998: Summit File

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THE WHITE HOUSE

WASHINGTON

April 1, 1998

MEMORANDUM FOR PABLO HALPERN

FROM: MARIA ECHAVESTE, ASSISTANT TO THE PRESIDENT FOR PUBLIC
LIAISON

SUBJECT: Education Event Proposal

Here is our proposal for moving forward on the education event being considered for the Santiago Summit. We have discussed this proposal with Univision, and we respectfully ask for your consideration of this matter.

Please understand that this proposal encompasses only a few key issues deemed necessary for making a final determination on whether to move forward with this event. Of course there are a number of other outstanding questions and issues that can be resolved between now and the Summit. We look forward to continuing our strong working relationship with you and your colleagues in the Government of Chile, and we thank you for your prompt consideration of this proposal.

I. Live Video Conference - Four questions from four sites

Partly in response to your strong feelings on this subject, we are asking Univision to produce a live video conference for this program with the following elements:

- Univision would identify four classrooms in four different countries,
- one student from each classroom will ask one question,
- the questions would be posed to all leaders at the summit and not to a specific leader,
- the questions would be limited to the topic of education in the Americas and information will be provided to Univision in advance on the key areas of Summit discussion regarding education, and
- there should be a strong element of diversity in the selection of the students (age, sex, race, etc.) and in the questions on education asked by the students.

II. President Frei should moderate the event.

Since Chile is the host country and education has been a top policy priority for President Frei, both domestically and by his placing a strong emphasis on education at the Santiago Summit, we believe President Frei should have a central role in this education event. We propose that President Frei be responsible for moderating the event -- presiding over the dialogue among the leaders and deciding which leaders will respond to the four questions posed by the students.

The Santiago Meeting of Students of the Americas

Leaders from across the hemisphere agree that the 1998 Summit in Santiago will highlight education reform as a fundamental building block for a true community of the Americas. To this point, we have focused our efforts on gaining government commitments to education reform and obtaining funding from multilateral lenders. We have not, however, found a means by which to put a human face on the education basket, or to incorporate representatives of those most directly affected--students--into deliberations by the leaders. Additionally, we are concerned the tentative Summit schedule lacks visuals, color, and a compelling storyline in the absence of fast track.

To address these concerns, we recommend a Meeting of Students of the Americas in Santiago, sponsored by the IDB in parallel to the Summit, as part of its "Informatics 2000" technology initiative which the Vice President addressed last summer. Through its Inter-American Working Group on Youth Development, the IDB is willing to identify one or two high school age students from each Summit country, working with respective Education Ministries and split equally between boys and girls, who would participate in discussions to develop the "classroom of the 21st century." Each leader would have the option of bringing his student representative(s) with him to the Summit. A specific IDB proposal is under development now.

The students would begin their program on Saturday at the stately and scenic Casa Piedra, with off-site video imaging of the leaders' discussions on education. They would then participate in a program developed by the IDB to explore cutting edge technology, and develop suggestions for education reform. Electronic or satellite linkups would be made with three or four remote locations across the hemisphere, to broaden exposure to other students and increase the distance learning aspects of the event. One of these locations would be the Manguera School which the President visited in Rio de Janeiro in October, one would be in Miami, one in the Caribbean, and one, perhaps, at the American School in Panama City or the *barrio*-based Pavones School in San Jose, Costa Rica, both of which Mack McLarty has visited. Together, the students in Santiago would then make specific recommendations to the leaders during the closing Summit ceremony on Sunday.

The Meeting of Students would directly highlight technology and distance learning issues, two of our priorities. It would provide a robust role for Education Ministers and flesh out our commitments to education as a hemisphere. It would provide a compelling story line for the press in Santiago. And it would expose a cadre of student leaders to the onrushing world of 21st century education.

As a next steps, we will need to approach the Government of Chile, as Summit host, to get their agreement to proceed. We would propose a telephone call from Mack to Chile's Summit Coordinator Genaro Arriagada early in the week of February 23, asking Chile to present the idea, with our and IDB support, to the meeting of Education Ministers in Merida, Mexico, November 26 and 27. With hemispheric sign-off, planning for a Santiago Meeting of Students of the Americas could then begin in earnest.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL		# of pages ▶
To <u>Nelson / Steve</u>	From <u>Genie</u>	
Dept./Agency	Phone #	
Fax #	Fax #	
NSN 7540-01-317-7368 5089-101 GENERAL SERVICES ADMINISTRATION		

HEMISPHERIC YOUTH FORUM ON THE OCCASION OF THE II SUMMIT OF THE AMERICAS

Santiago de Chile, April 16-19, 1998

CONCEPT:

A three-day forum where 34 young leaders from throughout the Hemisphere dialogue on key issues that affect their own development and that of their societies. Through plenary and working sessions, the young leaders will come together to discuss the role of youth in the development process and agree on a joint declaration that will be presented to the Heads of State attending the II Summit of the Americas.

PRELIMINARY AGENDA

as of 03.06.98

Thursday, April 16

All day - **Arrival of student leaders to Santiago de Chile**
6:00 p.m.- **Dinner and official introductions**

Friday, April 17

ROUND TABLE DISCUSSIONS

8:30 - **Breakfast**
9:30 a.m.

10:00 - **Overview of round table discussions**
10:30 a.m.

10:30 a.m.- **Open Dialogue: "What is the Role of Young People in the**
12:15 p.m. **Development Process of the Hemisphere?"**
Identify important areas for youth participation

12:30 - **Working lunch - Breakout sessions by topic**
3:30 p.m. *Students will discuss key areas of youth participation and agree on recommendations for a final proposal. Students will nominate a representative from each session to be part of a Drafting Committee to draft the final proposal*

3:30- **Break**
3:45 p.m.

3:45- **Reporting plenary and comments/feedback**
5:30 p.m.

5:30- Drafting of final proposal by the Drafting Committee
7:30 p.m.

7:45 - Dinner and presentation of proposal
9:00 p.m.

Saturday, April 18:

8:00 - Breakfast
9:00 a.m.-

10:00 - Presentation of youth declaration by youth leaders to Heads of
11:30 a.m. State during the Education Panel at the Summit of the Americas

11:30 a.m.- Lunch
2:00 p.m.

2:00- Key Note Presentations: "The Strategic Importance of Youth
3:00 p.m. Development"

Enrique V. Iglesias, President, Inter-American Development Bank
Mark Gearon, Director, United States Peace Corps
Other speakers

3:00- "Building the Bridge Between Youth and Government"
3:30 p.m. Interactive dialogue between Ministers of Education and youth

5:00 - Social function
7:00 p.m.

Sunday, April 19

8:00 - Breakfast
9:00 a.m.

9:00 a.m.- Open period and lunch
2:30 p.m.

3:00 p.m. Closing Ceremony of the II Summit of the Americas.
Youth leaders will participate in the closing ceremony as witnesses

**Presidential Summit in Santiago
The Strategic Importance of Youth Development and Participation**

Rationale. More than 350 million children and youth live in North America, Latin American and the Caribbean. In most countries throughout the Hemisphere, nearly half the population is under 25. This demographic trend has enormous implications for the region's economic growth, stability, and environmental sustainability.

Promising efforts have been made in forming stable egalitarian democracies, promoting free market economies, reducing morbidity and mortality, and conserving the environment in North America, Latin America and the Caribbean. But these advances can not be sustained with out the full participation of young people equipped with the necessary values and skills to be capable stakeholders and stewards.

Never has the future of the Western Hemisphere been so heavily dependant on a single generation. And never has a generation been beset with so many challenges: violence, organized and random crime, sexual and labor exploitation, limited access to educational opportunities, un- and underemployment, sexually-transmitted diseases, cultural intolerance, and escalating drug and alcohol abuse. The list goes on. Although they vary from country to country, all of these problems respect no national boundaries.

The complexity and magnitude of the challenges that young people face today are enormous. Yet the youth explosion offers an unprecedented opportunity to renew the region's human capital--knowledge, skills, and good health--the crucial building blocks to economic and social progress and environmental sustainability. Young people must not only learn the skills and knowledge to be effective in building strong economies, they must also learn the values and principles of character that build livable societies.

Despite the formidable challenges, youth today want to be taken into account by societies of which they are members. They represent an inexhaustible source of energy and ideas on how to effectively deal with challenges they face. Now is the time for all nations in the region to embrace a new development paradigm: rather than looking at young people as beneficiaries (or simply as problems), to see them as active protagonists for their own development and in solving societal concerns.

To truly bring youth into the development process however and to help them succeed, they must have access to five basic resources framed in the President's Summit on America's Future one year ago in Philadelphia, but appropriate for all nations of the Western Hemisphere: at least one caring adult who is committed to his or her success; a safe place in which to sleep, play, and learn; a healthy start in the formative years of life; a marketable skill linked to economic opportunity and hope; and an opportunity to give back through community service and volunteerism to serve and care for others.

In order to implement this new paradigm of development, there needs to be close cooperation among hemispheric bodies, civil society, public and private sectors, youth organizations, and young people themselves. Thus, addressing the needs and issues of the hemisphere's youth could be an excellent unifying point

03/06/98 FRI 17:45 FAX 202 623 3810

to get heads of state from the region to work together on an area of common concern. To begin the dialogue, the Inter-American Development Bank and Inter-American Working Group on Youth Development,* propose the following program outline for a Youth Summit during the Presidential Summit of the Americas in Santiago, Chile.

Program Outline.

1. A three-day summit where 34 young leaders from throughout the hemisphere dialogue on key issues (i.e., access to education, technology, employment, and community service) that affect their own development and that of their societies. Through plenary and working sessions, the young leaders will come together to discuss the role of youth in the development process and agree on a joint declaration that will be presented to the Heads of State. Two of these youth leaders will address the Heads of State regarding their perspectives on ways that young people could become protagonists in the process and key players in the dialogue leading to policy and action.

