

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October 13-18, 1997) [5]

Staff Office-Individual:

Inter-American Affairs

Original OA/ID Number:

1361

Row:	Section:	Shelf:	Position:	Stack:
37	5	9	3	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Samuel Berger, Mack McLarty, and Dan Tarullo to the President, re: Outline of Your Trip to South America in October (3 pages)	ca. 08/1997	P1/b(1)
002. memo	Samuel Berger and Mack McLarty to the President, re: Preliminary Communications Plan for Your Trip to South America (8 pages)	ca. 09/1997	P1/b(1)
003. briefing paper	Re: Argentina: Falklands/Malvinas (1 page)	ca. 10/1997	P1/b(1)
004. memo	Madeleine Albright to the President, re: Your Visit to Venezuela, Argentina, and Brazil, October 12-19, 1997 (3 pages)	10/07/1997	P1/b(1)
005a. memo	Peter Allgeier to Jim Dobbins, et al., re: Strategy for POTUS Trip to South America (1 page)	09/04/1997	P1/b(1)
005b. briefing paper	Strategy for POTUS Trip to South America (2 pages)	09/04/1997	P1/b(1)
006. report	Overnight Brief [2 copies] (2 pages)	10/09/1997	P1/b(1)
007. cable	Re: [Visit of U.S. President to Venezuela] (3 pages)	10/08/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs
OA/Box Number: 1361

FOLDER TITLE:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October 13-18, 1997) [5]

2009-1155-F
ke2444

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
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~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL

5537 REDO

DECLASSIFIED E.O. 13526

WASHINGTON, D.C. 20504

White House Guidelines,

September 11, 2006

August 14, 1997

By KDE NARA, Date 05/09/14

ACTION 2009-1155-F

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: JAMES F. DOBBINS *for*

FROM: KARL HOFMANN *for*
TED PICCONE *for*

SUBJECT: Memo to the President on his October Trip to
South America

Attached is a memorandum to the President, seeking his concurrence on the broad outlines of his October 12-19 trip to Venezuela, Brazil and Argentina. The memo also seeks his specific approval of a ministerial meeting on Peru-Ecuador on the margins of his trip.

Concurrences by: *for* { Lael Brainard, Nicole Elkon, Eric
Farnsworth, Tony Blinken, Liz Verville, Bill
Danvers, Anne Luzzatto

RECOMMENDATION

That you forward the attached memo to the President.

Attachment

Tab A Memo to the President

~~CONFIDENTIAL~~

Classified by: Karl Hofmann

Reason: 1.5(d)

Declassify On: 8/15/07

Derived From: multiple

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Dobbins
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

6498

September 25, 1997

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: JAMES F. DOBBINS } *slf*
ANTONY BLINKEN } *ant*
ANNE LUZZATTO } *ann*

FROM: THEODORE J. PICCONE *slf*

SUBJECT: Schedule Proposal for Media Roundtable for
President's Trip to South America

9/27
Don-
Don't think
This is
doable, do
you?
@

We have received several requests from domestic and Latin American press for an interview with the President prior to his trip to South America. Such an event would help us convey the positive message we are articulating for this trip and would get wide coverage throughout the region as well as to Hispanic audiences in the United States. We would invite two domestic Spanish-language networks (CNN Spanish and CBS Telenoticias) and one network and one print reporter from each country, for a total of eight.

Mack McLarty and Mike McCurry concur with this proposal. We will likely need your timely intervention as Scheduling tells us that the current schedule cannot accommodate this request.

RECOMMENDATION

That you forward the attached scheduling proposal to Stephanie Streett.

Approve _____ Disapprove _____

Attachment
Tab A Scheduling Proposal

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Kinser-Kidane, Brenda J.

From: McCormick, Keith P.
Sent: Tuesday, October 07, 1997 9:54 AM
To: Piccone, Theodore J.; @LEGISLAT - Legislative Affairs
Cc: Bouchard, Joseph F.; Kinser-Kidane, Brenda J.
Subject: RE: Input for POTUS LATAM Trip Book [UNCLASSIFIED]

Ted, Lott asked us to look into the Ingalls issue -- he is assured the deal is still on track but keeps encountering delays. We did not suggest that we would push the Venezuelans, but would see what information USG has on where it stands and whether/where there is a problem. If DOD believes the President should raise, that's different, but from Leg perspective, if we can give Lott info on the state of play and prospects we may be able to be responsive to him without having to clutter up POTUS agenda. State is calling Embassy Caracas with this in mind and will call us back this noon

-----Original Message-----

From: Piccone, Theodore J.
Sent: Monday, October 06, 1997 9:59 PM
To: @LEGISLAT - Legislative Affairs
Cc: Bouchard, Joseph F.; Kinser-Kidane, Brenda J.
Subject: FW: Input for POTUS LATAM Trip Book [UNCLASSIFIED]
Importance: High

Will: Is there a Lott logic here that calls for pushing this onto POTUS trip agenda?