2. The youth participants will observe via broadcast the deliberations of the sessions of the Ministers of Education. A dialogue will follow between the young people and the Ministers on their recommendations and the inter-relationship between education, technology, employment, and service.

3. Several key leaders (i.g., Enrique V. Iglesias, President of the IDB; Rick Little, CEO of the International Youth Foundation and other relevant speakers) will frame the case for involving young people in the development process.

Selection Process of Youth Leaders. The youth participants will be selected on the basis of the following criteria by the Inter-American Working Group on Youth Development:

- * Be between the ages of 16 to 25, representing the diversity of the hemisphere;
- * Be personally committed to economic and social change;
- * Has vision, creativity, and determination;
- * Be in a leadership position in a youth-led or youth-serving organization.

Follow up.

The IDB and other international agencies propose as follow up to the Youth Summit a series of four subregional conferences to be held over the next two years. Using the Philadelphia model, representatives of the public and private sectors and civil society will come together with young people to join in the commitment to design initiatives and policies that will ensure that youth's basic needs are met and their full potential is realized.

* The Inter-American Working Group on Youth Development (IAWCYD) is a consortium of international donor agencies committed to positive youth development. Its members include the Inter-American Development Bank, the Organization of American States, the United States Agency for International Development, the United States Peace Corps, the Pan American Health Organization, the Inter-American Foundation, the International Youth Foundation, Youth Service America and the United Nations.



Jacqueline V. Voorhees
03/06/98 02:58:57 PM

Record Type: Record

To: Eric Farnsworth/WHO/EOP, Steven J. Ronnel/WHO/EOP

cc: Dorothy Drengler/WHO/EOP

Subject: Addresses

Maria Isch of the Embassy of Chile gave me these addresses as she wasn't sure to which Ambassador you were going. She has since found out it is Amb Biehl, but needs to know number of people attending. Please call her.

Amb John Biehl
2305 Massachusetts Avenue NW
(h) 202/265-0511

Amb Carlos Portales (to OAS)
4915 Loughboro Road NW
(h) 202/364-6004
(O) 202/887-5475

AMB. GENARO ARRIAGADA

Ambassador Genaro Arriagada was appointed by President Eduardo Frei as Special Envoy and Counselor for the Second Summit of the Americas that will take place in Santiago, Chile on April 1998. From 1994 to 1996 he was Minister Secretary General to the Presidency.

Among the positions he has held during a long and outstanding political career, Mr. Arriagada was National Director of the campaign that defeated General Pinochet in the plebiscite of October 1988; Chief of the presidential campaign of President Eduardo Frei; and Vice President and General Secretary of the Chilean Christian Democratic Party.

An internationally renown political scientist, Amb. Arriagada has participated as international observer at the electoral processes in Nicaragua, Paraguay, Dominican Republic, Bulgaria and Mexico and in seminars and working groups to provide political advice on matters such as coalition building and monitoring elections. In 1988 he was distinguished with the Averell Harriman Democracy Award, conferred by the National Democratic Institute of International Affairs to distinguish those who have excelled internationally for their services to the cause of democracy.

Amb. Arriagada has published several books, articles and columns on political, social and economic issues. Among his works in English are "Chile: Sustaining Adjustment during Democratic Transition" in "Voting for Reform, Democracy, Political Liberalization and Economic Adjustment" (1994); "Pinochet: The Politics of Power" (1988), "The Legal and Institutional Framework of the Armed Forces in Chile" in Arturo & Samuel Valenzuela's "Military Rule in Chile: Dictatorship and Oppositions" (1986). He currently writes a weekly column for the editorial page of El Mercurio, the newspaper with the highest circulation in Chile.

Amb. Arriagada has taught and lectured in numerous academic institutions, including The Wilson Center, Duke University and The John Kennedy School of Government at Harvard University.

John Biehl

Ambassador of Chile to the United States since 1994.

Earlier, served as Director of the United Nations regional program for Latin America and the Caribbean dealing with good government for the post cold-war era. Prior to that, over a fourteen-year period, directed various United Nations Development Program (UNDP) projects in Costa Rica, Honduras, Panama, Mexico and Chile.

Founding Director of the Institute of Political Science of the Catholic University of Chile. Political scientist, university professor, author of numerous articles and publications in Chilean and international magazines on the subjects of development, peace and the strengthening of democracy.

Born September 5, 1939, in Valparaíso, Chile; married to Gloria Navarrete, six children.

THE WHITE HOUSE

3/5

NELSON Cunningham
Steve Lamm
NICHOLE ELKO

174

I assume you've seen
this scheduling request
for CHILE.

KLS

THE DIRECTOR OF THE PEACE CORPS
WASHINGTON, D.C.

SCHEDULE PROPOSAL

____ Accept

____ Regret

☒ Pending

TO: Stephanie Street
Assistant to the President
Director of Scheduling

FROM: Mark Gearan 
Peace Corps Director

REQUEST: To give the keynote address at the Peace Corps' closing ceremony at the 150 year-old national monument, Municipal Theater, in Santiago, Chile as part of the Peace Corps' graduation from the country. Seating at the Municipal Theater is 1,500.

CEREMONY The event would be a town forum format with President Clinton giving the keynote address and President Frei highlighting Peace Corps achievements over the years, including the time when his father was President (1964-70).

Music would be provided by an outstanding group from a Santiago neighborhood. The members of the band were youth when Milwaukee Councilman Dan Diliberti was a Peace Corps Volunteer in their community in the early 70s. Councilman Diliberti would love to play at the ceremony and invite President Clinton to join him on the saxophone.

After the speeches, there would be an open town forum dialogue with the audience on the twin themes of volunteerism and the role of the non-government agencies in deepening the roots of democracy.

At the end of the event, President Clinton and President Frei could greet Peace Corps Volunteers, returned Peace Corps Volunteers who have traveled back to Chile for the event, and Servicio Pais, all of whom will be seated in the front of the theater.

PURPOSE:

Highlight the themes of both domestic and international volunteerism and the important roles they play in strengthening the roots of democracy. Also, to thank Chile for hosting 2,500 Peace Corps Volunteers since 1961, and to congratulate President Frei and the Council to Overcome Poverty for creating Servicio Pais (Chile's AmeriCorps).

BACKGROUND:

In September 1998, Peace Corps will close its program in Chile because of the record number of successes. These successes include the country's return to a vibrant democracy, the enormous economic progress, the reduction in the number of people living in poverty, and the establishment of a national volunteer service (Servicio Pais), many of whom have been working side-by-side with Peace Corps Volunteers in the poorest areas of the country. Peace Corps is proud of the tremendous contributions the Volunteers have made and the progression that has occurred during our time there. We also look forward to a continued relationship with Servicio Pais, which is helping the country improve their ability to address their own basic needs.

**PEACE CORPS
HIGH-LIGHTS**

Years in Chile:	1961-82; 1991-98
Number of Volunteers:	2,434
Number Currently Serving:	51

Examples of Peace Corps Work:

- A Peace Corps Volunteer initiated a project that resulted in the planting of more than 10,000,000 trees. Today, these Monterey pines, which grow twice as fast in Chile as in California, are the mainstay of the Chilean export industry. He will be at the closing ceremony.
- A Peace Corps Volunteer, who was a marine biologist, started fisheries farms and taught other Volunteers how to take the technology across the country. This revolutionized the fishing industry in

Chile, including making salmon farming one of the countries major exports.

- Peace Corps Volunteers have helped create and design trail systems in national parks, including training park rangers.
- A Peace Corps Volunteer created and trained the first forest firefighters in Chile.
- Peace Corps Volunteer Dan Peterson is almost single-handedly responsible for bringing basketball to Chile. He has gone on to an extraordinary career as a coach all over the world, presently coaching a professional team in the Italian premier league.

PREVIOUS

PARTICIPATION: Rose Garden event for the Peace Corps' 35th Anniversary on June 19, 1996.

DATE AND**TIME:**

Anytime during the April 16-20, 1998 Presidential visit to Chile.

PARTICIPANTS: Currently serving Peace Corps volunteers, many returned Peace Corps volunteers who are returning for the graduation, several hundred ex-Servicio Pais volunteers as well as the current class in training, Chilean non-government organizations and local individuals who have extended a hand of friendship to Peace Corps Volunteers since 1961.

**OUTLINE OF
EVENTS:**

To be determined.

REMARKS**REQUIRED:**

To be prepared by Peace Corps and Speechwriting.

MEDIA**COVERAGE:**

Open Press

Summit of the Americas / Clinton-Frei State Visit
Communications Planning Meeting

Monday, March 9, 1998

11:00am

Roosevelt Room

US Government Participants:

Office of the Special Envoy for the Americas

Thomas F. "Mack" McLarty

Steve Ronnel

Nelson Cunningham

Eric Farnsworth

National Security Council

Amb. Jim Dobbins

Pat DeSouza

Tony Blinken, NSC Strategic Planning

David Leavy, NSC Strategic Planning

Eric Rubin, NSC Press Office

White House Press

Barry Toiv

White House Scheduling

Laura Graham

Chilean Government Participants:

Ambassador John Biehl, Chilean Amb. to US

Ambassador Genaro Arriagada, Presidential Advisor for the Summit of the Americas

Dr. Pablo Halpern, Director General of Communications

Summit of the Americas / Clinton-Frei State Visit
Communications Planning Meeting

Monday, March 9, 1998
11:00am
Roosevelt Room

- I. Introduction and US Perspective Mack McLarty
 Jim Dobbins
- II. Chilean Perspective
- III. Main Topics for Discussion
- Fast Track / trade
 - Summit of the Americas communications (including education)
 - Clinton-Frei State Visit

DRAFT

12/8/97 11 am

A JUDICIAL STUDIES CENTER FOR THE AMERICAS

This paper provides some preliminary thoughts on how an Inter-American Judicial Studies Center could be established, utilizing existing institutions and taking into account the kinds of support now being requested of international donors by judicial schools in the region.