-----Original Message-----

From: Bouchard, Joseph F.
Sent: Friday, October 03, 1997 7:04 PM
To: Piccone, Theodore J.
Subject: RE: Input for POTUS LATAM Trip Book [UNCLASSIFIED]
Importance: High

Ted, Attached are a background paragraph and talking points. I put a paper copy of this and the background material I received from John Douglass' office in your box in 379. Let me know if there is anything more I can do to support you on this.

<< File: IS-VN-TP.doc >>

Joe Bouchard

-----Original Message-----

From: Piccone, Theodore J.
Sent: Friday, October 03, 1997 6:05 PM
To: Bouchard, Joseph F.
Subject: RE: Input for POTUS LATAM Trip Book [UNCLASSIFIED]
Importance: High

I need both the original materials and a suggested background para and tp before I can decide how to manage it. I know nothing about it. Thanks.

-----Original Message-----

From: Bouchard, Joseph F.
Sent: Friday, October 03, 1997 5:52 PM
To: Piccone, Theodore J.
Subject: Input for POTUS LATAM Trip Book [UNCLASSIFIED]
Importance: High

Ted, I've had two requests today -- from OSD (DUSD Noel Longuemare) and Navy (ASN John Douglass) -- that the President's briefing book for his Latin America trip include mention on a ship maintenance contract that Litton Ingalls Shipbuilding is negotiating with the Venezuelan Navy. Specifically, they ask that the President mention his support for this contract to President Caldera. Even if a decision is made that this is not an issue worthy of being raised by the President, he probably should be aware of it in case President Caldera raises it. I recommend that this topic be added to the book. I'll be more than happy to prepare whatever input you'd like on this (it could be reduced to a single bullet in another background/talking paper), or can pass you the background material I have on this issue.

Joe Bouchard

I do not think POTUS should see this. I'll let Lott know. Who's going to write it? [Signature]

Kinser-Kidane, Brenda J.

From: Piccone, Theodore J.
Sent: Monday, October 06, 1997 9:12 PM
To: Elkon, Nicole L.; @PLANNING - Strat Plan & Comm; @INTERAM - Inter-American
Cc: @EXECSEC - Executive Secretary; @UP - APNSA Special Assistants
Subject: RE: meeting agenda [UNCLASSIFIED]

Venezuela: Presidential communique? CN Alliance signed by Albright?

-----Original Message-----

From: Elkon, Nicole L.
Sent: Monday, October 06, 1997 8:48 PM
To: @PLANNING - Strat Plan & Comm; @INTERAM - Inter-American
Cc: @EXECSEC - Executive Secretary; @UP - APNSA Special Assistants
Subject: meeting agenda [UNCLASSIFIED]

Interam/Planning -

This is a draft agenda for tomorrow's meeting. Please let me know if you have anything to add. I suspect we will have one last meeting with the whole group on Thursday or Friday, depending on SRB schedule.

SRB is planning on attending tomorrow from 2 - 2:30 pm

<< File: agenda.doc >>

*Good
by the way
need to get to
the McCall
meeting
signature
OCT - 7 1997*

TO: BERGER

FROM: STERN, T

DOC DATE: 06 OCT 97
SOURCE REF: 

KEYWORDS: LATIN AMERICA
WH REFERRAL

PUBLIC STATEMENTS

PERSONS:

SUBJECT: TALKING POINTS FOR LATIN AMER / BLAIR HOUSE RECEPTION

ACTION: FOR RECORD PURPOSES

DUE DATE: 06 OCT 97 STATUS: C

STAFF OFFICER: NONE

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

BLINKEN
BUSBY
DAVIS
DOBBINS
ELKON
EXECSEC
HILLIARD
PICCONE
POOLE

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSTSM

CLOSED BY: NSTSM

DOC 1 OF 1

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 9706762

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001

X 97100614 FOR RECORD PURPOSES

UNCLASSIFIED

WHITE HOUSE STAFFING MEMORANDUM

Staff
6762

DATE: 10/6/97

ACTION/CONCURRENCE/COMMENT DUE BY: 10/6/97 5:00 PM

SUBJECT: Talking Points for Latin America/Blair House Reception

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☐	☒
BOWLES	☒	☐	McGINTY	☐	☐
McLARTY	☒	☐	NASH	☐	☐
PODESTA	☒	☐	RADD	☒	☐
MATHEWS	☒	☐	REED	☐	☐
RAINES	☐	☐	RUFF	☐	☐
BLUMENTHAL	☒	☐	SMITH	☐	☐
BERGER	☒	☐	SOSNIK	☐	☐
ECHAVESTE	☐	☐	SPERLING	☐	☐
EMANUEL	☒	☐	STREETT	☐	☐
GIBBONS	☐	☐	TARULLO	☒	☐
HILLEY	☐	☐	VERVEER	☐	☐
IBARRA	☒	☐	WALDMAN	☒	☐
KLAIN	☐	☐	YELLEN	☐	☐
LEWIS	☒	☐	BEGALA	☒	☐
LINDSEY	☐	☐		☐	☐
MARSHALL	☐	☐		☐	☐
				☐	☐