Purpose

The purpose of an Inter-American Judicial Studies Center (JSC) would be to reinforce emerging training programs at the national level, to provide training in areas that are not dependent upon national legislation, to serve as a forum for research and discussion of issues that affect judicial performance throughout the region, and to act as a clearinghouse for laws, legal analyses and other materials useful to judges throughout the Americas. The overall objective would be to facilitate professionalization of judges and judicial personnel and to promote and strengthen the independence of judiciaries and the rule of law throughout the Americas.

Rationale

Over the last decade, judicial schools or training programs have developed throughout Latin America and the Caribbean, at both national and departmental or provincial levels. The training offered varies from rudimentary to sophisticated; methodologies and resources vary greatly from country to country as well. However, some common approaches are emerging, and existing schools could be greatly strengthened with the support of a hemispheric center providing technical expertise in judicial matters. The Summit of the Americas should endorse this concept. The Heads of State and Government in the region would work closely with their judiciaries to implement it.

Possible Programs

A central function of the JSC would be to review, improve upon as necessary, and disseminate best practices throughout the region. The Center would sponsor seminars and conferences, provide technical services to courts and affiliated organizations, and collect information of interest to courts. For example, one of the problems being experienced by national judicial schools is the high cost of a centralized training program, both in direct travel costs and lost time on the job. The JSC could help develop more cost effective means of delivering training, including distance instruction, as well as core curricula, model courses and other teaching aids that would then not have to be developed by each school individually.

Areas of instruction suited to a regional approach include management (e.g., dealing with staff or press, the role of chief judges), use of computers and the Internet, and basic legal areas that are not peculiar to particular countries. Judiciaries in the region could also benefit from help in adapting to new economic facts, such as trade treaties, and fundamental procedural changes, such as oral trials and plea bargaining. Specific challenges posed by international crime could be addressed as well.

Another important purpose would be to develop information, through research into judicial trends, to guide individual judiciaries and national governments in making policy decisions about the court system. For example, there is considerable discussion of what constitutes

adequate funding for a judiciary. Research on costs across borders could provide more realistic estimates than what is currently cited in such discussions, namely, what percentage of the national budget goes to the judiciary. Another area for research and policy discussion would be methods of judicial selection.

Electronic bulletin boards and other means of information sharing could facilitate the availability of clearinghouse services through the JSC. The Center would review existing legal databases in the region and determine the feasibility of an on-line inter-American law library of basic legal texts.

Organizational Structure and Governing Board

The JSC would be a membership organization of institutions and individuals sharing its objectives. National judiciaries could join, as well as individual judicial schools or other organizations with an interest in the subject matter, such as universities, law schools, and research centers. Individual members would also be welcome, as some potential key supporters may not have any relevant institutional affiliation.

To minimize recurring costs and facilitate development of permanent funding outside the donor community, the JSC would ideally be based at an existing institution in the region. JSC headquarters would have a small program staff which could contract for additional assistance as necessary to carry out JSC programs. The program would be developed under the guidance of a governing board representative of the diverse membership.

With thirty-four countries potentially participating, the governing board will need to have an agreed system of representation, perhaps through both country and functional groupings. Ideally, it would be a diverse group of judges, training experts, academics, and perhaps some individuals whose primary contribution would be to develop long-term funding for the Center. The governing board would select its officers, determine its rules of procedure, hire JSC program staff, and approve program budgets.

Possible Sites

Among the existing institutions that could host the JSC (or JSC activities) are the many established judicial schools, law schools, universities, and a growing number of research and policy centers working specifically on justice matters. This latter group would include the Legal Research Institute at the National Autonomous University of Mexico, the Caribbean Law Institute at the University of the West Indies in Barbados, the Corporation for Excellence in Justice in Colombia, and the Corporation for University Promotion in Chile. In addition, in Central America, there is a regional judicial school headquartered in San Jose, while judicial schools in the southern cone have established an American Federation of Judicial Schools at the Judicial Studies Center of Uruguay. A majority of national supreme courts are members of the new Organization of Supreme Courts of the Americas, just beginning operations in Panama.

With the variety and growing number of organizations dedicated to strengthening the administration of justice in the region, it will be a sensitive political matter to determine a central site for the JSC. Moreover, given the wide distances between countries and differences in legal systems, it may be desirable to have subregional centers in

sites would be managed as an integrated program, under the aegis of the JSC governing board and the central JSC site.

Funding

For an initial period of time to be determined, probably not to exceed five years, the USG, working with the Inter-American Development Bank, would identify international resources to fund JSC programs. First-year start-up costs are estimated at \$1,500,000. Institutions hosting JSC components or events would be expected to meet their own regular costs, that is, international funding would not be available for "core" costs of existing institutions. Judiciaries benefitting from JSC services would be expected to identify other sources of funding -- be that from their regular budget or private sources, such as foundations or the business community -- with which to sustain the JSC beyond the start-up grants.

Initial Steps

The Summit Communique needs to provide a clear endorsement of this concept by the leaders, describing the relationship between strong judicial systems and the long-term stability of markets and democracies. This statement should recommend the creation of a Judicial Studies Center for the hemisphere that would be designed to meet the needs of judiciaries for the 21st century, by providing training, information sharing, resources and technical assistance, and providing other support as requested by judiciaries throughout the hemisphere.

To prepare the way for implementation of this concept, the Summit coordination process needs to assure communication with both the executive and judicial branches of the Americas.

The U.S. Federal Judicial Center, in conjunction with selected counterparts in Latin America, is beginning to plan a conference on judicial training in the Americas to be held in 1998. Views on the proposed JSC could be solicited of major judicial schools in the region during preparation for the conference, and the conference itself could provide a forum for decision by judicial schools on an initial structure or plan of action to create a JSC.

Simultaneously, the Summit coordination process would ask the executive branches to consult with their judiciaries about this concept, seeking their views on the possibility of adopting more precise language in the Summit communique about strengthening of judiciaries through improved training, multilateral cooperation, and the further development of judicial institutions to promote judicial cooperation throughout the hemisphere.

ARA/PPCP:FARMstrong
12/4/97 rjc.doc

FORTALECIMIENTO DEL SISTEMA DE JUSTICIA Y DE LOS ÓRGANOS JUDICIALES

Para consolidar la democracia y el desarrollo económico y social, es imprescindible contar con sistemas de justicia modernos que garanticen el acceso universal, la celeridad y la efectividad en la administración de justicia.

Con el fin de *fortalecer el sistema de justicia* y el correcto funcionamiento de sus órganos y procedimientos, los Gobiernos:

1. *Promoverán la plena vigencia de los principios de independencia, imparcialidad, e idoneidad judicial.*
2. *Se comprometerán a continuar el proceso de fortalecimiento de los sistemas jurídicos de las Américas, con el fin de asegurar el pleno acceso de las personas a la justicia, garantizar la independencia de los jueces y la eficacia de los procuradores o fiscales y promover el establecimiento de sistemas de responsabilidad y de transparencia y la modernización de las instituciones.*
3. *Abordarán los procesos de modernización de la justicia desde ópticas multidisciplinarias no relegándolos sólo a aspectos meramente normativos.*
4. *Promoverán el intercambio de experiencias nacionales y la cooperación técnica en materias de: política carcelaria y penitenciaria; sistemas de enjuiciamiento penal; acceso a la justicia y, administración judicial.*
5. *Apoyarán, respetando la independencia del poder judicial y los respectivos sistemas jurídicos, la formación, el perfeccionamiento y la capacitación permanente de los recursos humanos, (las instituciones de la sociedad civil) con el fin último de profesionalizar el ejercicio de la judicatura. Promoverán el establecimiento y/o fortalecimiento, según corresponda, a nivel nacional o internacional, de escuelas o centros, a esos efectos.*
6. *Promoverán, de conformidad con la legislación de cada país, la asistencia jurídica y judicial mutua, efectiva y ágil, particularmente en lo que se refiere a las extradiciones y en la solicitud de entrega de documentos y otros medios de prueba y el intercambio de información en este campo, a nivel bilateral y multilateral.*
7. *Proseguirán el perfeccionamiento de los instrumentos jurídicos interamericanos de cooperación en materia legal, para lo cual cada Estado evaluará la aplicación efectiva de los actuales instrumentos y aplicarán medidas para su mayor difusión.*
8. *Reforzarán la lucha contra la corrupción, el crimen organizado y la delincuencia transnacional y, de resultar necesario, adoptar nueva legislación, procedimientos y mecanismos para continuar combatiendo estos flagelos.*

9. Se comprometerán a implementar mecanismos que permitan el fácil y oportuno acceso de las personas a la justicia y *que esta ofrezca una solución efectiva*. (Con este fin, se pondrán en práctica mecanismos de asistencia jurídica a la comunidad, tales como patrocinio jurídico gratuito, centros de mediación comunitaria y vecinal, etc. Asimismo, con el objeto de descargar presión sobre los órganos judiciales, pondrán en práctica mecanismos como justicia de menor cuantía, juicio monitorio, procesos ejecutivos, etc.)¹
10. *Propiciarán la incorporación de métodos alternativos de resolución de conflictos en los sistemas nacionales de administración de justicia, tales como la mediación, la conciliación y el arbitraje.*
11. *Consolidarán o promoverán, según sea el caso, un nuevo sistema de justicia penal en el Hemisferio, fundado en la existencia de un juicio oral ante un tribunal unipersonal o colegiado, en la actuación de un Ministerio Público que ejerza la titularidad de la acción penal y dirija la pesquisa criminal, con pleno respeto del derecho a un debido proceso.*
12. *Promoverán el perfeccionamiento del sistema de justicia de menores.*
13. *(Se comprometerán a eliminar de sus legislaciones nacionales la posibilidad de privaciones de libertad por motivos distintos a la comisión de un delito.)*
14. *Promoverán la creación de tribunales de familia.*

Acordado por el Grupo de Trabajo
11 de diciembre de 1997

GB-4S

¹ Para ser considerado por los Expertos en Santiago.