REMARKS:

Comments to Veronica La Fleur

RESPONSE:

Staff Secretary
Ext. 6-2702

10/6/97 11:30 AM

'97 OCT 6 - 11:43

**PRESIDENT WILLIAM JEFFERSON CLINTON
POINTS ON LATIN AMERICA
BLAIR HOUSE
OCTOBER 6, 1997**

- Glad everyone could be here tonight. Presence of so many top members of Administration underscores importance we place on the Americas.
- My Special Envoy, Mack McLarty, has done a terrific job – helping build the kind of hemispheric community that will benefit us all, working with State and the NSC, laying the groundwork for a successful Santiago Summit next April.
- Today, the Americas stand at an extraordinary threshold. Over last 10 years, just as we've seen revolution of freedom in Eastern Europe, seen comparable revolution here: Military dictatorships, conflicts, coups given way to freely-elected governments and regional commitment to peace. Command economies, crushing debt and runaway inflation being replaced by economic reform, open markets and dynamic growth.
- If we consolidate democracy's gains, the Americas can become a foundation for our security and prosperity in the 21st century and a partner in strengthening peace, stability and freedom around the world. Our cooperation, based on common values – democracy, open markets, social justice, peace – can provide a model for the 21st century world.
- That's why I'm committed to work closely with our American neighbors to strengthen our partnership and bring our hemisphere together around the fundamental values we share.
- My visit to Venezuela, Brazil and Argentina is an important part of that effort. Look forward to meeting with Presidents Caldera, Cardoso and Menem to address issues that matter most to families throughout hemisphere – jobs and trade, drugs and crime, education, environment.
- The more we can work together, the more all our people will benefit. That's the new consensus of the Americas – forged in Miami, strengthened by our response to challenges such as Haiti and the Mexican peso crisis, ready to move forward in Santiago.
- Our goal is for the Americas to be a stronghold of security, prosperity and peace – and a model of trust, respect and cooperation for the world.

###

MACK McLARTY

September 15, 1997

To: Goody Marshall

We should consider including Aida in at least part of our trip to South America. She is both well-known and well-liked in the region, and her points about small business are right on the mark. Moreover, she is an eloquent and forceful advocate of women's roles in business and society.

Let's keep in touch about Aida and other cabinet members' participation as we finalize our plans for the October trip.

Mack

Attachments

cc: John Podesta
Jim Dobbins

Tony Blinken - You might want to consider reference to the role and importance of small business in the President's economic speech in Sao Paulo.

THE WHITE HOUSE

WASHINGTON

September 15, 1997

The Honorable Aida Alvarez
Administrator
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Dear Aida:

Your insightful and succinct recommendation of the President's interacting with small business on our upcoming trip to Latin America is received and appreciated. As we have discussed, I think your views are right on point, and please know they will be fully considered. The schedule is a very tight one, as you would expect, but we will keep you fully apprised as plans progress.

I enjoyed seeing you at the fast-track announcement. I think we are off to a good start but have formidable work ahead.

Personally,

A handwritten signature in dark ink, appearing to read "Mark", followed by a small flourish.

cc: Goody Marshall



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

① Nelson
② Eric
③ Andrew

September 10, 1997

Memorandum for: Thomas F. McLarty
Counselor to the President
Special Envoy for the Americas

From: Aida Alvarez, Administrator
U.S. Small Business Administration

Re: Proposed Speech on Small Business

response
B. L. White Robinson

Aida Alvarez

I am writing to follow up on our conversation at the Fast Track briefing last week. This memorandum requests your support for asking the President to deliver a speech on small business during his upcoming trip to Latin America. I believe the speech could serve to highlight three important points: 1) the importance of small business to the American economy; 2) the role that a strong and growing small business sector can play in economic and political development in Latin America; and 3) the increasing opportunities for trade with Latin America by small businesses.

I met recently with Ron Scheman at the InterAmerican Development Bank. He is also very supportive of having the President speak on the role that small- and medium-sized businesses can play in economic and political development in Latin America. Ron has connected the SBA to an organization in Latin America – Programa Bolivar – that supports the development of the small business sector there. Programa Bolivar identifies business opportunities for small- and medium-sized firms and provides direct assistance in helping those firms find suitable partners in other countries. The Institute's structure and services, including its network of offices throughout Latin America, resemble SBA's nationwide operation, especially SBA's more than 1,000 Small Business Development Centers.

As SBA is often noted for its comprehensive and effective services and programs for small businesses, the Programa Bolivar has expressed an interest in working with the SBA on joint ventures and on a strategy to assist U.S. small businesses in establishing alliances with businesses in the Latin America countries. It is clear that such a collaboration would benefit the economies of all the countries involved.



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NSC/RMO PROFILE

RECORD ID: 9706848
RECEIVED: 08 OCT 97 09

TO: PRESIDENT

DECLASSIFIED E.O. 13526

White House Guidelines,

September 11, 2006

FROM: ALBRIGHT, M

DOC DATE: 07 OCT 97
SOURCE REF: 9717543

By YOE NARA, Date 05/09/14

2009-1155-P

KEYWORDS: VENEZUELA
BRAZIL
VISIT

ARGENTINA
PRESIDENTIAL TRAVEL
CM

PERSONS:

SUBJECT: YOUR VISIT TO VENEZUELA / ARGENTINA / BRAZIL ON 12 - 19 OCT 97

ACTION: PREPARE MEMO FOR BERGER

DUE DATE: 14 OCT 97 STATUS: S

STAFF OFFICER: PICCONE

LOGREF: 9706461

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

PICCONE

FOR CONCURRENCE

HOFMANN

FOR INFO

BLINKEN

BUSBY

DOBBINS

ELKON

HILLIARD

SCHWARTZ

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSGP

CLOSED BY:

DOC 1 OF 1

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OPIC
Overseas
Private
Investment
Corporation1100 New York Avenue, N.W.
Washington D.C. 20527-0001
(202) 336-8400
FAX (202) 408-9859TO: *Jim Dobbins - NSC*FAX: *456-9130*FROM: **Mr. Adam Sitkoff**
Investment Development

PHONE: (202) 336-8635

FAX: (202) ~~218-0299~~ *408-5155 fax*DATE: *Thurs, Sept. 11*# OF PAGES:
(including cover) *15***COMMENTS:**

George Muñoz, President & CEO of OPIC would like to go on the President's trip to South America in October. Attached is information on OPIC's large portfolio of business in South America. We are also in the process of gathering a list of potential deliverables. Please contact me to let me know how the list of participants for this trip is being put together.

THANK YOU!

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005a. memo	Peter Allgeier to Jim Dobbins, et al., re: Strategy for POTUS Trip to South America (1 page)	09/04/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs
OA/Box Number: 1361

FOLDER TITLE:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October 13-18, 1997) [5]

2009-1155-F
ke2444

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005b. briefing paper	Strategy for POTUS Trip to South America (2 pages)	09/04/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs
OA/Box Number: 1361

FOLDER TITLE:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October
13-18, 1997) [5]

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

6489

September 25, 1997

INFORMATION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: ANTONY J. BLINKEN *ATB*
FROM: STEVEN J. NAPLAN *sn*
SUBJECT: South America Influentials Breakfast

On Monday, September 29 you will be meeting with 10 South America experts for a conversation in anticipation of the President's trip to Venezuela, Brazil, and Argentina next month.

This breakfast is, in part, an opportunity for you to deliver the Administration's South America and Fast Track message to these influentials, and to answer their questions about specific policy matters. Additionally, the breakfast provides you with an opportunity to probe the views of these outside experts and to benefit from their varying perspectives on the region.

Attachment

Tab A Guest List
Tab B InterAm Meeting Outline and Suggested Questions
Tab C Fast Track Talking Points
Tab D Materials Authored by Attending Guests

Tab A

9/29/97 South America Influentials Breakfast:

Al Fishlow

Paul A. Volker Senior Fellow for International Economics, Council on Foreign Relations. Served as Deputy Assistant Secretary of State for Inter-American Affairs 1975-76. Recent publications include "Future Sustainable Latin American Growth" summer, 1996. Met last month with Chilean President Frei and visited Brazil. Fishlow has been studying social security reform in South America and considering the prospects for implementing the Chilean model elsewhere in the region. Favors Administration's approach on Fast Track and would like to see USG take a leadership role in promoting education reform and higher ed in the region. *(Recent Fishlow speech on U.S.-Latin America relations attached).*