DRAFT FOR DISCUSSION

15/12/97

1998 Timetable for Judicial Studies Center for the Americas

December 15, 1997 to January 15, 1998- Contact specific countries regarding the “Judicial Studies Center.”

- Argentina adopts the concept and approaches other nations
- Other countries include Chile, Panama, Brazil, Mexico, Uruguay, Trinidad and Tobago
Issue: How will the Judicial Branch in these countries receive information about the proposal?
- Raise the possibility of other countries supporting this proposal at the OSCA meeting in Panama.
- Actively seek funding commitments for the proposal.
- Discuss and develop a multilateral process to develop and implement the proposal after the Summit.

January 15 to 16 - SIRG Meeting Cancun Mexico

- Outline Santiago Declarations of Principles.
- Include language addressing the importance of the judiciary for the hemisphere.
- Discussions with countries representatives on the “Judicial Studies Center.”

January 28 - OSCA Meeting Panama

- Discussion and support by OSCA members of “Judicial Studies Center for the Americas.”

February 15 to March 1 - Certification Decisions are issued

February 28 - Experts Meeting on “Strengthening of Judicial Systems” Santiago Chile

- Finalize Summit language
- Discuss language for “Judicial Studies Center” proposal.

February - March

Issues: Which high-level US Officials (both Executive and Judiciary) will travel to the region and can possibly raise the “Judicial Studies Center” proposal?

What will be the role of the judiciaries in developing this proposal for the Summit and its announcement in Santiago?

Continue seeking funding commitments for the proposal.

Establish an agreed multilateral process to develop and implement the proposal after the Summit.

March 17 - Secretary Albright travels to Caribbean

- Raise “Judicial Studies Center” Proposal with Caribbean leaders.

DRAFT FOR DISCUSSION

15/12/97

Page 2

April 1- 2 - Final SIRC Santiago Chile

April 18-19 - Santiago Summit of the Americas

May - September - Develop the Proposal

Fall 1998 - Federal Judicial Center Conference Washington DC

Comments? Please contact Ana Maria Salazar (202) 456-7580
456-7575

3 Years After War, Ecuador and Peru Agree to Peace Talks

By DIANA JEAN SCHEMO

RIO DE JANEIRO, Jan. 19 — Ecuador and Peru, which went to war three years ago over a border dispute, signed an agreement here today creating a timetable that they said would lead to a peace treaty.

Four commissions are to be established to tackle the main areas of contention between the countries. One will deal with the most thorny issue: demarcation of the border. The other commissions will focus on matters including trade and navigation, security and confidence-building measures.

The accord was signed here in an atmosphere of friendliness that contrasted with the past belligerence between the two Andean countries.

Last year, after President Abdalá

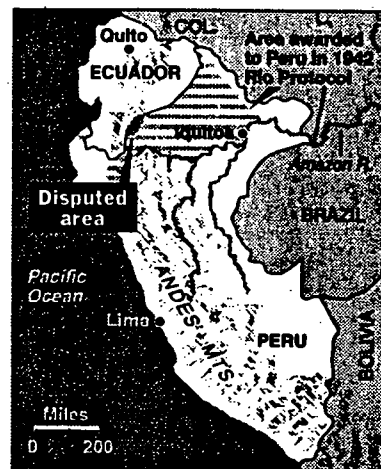
Bucaram of Ecuador visited Peru, the Ecuadorean Congress debated charging him with treason. The visit was high on the list of sins cited when Mr. Bucaram was impeached soon after his return and removed from office. Congress chose Fabián Alarcón to replace him.

The brief war between Ecuador and Peru erupted in January 1995, around the anniversary of the Rio Protocol, a 1942 peace treaty in which Ecuador, defeated in battle, ceded half of its territory. Though it signed the treaty, Ecuador has never accepted its terms, and the maps that its schoolchildren are given show Ecuador's borders encroaching far into Peruvian territory.

Speaking before the signing, Foreign Minister Luiz Felipe Lampreia of Brazil pledged that a Treaty of Free Trade and Navigation, part of the 1942 pact, would finally be put into effect. It would guarantee Ecuador "unrestricted, free, continuous and perpetual" access to the Amazon Basin and the river's northern tributaries, Mr. Lampreia said.

Edgar Terán, the former Ecuadorean Ambassador to Washington who is the lead negotiator for his country, said he believed that today's agreement, which provides for geographers and legal experts on the commissions to weigh the border claims of each side, would lead to a "final solution of the problems between Ecuador and Peru."

His Peruvian counterpart, Fernando de Trazegnies, said, "It's important that we enter the 21st century with a 21st-century mentality," adding that the two countries faced the



The New York Times

Negotiators will work to settle the Ecuador-Peru border dispute.

"common enemies" of underdevelopment and poverty.

The Rio Protocol set the border between Ecuador and Peru and laid out a host of other elements — until now, largely ignored — to promote trade and cooperation. The Rio Protocol named Brazil, the United States, Chile and Argentina as guarantor nations.

The guarantors now hope that economic and development incentives in the border region will give the two sides a common stake in promoting trade instead of border wrangles.

"It's an incredible turning point," said Luigi Einaudi, a retired United States ambassador who is heading the Washington delegation.

While neither Mr. de Trazegnies

nor Mr. Terán would say what specifically led them to expect success in negotiations now, other diplomats close to the talks said several favorable elements had converged.

With Peru having recently purchased MIG-29 fighter jets and Sukhoi bombers, Ecuador and other countries feared that an arms buildup in Peru could lead to hostilities, a diplomat from one of the guarantor nations said. Some said they feared that President Alberto K. Fujimori of Peru might turn to a show of military strength to bolster his flagging popularity as presidential elections approach in 2000.

2d Border Dispute Ends

TEGUCIGALPA, Honduras, Jan. 19 (Reuters) — Honduras and El Salvador today formally ended a long and bitter border dispute that once led the two nations into war, resolving vexing problems of nationality and property ownership for thousands of farmers in the mountainous territory.

The two countries agreed to mark 151.5 miles of border physically within a year. The other 80.6 miles are already marked.

The border dispute led to the so-called Soccer War of 1969, a 100-hour shooting war halted by the Organization of American States. Five thousand people died then, and periodic tension had arisen despite a 1980 peace treaty and a 1992 World Court ruling that tried to work out the differences.

Panel Backs Mexico Judge Who Freed 5 In Death Case

By SAM DILLON

MEXICO CITY, Jan. 19 — An appeals tribunal today admonished a judge who described a murder defendant as a "modern Robin Hood" to express herself more carefully, but upheld her decision to free the man and four fellow suspects, who prosecutors say admitted killing an American executive.

The ruling on Jan. 1 by Judge María Claudia Campuzano in Mexico City prompted expressions of outrage from the United States Embassy as well as from the capital's new District Attorney.

The case grew into a public confrontation between prosecutors, under pressure to impose order during a wave of violent crime, and judges who say they must release defendants whose rights are violated.

"The judge's ruling was consistent with the truth," Magistrate Salvador Ávalos Sandoval, a member of the appellate panel said today. Another of the panel's three members, Magistrate Maurilio Domínguez Cruz, said, "After reviewing this file, we have concluded that the judge ruled correctly."

The victim of the slaying was Peter Zarate, an executive broker for the New York real estate firm of Cushman & Wakefield working in Mexico City. On Dec. 15 he was seized by five men operating in two taxis, driven to several cash machines in a fruitless attempt to with-

draw his savings, and shot to death.

Judge Campuzano's ruling set off a public clamor here, especially after radio commentators learned that she had described the suspects' leader as a "modern Robin Hood." But in interviews, the judge defended her decision, saying she had found many contradictions in the five men's confessions, as well as evidence suggesting that they had been tortured by the police.

She said her murky reference to Robin Hood had been meant as an ironic metaphor but acknowledged that it had been ill chosen. She also backed away from passages in her ruling that criticized Mr. Zarate's widow, Robin, for failing to cooperate with investigators. Prosecutors have insisted that Mrs. Zarate was quite helpful.

The appellate magistrates declined to explain their reasoning in detail. But Mr. Ávalos said, "There were several discrepancies in the accused men's confessions."

Although the magistrates' decision vindicated the judge's ruling, it was accompanied by an unusual and embarrassing admonition to her to draft future rulings with more discretion.

"We have urged María Claudia Campuzano to abstain in the future from using extralegal symbolism or metaphors that may be ambiguous and lead to confused interpretations," Mr. Domínguez said.

Mexico City's District Attorney, Samuel del Villar, who was appointed last month by Mayor Cuauhtémoc Cárdenas and made solving the Zarate killing a high priority, has filed an administrative complaint against Judge Campuzano with a judiciary disciplinary review panel. But the judge's vindication today appears to reduce the possibility of severe sanctions against her.

On Saturday, Mr. del Villar obtained new arrest warrants against the five suspects, but this time in relation to other taxi robberies.

The New York Times

TUESDAY, JANUARY 20, 1998

At Khomeini's Tomb, Iran's President Switches Tune on U.S.

By ELAINE SCIOLINO

TEHERAN, Iran, Jan. 19 — In surprisingly harsh tones, President Mohammad Khatami of Iran criticized the United States tonight for oppressing the people of Iran and vowed that they would never be enslaved again.

Mr. Khatami's attack on the United States came in the middle of a televised hourlong sermon delivered to thousands gathered at the tomb of Ayatollah Ruhollah Khomeini, the founder of Iran's revolution, who died in 1989.

The crowds were gathered in a poor neighborhood in southern Teheran to pray through the night on the eve of one of the holiest days of Shiite Islam: The day marking the death of Ali, the son-in-law of the prophet Mohammed.

It was not the time to be nice to America.

"We are not at war with the world," Mr. Khatami said. "But we will not give up our revolutionary principles. This glory was not gained easily, so it will not be given up easily. We have had enemies both before and after the revolution, the ones who damaged our freedom, independence, interests and glory. And most of this damage came from

America's oppressive policies."

The crowd interrupted him by chanting "Death to America" several times.

Mr. Khatami's remarks about the United States were sharply different in tone from his recent public statements. At a news conference in December, he expressed respect for the American people and called the United States Government its legitimate representative. And in an interview earlier this month with C.N.N., he called for a dialogue with the American people through cultural exchanges, although he said there was

no need for political ties.

In that interview, Mr. Khatami also tried to explain the Iranian ritual cry of "Death to America" as a criticism not of the American people, but only of misguided policy makers.

But in both the news conference and the interview, Mr. Khatami was reaching out to an American audience, and perhaps trying to elicit a positive gesture from Washington as well. But no gesture came.

Instead, Mr. Khatami, a cleric, has come under fire by a number of Iranian commentators who have mounted a campaign against him.

Gerry Adams, Meeting Blair, Objects to New Ulster Blueprint

By WARREN HOGE

LONDON, Jan. 19 — Gerry Adams and a delegation from his Sinn Féin party voiced their strong objections today to a new British-Irish negotiating blueprint in a "frank" meeting with Prime Minister Tony Blair. But they said they remained committed to participation in the current peace talks in Belfast.

They also said they would not be driven from the negotiations by the actions of renegade sectarian groups that have killed six people since Christmas and have promised more violence to drive home their objections to the talks and cease-fires being observed by the larger paramilitary groups.

"We are still very positive about the peace process," Martin McGuinness, the chief negotiator for Sinn Féin, the political wing of the Irish Republican Army, said after the session at 10 Downing Street today. "There are things which are wrong which we are trying to change, but we are hanging on there."

The number of deaths rose to six this morning with the shooting of a man with links to one of the Protestant parties in the talks as he worked

in his carpet shop in the Belfast suburb of Dunmurry. The victim, Jim Guiney, was gunned down at point-blank range by two men, one dressed in a wig, who then ran out to a waiting getaway car.

The Irish National Liberation Army, a breakaway Catholic group that objects to the Irish Republican Army's cease-fire, claimed responsibility for the killing. The same group started the current cycle of violence with the killing of Billy Wright, 37, the jailed leader of a Protestant paramilitary group, in the Maze prison outside Belfast on Dec. 27.

Mr. Wright's group, the breakaway Loyalist Volunteer Force, has avenged its leader's slaying by killing four Catholics, with the most recent killing on Sunday. Fergal McCusker, 28, a building worker from the County Londonderry town of Maghera who had just returned from living in the United States, was shot to death outside a Catholic church as he returned home from a pub. In the call claiming responsibility, a member of the group said, "This is not the last."

The meeting today, the second time in six weeks that Mr. Adams

They disparaged as signs of softness and distortions of the truth his remarks that the seizure of the American Embassy in 1979 "hurt" the American people, his disagreement with the ritual burning of the American flag and his praise for the founders of the United States.

And in a sermon charged with rage last Friday, Ayatollah Ali Khamenei, Iran's spiritual leader and the highest authority in the country, ruled out any dialogue with the United States, branding the country "the enemy of the Iranian nation."

Ayatollah Khamenei also denied

Sinn Féin says it remains committed to the peace talks.

and his top aides have been to the British Prime Minister's official residence, focused on the party's anxiety over a document submitted to the talks a week ago by the British and Irish Governments in an effort to give the halting talks what they called a jump start.

The proposal, classed as a framework for negotiating rather than a concrete settlement, suggested the creation of three legislative or consultative bodies to meet the political needs of Catholic and Protestant interests and end a conflict that has now claimed 3,235 lives since 1969.

One would be a new legislature for Northern Ireland, similar to the ones being set up in Scotland and Wales by Mr. Blair's Government after votes in the two places last fall approving the idea. The second would be a cross-border ministerial forum deep-

suggestions from abroad and in the Iranian press that Mr. Khatami's remarks signaled that Iran may be moving toward a rapprochement with the United States, calling it a "tricky propaganda" intended to destroy the unity of Iran's revolution.

President Khatami has often stated that it is Mr. Khamenei who has more authority in Iran. And in his sermon tonight, Mr. Khatami may have been trying to signal that whatever his personal views the unity of Iran's Islamic republic comes first.

"Both before and after the revolution, American politicians acted toward the world as if they were the masters," he said.

He added that because Iran wanted to be independent, "simply be-

cause it is not in line with American interests, America gives itself the right to treat us in any way that it wants and to talk to us in any way that it wants."

At another point, Mr. Khatami said that American legislation that demands punitive sanctions on foreign companies that invest heavily in Iran proves that the United States wants to impose its will not only on Iran but on Europe and Asia as well.

"They want to impose their own domestic law on the world," he said. "The world will not tolerate a master any more — not only will we not tolerate a master, neither will the world. The embargo has led America into isolation. America's politicians are betraying the American people."

The New York Times
TUESDAY, JANUARY 20, 1998

Tuesday, January 20, 1998

request of an association of minority shareholders of failed bank Bamerindus, former owner of Inpacel. The association alleged the firm's base price was too low. Inpacel, along with Bamerindus Agroflorestal, were scheduled to be auctioned for a minimum price of about \$80 million. The two units remained under central bank control after HSBC Holdings Plc took over selected assets and liabilities of Bamerindus last year. Industrias Kiabin and U.S. Champion International Corp.'s Brazil unit Champion Papel e Celulose have qualified for the auction.

Political News

Peru, Ecuador Set Timetable For Resolution Of Border Dispute

Peru and Ecuador on Monday agreed on a timetable for talks to end their 62-year-old border dispute. "This constitutes an important and very positive step in the talks process between Peru and Ecuador to resolve our differences," Peruvian Foreign Minister Eduardo Ferrero told reporters in Lima. The final round of talks are to begin Feb. 17, with simultaneous working group meetings in Brazil, Argentina, Chile and the U.S., the four guarantor countries that have tried to broker peace between the feuding neighbors. The working groups aim to reach agreement over establishing definitive boundary points along the border, navigation rights for Ecuador on the Amazon River, a duty-free trade deal and joint security measures. The talks are set to end May 30. Since a 1942 Rio Protocol peace treaty, Ecuador and Peru have periodically fought over a remote tract of Amazon jungle in the Cordillera del Condor region. The current peace process began in 1995.

Brazil's Lula To Select Running Mate From Rival Left-Wing Group

The leader of Brazil's Workers Party (PT), Luiz Inacio Lula da Silva, will select a presidential running mate from a party led by his former rival Leonel Brizola, a PT spokesman said on Monday. Lula, who is running in his third presidential election, faces an uphill battle against President Fernando Henrique Cardoso, whom analysts expect to be re-elected. The deal with the Democratic Workers Party (PDT) is aimed at unifying opposi-

tion parties behind Lula as a single left-wing candidate, the spokesman said. The PDT was chosen over other PT allies because it has a larger support base than other left-wing parties and was the first to back Lula when he announced he would be running for president in 1998, PT deputy Humberto Costa said. The PDT has until mid-February to name its candidate, which is likely to be either Brizola, a former governor of Rio de Janeiro state, or Senator Emilia Fernandes from the southern state of Rio Grande do Sul, the PT spokesman said.

Canada's Chretien Seeks Support From Argentina's Menem

Canadian Prime Minister Jean Chretien garnered support from Argentine President Carlos Menem on Monday in an effort to prevent a dispute with Brazil from derailing a free-trade agreement with the Mercosur customs union. Chretien, heading a mission of more than 500 business leaders, was poised to sign a framework deal with the Mercosur trade bloc formed by Argentina, Brazil, Paraguay and Uruguay when a trade dispute led Brazil to say last week that talks had been halted. Canadian Trade Minister Sergio Marchi said Menem promised Chretien at their meeting on Monday that he would use his current Mercosur presidency, which lasts six months, to "see if this agreement with Mercosur can be finalized." The trade row, which pitted Canadian aircraft maker Bombardier against Brazil's Embraer, has Brazil threatening to complain to the World Trade Organization and Canada complaining Brazil has violated WTO rules. Chretien and Brazilian President Fernando Henrique Cardoso have appointed representatives to resolve the dispute within 30 days. But Marchi said the row should not hold the Mercosur negotiations hostage, even if it winds up in the WTO.