Michael May

Director, MERCOSUR-South America Project at CSIS. Director of CSIS U.S.-Argentine Caucus. Long time consultant to American businesses with interests in the region (including Upjohn) and manager of Latin American Affairs at the U.S. Chamber of Commerce. May argues that it is imperative that the USG regain a leadership role in the region, with an awareness that Brazilian self-interest will inevitably lead to conflict with the U.S. and that Argentina can serve as a moderating influence on Brazil. Concerned that South America has felt forgotten by the Administration and is thrilled that POTUS is 'finally getting focused' on the region. *(Recently submitted op/ed to Brazilian publication re POTUS visit to Brazil attached).*

Richard Feinberg

Professor of International Relations and Special Assistant to the Chancellor for Pacific Rim Affairs, University of California, San Diego. Former Senior Director Inter-American Affairs, NSC. His book, Summitry in the Americas: A Progress Report, was released last April by the Institute for International Economics. Feinberg reports that while the Brazilian Ambassador to the U.S. objected to his book's characterization of Brazil's foreign policy, that the Mexican and Argentinean governments were pleased with the book's conclusions. (Argentina's Foreign Minister penned the preface to the Spanish-language edition of the book.) Feinberg traveled to Argentina, Chile and Uruguay this summer as a participant in the World Bank's annual conference on Latin American economies. After the breakfast, Feinberg will remain in Washington to co-host an OAS conference on implementing the Summit of the Americas. *(5/4/97 San Diego Union Tribune Op/Ed "An Historic Opportunity for Clinton" attached).*

Sue Schwab

Dean, School of Public Affairs, University of Maryland. Served as an executive for corporate strategy at Motorola, 1993-95. Served as Assistant Secretary of Commerce and Director General of the U.S. and Foreign Commercial Service in the Bush Administration. Served as former Sen. Danforth's chief international trade aide. Schwab is predominantly an authority on trade and has insights on the approaching congressional debate over Fast Track.

Jose Miguel Vivanco

Executive Director, Human Rights Watch/Americas. Served as legal advisor for the Inter-American Commission on Human Rights of the OAS. Vivanco met recently with President Cardoso and is pleased with his national human rights plan for Brazil. Would like to see POTUS promote Cardoso's plan. Beyond his extensive interest in human rights, Vivanco is also focused on the increasing levels of criminality (common violence, gang-related and organized crime) in the region and public frustration with the lack of effective judicial systems. Has twice raised concerns over police brutality and prison conditions in Venezuela with President Caldera. Offers very high praise for the accuracy of State's annual human rights report. Would like to see American ambassadors in the region adopt the more "aggressive" stances of their EU counterparts re human rights. Vivanco is a Chilean national.

Thomas Quigley

Policy Adviser on Latin America and Caribbean Affairs, Office of International Justice and Peace of the U.S. Catholic Conference. Visited Peru recently to meet with the Bishops Council on Human Rights and visited Colombia last year re drugs. Favors Clinton Administration's approach toward the region over past Administration efforts. Presently focused as much on regional economic issues as on human rights. Quigley is personally ambivalent on Fast Track (the U.S. Catholic Conference "straddles" on NAFTA and free trade matters) and he is strongly opposed to the lifting of the weapons sales ban. Quigley opposes F-16 sales to Chile.

(Remarks to Latin American Conference on the Pastoral Work for Human Rights, delivered in Lima, Peru attached).

Peter Hakim (Inter-American Dialogue)

President, Inter-American Dialogue. Member of External Advisory Committee of the Latin America Program of the World Bank. Hakim recently met with President Cardoso in Brazil and with most of the Brazilian cabinet. Hakim is basically supportive of the general direction of Administration policy towards the region, but believes USG efforts need to be "reenergized." He is a strong proponent of Fast Track, would like to see a more multilateral approach on counternarcotics and Cuba and believes that the Summit of the Americas can serve as the pinnacle of hemispheric cooperation.

(9/14/97 Oxford Analytica essay "U.S.-Latin America Relations" attached).

Bernard Aronson

Chairman, ACON Investments. Served as International Advisor to Goldman, Sachs for Latin America. Former Assistant Secretary of State for Inter-American Affairs. Has argued in the past that the U.S. generally ignores Latin America except during times of crisis.

(12/12/96 *Washington Post Op/Ed "Strengthen Democracies, Not Armies"* attached).

Robert Weiner

Senior Coordinator, Latin America and Caribbean Program, Lawyers Committee for Human Rights. Has made recent trips to Colombia, Paraguay, Peru and Bolivia. Visited Venezuela last year. Focused on World Bank, IDB and DoJ efforts to promote rule of law and good governance reforms in the region. Believes World Bank efforts are too narrow in scope, and not reflective of the consensus among the NGO and legal communities in the region. Weiner considers institutional reform a greater priority than trade, but also recognizes that the two issues can complement each other. He is concerned about prosecutorial "overeagerness" in the region, (particularly regarding the drug war) and the damage that he believes aggressive prosecutors have done to due process and human rights.