Company News

Shell To Invest \$280 Million In Camisea Gas Project This Year

Royal Dutch/Shell Group said on Monday that it expected to spend \$280 million this year on the Camisea gas project in Peru, compared with \$125 million last year. The Anglo-Dutch firm plans to continue appraisal drilling and begin infrastructure

development on pipelines to bring gas to Lima. Shell plans to undertake the pipeline project with a contracted consortium of U.S. firm Bechtel, Peru's Cosapi and Brazil's Odebrecht. Shell, which, in a consortium with Mobil, is the operating partner of a two-year exploration license that ends May 16, plans to simulate production drilling in an existing well and complete 100 days of appraisal drilling at another before the deadline. If the firm decides to develop what is believed to be South America's largest gas field, it plans to build with the Bechtel-led group a separation plant near Camisea, gas and liquids pipelines to the Pacific coast and a fractionation plant.

Motorola Wins \$40 Million Cellular Supply Contract

Motorola Inc.'s Cellular Infrastructure Group said on Monday that it had finalized a \$40 million agreement to supply Code Division Multiple Access (CDMA) digital cellular phone technology to four different operators in northern Mexico. The agreement with Baja Celular Mexicana (Bajacel), Movitel del Noroeste (Movitel), Telefonía Celular del Norte (Norcel) and Celular de Telefonía (Cedotel) will mark the first commercial installations of CDMA in Mexico, covering a total population of about 20 million people. Motorola CIG has already begun to install its base station equipment in the city of Monterrey. Bajacel, Movitel, Norcel and Cedotel are cellular operators whose service regions border the U.S. Motorola provides wireless communications, semiconductors and advanced electronic systems, components and services.

Spain's BBV Acquires Stake In Argentina's Credito Argentino

Spain's Banco Bilbao Vizcaya on Monday said that it has exercised an option to purchase a 28.24% stake in Argentina's Banco Credito Argentino. The deal leaves BBV parent company Grupo BBV with a 52% stake in BBV Frances, which will be formed when Banco Frances and Banco Credito Argentino merge. The merger was approved by Argentina's central bank on January 15. The remaining 48% of the newly merged bank will remain distributed on the Buenos Aires and New York stock exchanges, the statement said.

Founder & Principal: Jonathan I. Zemmol; **Principal:** Catherine Gay; **Managing Editor:** Jennifer L. Rich; **Director, Project Development:** Erik A. Brand; **Project Manager:** Jennifer Bertsch; **Manager, Business Development:** Jessie Weissman; **Office Manager:** Pauline Freedman; **Editorial Associates:** Anna Chung, Sara Lulo

Friday, January 16, 1998

allies have been angered by the provision, which they say goes beyond U.S. jurisdiction and seeks to impose Washington's political will on others. The act provides for sanctions against any foreign national deemed to be using confiscated property on the communist-ruled island that is claimed by a U.S. citizen. The administration has come in for repeated criticism from the sponsors of the act, Republican Sen. Jesse Helms of North Carolina and Republican Rep. Dan Burton of Indiana, who says it has failed to apply it firmly enough.

Honduras, El Salvador Agree To Resolve Border Dispute

Honduras and El Salvador on Monday will sign an accord under which the feuding neighbors have agreed to map their disputed border within a year, a Honduran official said on Thursday. "The commissions of both countries have agreed to a working calendar setting a year as the unextendable deadline for demarcating the frontier," said Raul Andino, head of the Honduran Demarcation Commission. The two Central American countries fought a brief war in 1968 over their long-standing border dispute. On Monday, presidents Carlos Reina of Honduras and Armando Calderon of El Salvador are expected to sign a treaty resolving conflicts between border residents and disputes over property rights. An International Court of Justice ruling in 1992 assigned to Honduras 68% of the 208 square miles of the border area that is contested. About 12,000 Salvadorans live in areas assigned to Honduras and 3,000 Hondurans are in areas identified as part of El Salvador.

Company News

Dutch Supermarket Group Forms Venture With Argentina's Velox

Dutch supermarket group Ahold said on Monday that it set up a joint venture with Argentine-based Velox Retail Holdings. Ahold said it had paid Velox \$368 million for a 50% stake in the venture, adding the payment would initially be financed by a short-term loan. The loan would later be refinanced through an equity issue. The joint venture currently holds a 36.96% stake in Santa Isabel, and the partners are looking to increase this to

PERU & ECUADOR: OUTLOOK TO THE YEAR 2000

Continued From Page Two

Ecuador

Political factors will continue to shape Ecuador's outlook until after the May 1998 general elections. In addition, uncertainty ahead of next year's balloting and the revision of the constitution planned for December 1997 are likely to result in additional political conflict, further slowing an already lethargic reform process. The recent postponement of the privatization of state-owned telco Emetel demonstrated yet again the obstacles faced by the government in enacting structural changes. Data for the latter months of 1997 will reveal a sharp deceleration in output. However, real GDP should still expand 3.6% for the full year, thanks to 4.1% y/y growth in the first half.

Outlook for 1998 and 1999

The expansion is likely to slow further in the first half of 1998, however, due to the effects of El Nino, the recent increase in interest rates, and an unfavorable political climate in the run-up to the elections. Once these negative effects abate, we project a rebound in real GDP growth, to 3.1% in 1998 and 4.7% in 1999.

El Nino is expected to have an adverse impact, both directly and indirectly, on prices. Efforts to lower consumer price inflation will also be limited by a still-large fiscal deficit. Consequently, y/y consumer price advances should remain above 30% for the foreseeable future.

With stable inflation and rising foreign exchange reserves, the sucre has continued to appreciate in real terms, a trend that is expected to persist over the forecast horizon. Due to both the strengthening of the currency and relatively low oil prices, merchandise export growth is likely to remain modest in 1997 and 1998. On the other hand, imports, which have soared recently, will continue to be boosted by the recovery in demand for consumer and intermediate goods. As a consequence, the trade surplus will shrink to \$550 million in 1998, from an expected \$750 million in 1997.

65%. Santa Isabel, which operates 89 stores in Chile, Peru, Paraguay and Ecuador combined, booked 1997 sales of \$0.8 billion, it said. The joint venture also holds a 50.35% stake in Disco, Argentina's leading urban supermarket chain with annual turnover of some \$1.7 billion. Ahold is already active in Brazil through its joint venture with local chain Bompreco. The deal means that Latin American sales will account for some 10% of Ahold's total global turnover. The company posted 1997 sales of \$26 billion.

St. Paul Insurance Receives Approval For Mexico Operations

St. Paul Cos Inc said on Thursday that it received approval from the Mexican government to sell property-casualty insurance in Mexico. St. Paul said it will incorporate a company called Seguros St. Paul de Mexico SA de CV and will focus exclusively on commercial clients, mainly in the medical services, exporters and general commercial areas. "The Mexican property-casualty market has become a substantial market, one that is growing faster than many mature markets," Mark Pabst, president and chief operating officer of St. Paul International Underwriting, said.

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March 16, 1998

"Latin America and the IDB: New Challenges for a New Century"

Remarks by Lawrence H. Summers

Deputy Secretary of the Treasury

Inter-American Development Bank Annual Meeting

Cartagena, Colombia

Distinguished Governors, Mr. President, delegates and friends. It is great to be in this historic city of Cartagena. I am especially glad to be here at a time when in the world of finance -- the Latin American model is a model to emulate not a model to avoid.

That Latin America has not been a source of crisis -- financial, diplomatic or political -- in recent years cannot and will not blind us to the fact that it is a vast source of opportunity. President Clinton has spoken of a "quiet revolution bringing our hemisphere together around common values of democracy, free markets, mutual respect and cooperation". We celebrate the fact that we are now -- with one dogged exception -- a community of democracies. And we take note that each year the United States exports more to Chile than to India and more to Brazil than to China.

In so many ways, what we do together in the Americas these next years will form a model for what is probably the major global challenge we face at the dawn of a new century: forging the healthiest, sturdiest possible relationships between the mature economies and the emerging markets. Here at the IDB and everywhere else we seek the right kind of relationship: a relationship in which the United States cooperates always, leads when it can and follows when it should.

I remember well the first IDB meeting I attended, four years ago in Guadalajara, in the build-up to the first Summit of the Americas in Miami in December 1994. At that meeting, as we celebrated the Bank's Eighth Capital Replenishment, the themes of sustaining macroeconomic progress, continuing integration, and launching second generation reforms to cement democracy were very clear. Since then the IDB has continued to play a core role in regional development, in part by bringing home a vital lesson for all development banks: that intangible infrastructure, all the institutions, skills and cooperative arrangements that reside in a country, is as important, in many ways more important to development than tangible infrastructure.

RR-2299

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Now we meet on the brink of another Summit of Americas next month in Santiago de Chile. And once again it is a time when it is appropriate to consider the role of the IDB in a fast changing hemisphere. But first let me reflect a little on what has happened these past four years.

I Latin America Today: Reform Continued

Almost immediately after the Miami Summit we were all surprised by events in Mexico. Many feared that that shock, like the 1982 debt crisis before it, would spur another inwards turn. In the event, as many have noted, the Tequila shock was a wake-up call. Economic collapse among the major reforming economies did not materialize. And important progress has been achieved in most of the areas that were uppermost in our minds in Guadalajara.

1. Macroeconomic reform sustained

Progress against inflation has continued, in some countries spectacularly so. Pedro Malan told President Clinton in October that inflation in Brazil was five percent -- much the same as it was a few years ago. The difference is that now it is five percent per year, not per week. The average inflation rate fell to less than 10 percent last year, compared with 61 percent in 1994, and more than 200 percent in 1990. Public borrowing, by and large, has also remained under control -- with governments working to lock in the fiscal consolidation of the early 1990s. And national savings rates last year averaged nearly 18 percent of GDP -- 20 percent higher than in 1990.

2. Integration Deepened

The integration we had achieved when we met in Mexico has accelerated and it has deepened. In 1994 I counted 23 trade agreements within the Americas. Today I count 30. And it is not merely goods that are crossing our many borders. Ever more services, capital, people and ideas are flowing across the hemisphere, with profound effects for our economies and our societies. By increasing cooperation, by working to harmonize standards and exchange ideas, the United States has played and will continue to play a full part in this transformation. We do not yet have Fast Track. But we are determined that the Free Trade Area for the Americas will remain on a fast track -- just as all the important work laying the groundwork for the Uruguay round proceeded in the first few years.

3. A Second Generation Begun

In 1994 we could see government by the people across the region. What we needed still to create was effective government for the people. Since then we have seen many countries continue the first important steps toward this -- by making it near the people, with efforts across the region to strengthen local democracy and decentralize power and resources to subnational authorities. And at the national level, ambitious growth-enhancing ideas for pensions, tax systems and financial sectors have been put to work. Not all countries are moving at the same pace. And in none is the job complete. But the change is palpable. And its direction is clear.

4. A Closer Look

But of course, the story of Latin America is the story of each Latin American country:

- in Mexico, we have seen a courageous turn to pluralism and a truly remarkable economic turnaround. The challenge in the years to come will be to entrench these gains by combating social divisions and building a prosperity which all can share;
- in Brazil, for the first time in a generation, company accounts are beginning to be kept in domestic currency rather than dollars, and the government has impressed the world by combating Asian flu at the first symptoms. Its priority now must be deeper public sector reform, not just to cut borrowing but to target resources on urgent social investments;
- years of fiscal reform and financial sector strengthening have left Argentina well insulated from Asia shockwaves. But high unemployment is a nagging reminder of the need to press ahead with the government's unfinished reform agenda: in the labor market especially.
- the news from the Caribbean has been a greater source of concern. Elected government has returned to Haiti since we met in Mexico, but has struggled to throw off the divisions of the past. There, as elsewhere, macroeconomic stability and growth remains all too elusive.
- yet in Central America we have seen, most recently in Guatemala, an end to more than a generation of civil strife and the beginnings of new future. But we know well that peace treaties need shared institutions and shared growth to bring them to life.

II Challenges For A New Century

The good news from this brief survey is that, by and large, Latin America is in better shape to withstand this recent shock than it was 4 years ago. The question is: where do we go from here? It is perhaps of the nature of "quiet" revolutions that they take longer to complete. The themes that were right in 1994 are right today. The abiding challenge is the same: to make government a constructive force in our economies and our societies, a force, above all, for inclusive growth.

The 1990s has been no lost decade. But the 3 percent average growth that has been achieved since 1991 has not been enough to make real inroads on poverty in many countries. And the poorest fifth of the population still receive a lower share of national income, and the richest fifth a higher share -- than in any other region in the world. Losing that dismal distinction will mean completing the first generation of reforms in those countries where inflation is still in double digits and poor macroeconomic policy still stifles investment and growth. But as we have learned these past few years, that is not all it will require.

Markets are important. But they are not enough. The strong enforcement of legitimate law

remains a critical imperative for building a strong civil society -- the key to a vibrant democracy. Let me applaud, in this context, the IDB's increased emphasis on good governance and capacity building in its operations, particularly in helping countries build sound judiciaries.

From fair labor rights to effective policies against drug trafficking; from the protection of our environment to the vaccination of our children; from the empowerment of the indigenous to the punishment of the corrupt; there are many critical challenges we face in building effective government for the people. Let me focus today just on two areas that I expect will be at the center of discussions at Santiago and I believe will be profoundly important to Latin America's future, and with it the future of the IDB. These are: achieving strong and stable financial integration, and investing in our people.

III Promoting Strong and Open Regional Finance

Integration is about much more than trade. It is about companies investing in new markets and profit-making opportunities. It is about flows of capital -- and the knowledge that flows with that capital. And it is about safeguarding the stability of the systems into which that capital flows. Latin America's insulation from the recent Asian crisis is a reflection of the steps that nations have taken, both individually and collectively, to ensure stability since that first 21st century financial crisis in 1995. Indeed, in many ways the work of the Committee on Hemispheric Financial Issues (CHFI) since its first meeting of Finance Ministers in New Orleans in May 1996 is pointing the way toward the kinds of approaches that will be pursued globally in the months ahead.

Of particular importance will be the commitments reached at the most recent CHFI meeting in Santiago de Chile in December:

- to strengthen banking supervision and prudential regulation, with the universal adoption of the Basel Core Principles for Effective Banking Supervision and high quality training to ensure our supervisors are up to the challenges that modern financial markets present;
- to combat money laundering and other financial crime, by working -- as we now do at Treasury -- to find new ways to close the channels for moving illicit funds into the economy and put the launderers in the jails where they belong;
- to support the development of microfinance, which the IDB has long recognized as a uniquely effective way out of poverty for the marginalized and dispossessed. From its support for rural credit unions in Bolivia to women's banking in Colombia, the Multilateral Investment Fund has truly, here, been a world leader.

Going forward, this region which has far and away the greatest presence in global bond and equity markets of any emerging market region needs to set the pace in other crucial areas;

- let it show the way in transparency, with, not seven, but all of the countries in the region subscribing to the International Monetary Fund's Special Data Dissemination Standard;

- let borrowers and creditors work together to build a financial system that can handle failure, that has the strong bankruptcy laws, effective judicial systems, and reliable enforcement that can help ensure that the failure of one does not jeopardize the whole. Because until the system is safe for failure, we cannot count on its success;
- let us now, when the clouds have come here but have passed us by, promote effective regional surveillance, built on the principle that friends warn friends when trouble is near;
- and let us, at the center of this effort, think about the role of a multilateral bank when most of the borrowing is done by countries that have access to international capital markets most of the time. That ought to mean focusing on the kinds of programs and products that can ensure that capital access is maintained -- when surprises hit -- and charging market rates for providing that support. And it ought to mean focusing scarce official finance on the needs of countries to whom private capital is still denied.

We emphasize financial stability because we know all too well the human cost that financial instability inflicts. Stabilizing capital flows is a means to a more ultimate end: of maximizing growth and opportunities for all our people. It is not an end in itself. In promoting free flows of capital we must not neglect the broader risks they pose to our society and environment. As capital finds it can move ever more readily than labor, there are legitimate concerns that it will exploit that mobility in playing off competing jurisdictions against each other. The fear is that we will be caught in a race to the bottom -- a bottom in which governments cannot promote fair taxes, uphold fair labor standards or protect the environment. That is not the world that we want to build. Let all Americans -- North and South -- affirm that we will not let it be the future of our Hemisphere.

IV Investing in All of Our People

At Santiago our heads of government will declare where our future lies -- it lies with education. If achieving financial stability was the challenge of the latter years of this century, then investing in our people is our challenge at the dawn of the next.

In a global economy, education is the only route to lasting, inclusive growth. Because it is the only way to maximize every nation's most unique and precious asset: its people. That is why President Clinton has been the education President. And that is why, in President Zedillo --- a former education minister -- and President Cardoso -- a former educator -- he has found such common cause together with the host, President Frei, in making education the centerpiece at Santiago.

Our children should be stimulated by books, not drugs. Teenagers should learn how to read -- not how to hotwire a car.

Education is too important to do poorly. If the International Financial Institutions (IFIs) and the interactions between national governments are essential to ensuring that our banking systems

remain stable, if they are essential to ensuring that our telephone systems work, then they are essential to ensuring that our education systems work.

In an increasingly interconnected hemisphere, we all have a common stake in the citizens of all our countries. We call on the IFIs to monitor carefully governments' efforts here: as they monitor the operation of fiscal policies, to monitor the allocation of resources for education; as they monitor the state of the tax system, to monitor the state of the education system.

Doing better will sometimes be a matter of resources. Without adequate resources, there cannot be adequate investments in people. But equally, if not more, important will be spending more wisely the resources we have now. In too many Latin American countries, too much of the education budget gets spent on higher education for the few. We need to spend those resources on better education for the many.

Study after study confirms what common sense would suggest, that investing in broad-based primary education offers countries by far the larger return. In Miami we committed ourselves to ensure, by the year 2010, universal access to and completion of quality primary education, and access to secondary education for at least 75 percent. We ought to honor that commitment.

That must mean targeted policies to reach the marginalized. And it must mean rigorous and effective evaluation of teaching quality. High repetition rates and widespread functional illiteracy tell us that a large amount of the teaching in this region is not worthy of the name. Our emphasis must be on education in substance and not just in form.

This is a task that should be and must be a task for individual nations to finance. But a Hemispheric effort can make a big difference. As we move to the Summit we need to re-examine our priorities. And we need to put education at the very top -- as the leaders will in five short weeks.

In the past three years the IDB has approved more than \$1.5 billion in loans for education -- around 7 percent of its new lending. The Banks needs to do more. We call on the IDB to more than double the share of new lending to primary and secondary education in the next three years - - to more than \$3 billion.

But we cannot and must not stop there. We believe there is a pressing need for an innovative vehicle to meet the special challenges which educating our continent will present. To meet that need we believe the IDB should establish a Special Fund for Hemispheric Education. This could:

- provide loans and grants to plug the gaps in well-intentioned reforms -- the times when teachers are trained but have no books, when schools are built but have no teachers; when parents seek involvement but need mechanisms to organize themselves;
- bring new resources to bear on steps that can help us integrate as we educate -- such as developing more systematic testing systems and uniform performance standards across countries;

- channel funds into finding more innovative ways to reach those who have most often been forgotten: the very poor, the rural and isolated, minorities, and the young adults who want a new chance to complete an "equivalency" at the secondary level and to upgrade their skills to be more productive members of society;
- look creatively for special initiatives to advance our shared goals -- for example, using regional exchange to improve teaching quality.