(8/17/97 *Washington Post Op/Ed "Colombia Emerges as the Bosnia of South America"* attached).

Joe Tulchin

Director, Latin American Program, The Woodrow Wilson International Center for Scholars. Tulchin attended the Williamsburg Defense Ministerials of the Americas, and served as an official observer at the OAS Conference on Confidence Building Measures. Tulchin is particularly focused on civil-military relations in the region and he offers that expansion of investment in the region is an even greater priority than trade.

(7/11/97 *"Memo to Mack"* attached).

Tab B

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

6494

September 26, 1997

INFORMATION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: JAMES F. DOBBINS

FROM: PATRICK J. DESOUZA PD

SUBJECT: Your Meeting With Latin American Influentials,
Monday, September 29, 1997 at 8am.

I. Purpose

Your meeting with these influentials provides an opportunity to discuss the Administration's Latin America policy on the eve of POTUS's trip. This second leg of three trips to the hemisphere within a year comes against the backdrop of congressional attention to sensitive issues such as fast track, arms sales, climate change and counternarcotics. These influentials may be helpful in providing feedback of how the themes and deliverables of the trip will affect the debate at home and abroad on these sensitive issues.

II. Background

Our communications strategy must now make the transition from successfully dealing with difficult issues facing our nearest neighbors and ourselves - drugs and immigration - to taking advantage of the opportunities for cooperation with important emerging markets in our hemisphere.

We will be highlighting a region that is embracing democracy, free markets and international cooperation and that can be the cornerstone for our own security and prosperity in the 21st century. We will also be underscoring the mutuality of interests in the hemisphere.

Shifting towards this positive message now will also be important for setting-up the broader message of the Santiago Summit: the emergence of a "new" hemisphere in which democratically-elected leaders are working hard to prepare our peoples for the 21st century. In fact, the principal deliverables on this trip map the main baskets of hemispheric

initiatives for Santiago: education, democracy, economic integration and poverty alleviation.

III. Key Issues

There are two central issues that you should discuss with the group. First, how can the positive areas of cooperation during the trip be reinforced over the long-run to change the negative images of Latin America in the United States and to advance a forward-looking development strategy. Second, how are these efforts likely to shape the current debates on fast track, arms sales, climate change and counternarcotics at home.

A. *Areas of Cooperation and a Forward-Looking Development Strategy.* At each stop, we will highlight certain areas of cooperation to advance mutual interests: energy and counter-narcotics in Venezuela, education and information technology in Brazil and security cooperation for international peacekeeping in Argentina. Each of these areas show how there are important opportunities to further long-run U.S. interests: reliable energy supply, open markets for our shared prosperity and security cooperation in the post-Cold War world.

Against this backdrop of cooperation, it will also be useful to discuss how to make the environment a long-run area of cooperation like these others.

B. *Shaping the Debate At Home.* There will be an interplay between the messages communicated on the trip and the actions currently before Congress and the American people.

Fast track authorization is critical, not only for a free trade agreement with Chile but also for the success of the Santiago Summit. The hemisphere has agreed to launch FTAA negotiations at the Summit. The energy and education/technology messages should make it clear for the fast track debate that there are business opportunities that we will lose to others, such as the EU, if we do not act. Education reform may help with concerns in the U.S. regarding labor exploitation in Latin America.

Sales of advanced armaments may also cause some concern among certain members of the U.S. Congress. The issue will be discussed against the backdrop of the MNNA designation for Argentina and the timing of our announcement on UN Security Council reform. Given President Frei's concerns regarding how the arms sales question will be managed in the U.S. Congress, it will be important to our credibility that we are able to

effectively communicate back home the distinctions between international peacekeeping designations such as MNNA and issues of modernization.

Finally, the public debate in the U.S. on Latin environmental regulation and increasing supplies of narcotics needs to be shaped. The counter-drug alliance announced in Venezuela will be helpful. On the other hand, basic disagreements with developing countries over climate change may adversely affect the prospects for Kyoto and may complicate the fast track debate.

IV. The Meeting

You may wish to open with short remarks to frame the main questions you would like addressed, and then begin the discussion with an initial question.