Assuredly the Fund will need simplified procedures for rapid response. Just as assuredly, it will need the mobilization of a wide range of Bank resources to make a difference. Educating our people is the central challenge of our time. If we are serious about meeting that challenge we must be serious about marshaling Bank resources to meet it. The Bank will have to utilize the full range of its resources, including scarce concessional funds and local currency balances, in a way that is more just and more sustainable.

The desirability of the goals is not in question. What will be in question is the depth of our commitment to them. We must invest in all Americans -- North and South. Because if the 20th century was the American century, the 21st century must be the century of the Americas.

-30-

Chile's Pinochet: Not Just Your Average Despot

By PAMELA CONSTABLE

The gray-haired general sat on a golden throne, overlooking an audience of smartly turned out officers and fashionable women. His face was craggy and stern. His uniform was sharp and Prussian. Rising to speak, he praised his troops for liberating Chile from "Soviet tyranny" in 1973. He vowed, "with God's help," to keep going until the "destructive... presence of Marxism" had been eliminated from the land.

Watching this ceremony from the press gallery, I shuddered. It was 1988 in Santiago and Gen. Augusto Pinochet was demonstrating, once again, his determination to remain in power. At that moment, he seemed the epitome of a tyrant: ruthless, messianic, and indifferent to the agony and humiliation he had inflicted on tens of thousands of people in his pursuit of an orderly, apolitical society.

Today, I would still use mostly harsh words to describe the general, who retired this week after 25 years as commander-in-chief of Chile's army and—at age 82—began a new career as an unelected Senator for Life. But after closer and more dispassionate study, I have added a few caveats.

Pinochet cannot be forgiven for the hideous cruelties of his secret police, whose agents kidnapped, tortured and killed thousands of Chilean leftists. He is also to blame for the rigid application of free-market economic policies that devastated thousands of families and widened the gap between affluent and poor. Clearly, Chile could have been "saved" without resorting to such extremes.

But the general, I came to realize, was not just a stubborn martinet. He was a soldier who believed in duty and discipline, honor and country. He was insecure and vengeful, but he was neither corrupt nor a coward. He believed he had been placed by Providence in a position of enormous responsibility, and

he conducted himself according to the strong values and methodical tactics he had been taught.

Back in 1973, when Chile was swept up in a frenzy of revolutionary hype and reactionary hysteria, no one could have predicted that Pinochet—an undistinguished, somewhat obsequious army officer—would emerge as its dictator. He seemed so unthreatening that President Salvador Allende, a socialist, named him army commander in August—three weeks before Allende died in a military coup. Among the four armed forces chiefs who seized power as a junta, Pinochet was neither the brightest nor the most ardently anti-communist.

The army chief, however, proved both ambitious and ruthless. He maneuvered to gain power over the other junta members. He retired or sent abroad potential army rivals, two of whom were mysteriously killed. He got himself named president and outlawed most political parties and activities, ensuring his absolute control for 17 years. Even when finally forced from office in 1990, Pinochet engineered a political transition that guaranteed him and his allies a substantial role in public life.

Yet his motives were not those of a corrupt strongman creating a fiefdom of perquisites and patronage, like Nicaragua's Anastasio Somoza or Paraguay's Alfredo Stroessner. Pinochet was convinced his mission was to raise Chile from the ashes of socialism by using his power—no matter what the cost—to build a modern, efficient society free from the volatility of partisan politics.

During visits to Chile, I observed the general on many occasions and interviewed a number of his civilian and military aides. In public, he constantly repeated his patriotic mantra of delivering the nation from chaos to order. No matter how unpopular he became, Pinochet never wavered. In private, he lived a rigorous, Spartan life, working harder than much younger aides and approaching each problem of governance with a careful plan of attack.

When unsure what path to take, the general summoned various groups of experts, listened to their points of view, and chose one. On the day in 1975 when a group of articulate economists from the University



FILE PHOTOS BY SANTIAGO LLANOS—ASSOCIATED PRESS

Beloved here to some, unforgivably ruthless dictator to others: Gen. Augusto Pinochet remained true to his disdain for keeping Chileans out of the business of government.

of Chicago persuaded him to choose their model over several more traditional schools of thought, Chile's controversial experiment in free-market economics was born. Today, as a result, the nation is hailed in many circles as a "miracle" of economic efficiency, diversity and modernization.

But the social costs of this model were high, and the military ruler's intransigence made it worse. As thousands were thrown out of work and factories went bankrupt, he repeatedly refused to ease the pain of adjustment. Not until the mid-1980s, after several periods of economic depression, did he implement more moderate fiscal policies and create social programs for the poor. Even today, while Chile's new elite trades stocks and hits the ski slopes, one-third of its 12 million people still struggle in poverty.

A far blacker chapter in Pinochet's crusade to "cleanse" society was the role of Chile's secret police. The dictator delegated the dirty work to aides such as Gen. Manuel Contreras, whose anti-communist zeal gave license to the most repugnant forms of torture and created an underworld of fascistic sycophants

and spies. Between 1973 and 1978, thousands of Chileans—from small-town mayors to labor organizers to student leaders—were seized. Prisoners were whipped, electrocuted, asphyxiated, forced to eat rats and listen to their children's screams. At least 3,000 were killed or vanished while in military custody.

After the return of democracy in 1990, much information emerged about the extent of such abuses, but Pinochet steadfastly refused to acknowledge any excesses. Instead, he spoke proudly of a "mission accomplished," and remained in his army post long after retirement age, thus ensuring that his subordinates were largely protected from legal "persecution." Even now, as a senator, he will hold a powerful position from which he can keep watch over meddling civilians.

Chileans remain bitterly divided over Pinochet's legacy. Some, including those who lost family and friends to repression, can see him only as the monster who destroyed a beloved democracy and ushered in an era of selfish, consumer politics. Others, including those who endured bread lines and factory takeovers under Allende, can see him only as a hero who salvaged their country from the jaws of communism.

Augusto Pinochet's greatest flaws were his contempt for the give and take of civilian politics, and his temptation to cling to absolute rule. The Chile he built is more successful, but less civilized, than the one he inherited. To this day, however, he believes he did what was best for his country, and for that the retiring general deserves a measure of respect.

Pamela Constable is a Washington Post staff writer. She reported from Chile for the Boston Globe between 1983 and 1991 and is co-author of "A Nation of Enemies: Chile Under Pinochet" (Norton).

CHILE TRIP COMMUNICATONS EVENTS

- Monday, April 13: SET UP SPEECH
Location: Georgetown Univ.
Message: Enhancing US interests -- engaging our neighbors to the south
- Thursday, April 16: MESSAGE EVENT
Location: Santiago school TDB
Message: Second generation reforms, education focus
- Friday, April 17: CONGRESS SPEECH
Location: Chilean Congress
Message: Making democracy deliver
- Saturday, April 18: SUMMIT OPENING SESSION SPEECH
Location: Santiago Sheraton
Message: Building A Better Americas - education, rule of law, freedom of expression, fighting drugs
Note: Cabinet read-out on summit deliverables
*Official team photo after opening session
- Sunday, April 19: SUMMIT CLOSING SESSION
Location: Santiago Sheraton
Message: Economic message and trip recap
Note: Cabinet read-out on summit deliverables
AMCHAM event (t) - reinforce economic message

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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 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, and improves 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 the 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.

THE WHITE HOUSE
WASHINGTON

April 8, 1998

Honorable Thomas J. Dodd
Ambassador of the United States of America
Embassy of the United States of America
San José, Costa Rica

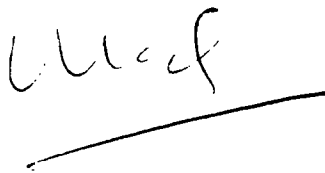
Dear Tom:

Your thoughtful letter of March 23rd is received, and your kind words are much appreciated. As always, your personal and professional courtesies and your support made things easy for me and others as well.

Given your standing as a highly respected Latin Americanist, I am particularly gratified by your comments regarding my hemispheric efforts. If I do some "work" for history, I will need a distinguished co-author, and I think I know just the place to turn for that help.

On a personal note, I am glad your wife is doing much better. Donna joins me in sending both of you our warm regards, and I look forward to our next occasion to be together. In the meantime, keep up your great work. You continue to represent the President and our country with great distinction and effectiveness.

Personally,

A handwritten signature in dark ink, appearing to read "Bill Clinton", with a long horizontal line drawn underneath it.

bee. Nelson

Steve

Eric

Deak



*Embassy of the United States of America
Office of the Ambassador*

San José, Costa Rica

March 23, 1998

Mr. Thomas F. McLarty
Counselor and Special Envoy for the Americas
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

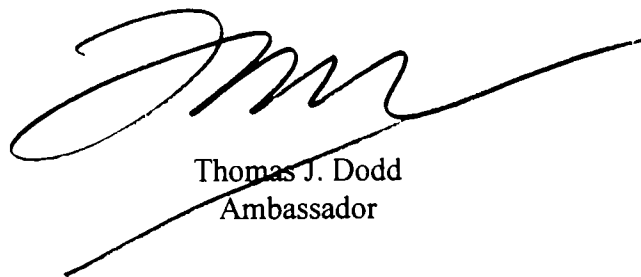
Dear Mac,

As always, seeing you is a great boost to morale for me and for the embassy staff. "You did us all proud" here with your numerous speeches and press conferences. You focused on the key issues and kept them on the table.

As a historian of Latin America, I reiterate my comment to you in the car: "You have broken a cycle of U.S. intervention and neglect" in this part of the world, and have constructively engaged these people on several fronts. "Nice work" for history.

With best personal regards,

Sincerely,



Thomas J. Dodd
Ambassador

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Eric

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