Opening Remarks

- This is the second leg of the President's three trips to the hemisphere within a year and will illustrate for the American people that a mutuality of interest in cooperation throughout the hemisphere exists.
- In Venezuela, Brazil and Argentina, the President will be presenting a 21st century agenda for the hemisphere: strengthening democracy, balancing energy production with environmental sensitivity, preparing citizens for the global economy through education and technology and enhancing security through multilateral approaches to counternarcotics and international peacekeeping.
- This leg will show the diversity of our hemisphere. Different than our nearest neighbors that pose challenges in terms of issues such as drugs and immigration, these nations represent examples of the historic opportunities that we have for cooperation in enhancing regional security and taking advantage of emerging markets.
- I would welcome your ideas about how to reinforce our long-run commitment to cooperation in this part of our hemisphere. These nations are fast growing markets and may offer a bulwark for prosperity and security.

- It is a challenge to communicate this sense of opportunity to Americans. Currently in front of Congress we have issues such as fast track, arms sales, climate change and counternarcotics. The politics of these policy issues will be affected by our efforts to promote cooperation throughout the hemisphere.

You might at this point in the meeting draw on some of the questions below:

[] contains name of influential you may ask question of if you choose

- How should we engage the American public and Congress in these opportunities for cooperation? [Schwab]
 - on an energy security initiative where Venezuela is our largest supplier of oil; [Aronson]
 - on a multilateral alliance against narcotics production and trafficking which we will initiate in Venezuela;
 - on an education and information technology initiative in Brazil which will illustrate how we must prepare our citizens for the global economy; [Fishlow, Feinberg]
 - on security cooperation with Argentina and others for the post-Cold War world; [Tulchin]
- How do we get at areas such as the environment and corruption in which cooperation is more difficult?
- How do we reinforce the progress that we are making with these emerging economies over the long-run? [Hakim]
- The Summit of the Americas next April will illustrate some of the major themes of this trip: education, democracy, economic integration and poverty alleviation. How do we make a successful transition from this trip to Santiago and beyond?

Concurrences by: Steve Naplan *PD for*

Tab C

FAST TRACK FACT SHEET

FAST TRACK: IN AMERICA'S NATIONAL INTEREST

FAST TRACK MEANS: **IMPROVING OUR STANDARD OF LIVING**

- Keeping the Economy on the Fast Track. The President will use Fast Track authority to continue breaking down trade barriers and creating new jobs -- keeping America's economic expansion on the global fast track.
- The Economy Is Strong. The President's 3-part economic strategy of cutting the deficit, investing in education and training, and opening markets abroad is working. America has enjoyed the longest period of sustained growth in a generation— one-third from overseas trade. The result: Nearly 13 million new jobs, unemployment below 5%, inflation the lowest in a generation.
- Our Future Prosperity Depends on Trade. More than 95% of the world's consumers live outside the US. Many emerging economies in Asia and Latin America will grow at three times the rate of the US economy. America needs fast track to negotiate fair new trade agreements that will keep us competitive, expand our exports, create more jobs, and raise our standard of living.

FAST TRACK MEANS: **CREATING MORE JOBS**

- Breaking Down Barriers. The President, in consultation with Congress, will keep breaking down barriers to our products and services. That strategy is paying off for companies and workers. America is once again the world's largest total exporter, the largest producer of semiconductors, the largest producer of automobiles. Exports support over 11 million American jobs, including one in five manufacturing jobs and over the last four years have created 1.7 million new jobs.
- Sectoral Agreements. The President needs the flexibility to negotiate agreements and increase exports in sectors where the United States is most competitive: such as agriculture, medical equipment, telecommunications, and environmental technology.
- Regional Free Trade Agreements. America will also benefit from opening markets in Asia, Latin America, and Africa to US goods and services.
- Free and Fair Trade. The President supports raising labor standards, protecting the environment and expanding worker retraining and educational opportunities to ensure that no American is left out of the global economy.

FAST TRACK MEANS: **MAINTAINING AMERICA'S GLOBAL LEADERSHIP**

- Compete or Retreat. As the American people prepare to meet the challenges of the 21st century, we face a critical choice: Shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts, and new jobs.
- Credibility. Fast track gives the US credibility to negotiate tough trade deals. It preserves for Congress the ultimate decision to vote an agreement up or down, but without reopening it provision-by-provision and causing gridlock. That puts America in a strong position to negotiate trade agreements and maintains a partnership between the President and Congress that has worked for over 20 years.
- Continued Bipartisanship. Every President since 1974--Republican and Democratic--has had fast track authority. Congress has consistently recognized that the President must have the authority to break down foreign trade barriers, and a bipartisan majority of the United States Congress has consistently supported American leadership in opening markets and creating jobs.

FAST TRACK FACT SHEET

BASIC FACTS ABOUT FAST TRACK NEGOTIATING AUTHORITY

What is Fast Track?

- Expedited Procedure: Fast track is an expedited procedure for Congressional consideration of trade agreements. The three essential features of any fast track authority are: (1) extensive consultations and coordination with Congress throughout the process; (2) a vote on implementing legislation within a fixed period of time, and (2) an up or down vote, with no amendments. Congress is ensured a central role before, during and after negotiations.
- Credibility to Negotiate Tough Trade Deals: Fast Track gives the President credibility to negotiate tough trade deals. Congress is required to vote on an agreement without reopening any of its provisions, while retaining the ultimate power of voting it up or down. Fast Track puts America in a strong position to negotiate major trade agreements while maintaining a partnership between the President and Congress that has worked for over 20 years.

How will the President Use Fast Track?

The President has identified three main areas in which new trade agreements would greatly benefit the United States.

- The WTO Agenda: The “built-in” agenda of the World Trade Organization calls for negotiations on government procurement in 1997; intellectual property in 1998; agriculture in 1999; and trade in services in 2000. In each of these areas, the United States is the most competitive nation in the world and stands to benefit the most from writing the rules of trade.
- Key Sectors of the Future: The President also wants to build on the success of the Information Technology Agreement (ITA). This \$5 billion tariff cut on products for which the United States is the world’s leading producer was achieved by the use of residual tariff cutting authority. The Administration has identified 8 additional sectors for future negotiations: ITA II, chemicals, automotive, oilseeds, energy equipment and services, environmental technology and services, medical equipment and services, and wood and paper products. Other APEC members have submitted their “wish lists” and there is overlapping support for many of the US suggestions. Without fast track, it is very unlikely that this process will go forward.
- Emerging Economies: The President hopes to move forward in the Asia Pacific Economic Cooperation Forum (APEC) toward the goal of open trade by the year 2010 and with a Free Trade Agreement for the Americas (FTAA) by the year 2005. In both regions, economic growth rates are among the highest in the world and barriers to US exports remain high. Tariff reductions and greater market access will have a very positive effect on our exports. Without the active participation of the United States, both of these processes will slow considerably.

Tab D

ALBERT FISHLOW

It is a great pleasure to be here today. I thank you sincerely for the invitation to attend and to address this distinguished group. By now you have discovered one of my fundamental defects: my prior and long experience with Brazil unfortunately condemns me to an imperfect Portanol. I would hope that is the only negative reaction to my presentation. But the question of US relations with Latin America usually has a way of provoking wide response. I welcome your reactions and questions. And I emphasize that my views are entirely my own private reactions.

I wish to speak about a play in three acts: past, present and future. The relationship with the United States enters importantly into all three. And that includes Chile. Whether one speaks of the nineteenth century and substantial Chilean exports of wheat to California; or of the failed promise of the Alliance for Progress; or of potential benefits from expanded trade and investment from a Free Trade Area of the Americas and a new engagement with the United States, one inevitably links the two halves of this hemisphere.

I do not wish to focus extensively on the past. History, on the whole, has not dealt kindly with Latin America. The United States evolved from colonial status to stable independence and an extraordinary rate of material advance that placed its income per capita higher than other countries by the beginning of the twentieth century. Latin American independence, gained in the early 19th century, unfortunately produced no such immediate and happy result. Instead of rapid advance and insertion into the new technology of the Industrial Revolution, there was initially decline in trade and material advance for most countries in the first half century after political autonomy had been achieved. And then thereafter, the differences became so large -and static comparative advantage so compelling- that it became almost impossible to catch up.

The tragedy of this unfortunate beginning lingers on even now virtually at the beginning of the 21st century. Look at the average level of income in the region and the high degree of inequality in the income distributions found throughout the area. Recall the debt crisis of the 1980s, and the negative effects broadcast widely throughout the region. Income per capita in Latin America did not grow for something like 15 years, the longest period of stagnation since the early part of the nineteenth century.

But now there is also the case of the "Asian Miracle." Following in the wake of Japan, South Korea, Taiwan, Hong Kong and Singapore exhibited spectacular expansion from the 1960s on, and have achieved higher levels of income and much greater income equality than the Latin American countries. And there are still others in the sequence. Despite the currency problems of Thailand and its Asean neighbors -and the consequent adjustment that is necessary- it does not mean the end of Asian growth and emergence.

This obviously quickly brings me to the present and to the second act of my play. It has had a much better beginning. The impressive results are visible already.

In the last decade, Latin America has profoundly changed. Economically, it has discovered the virtues of consistent and continuous macroeconomic policy. That has translated into monetary and fiscal policies that have supported low rates of inflation in the region. In many of these countries, costs have been limited. For virtually the first time in the last 50 years, countries throughout the area have increases in prices at the one digit level. And it has moved away from protectionist strategies that sought to limit imports, but whose most profound and negative effects were to be found in constrained exports and regular balance of payments crises. Politically, it has seen the restoration of democratic principles and commitment to real popular participation virtually throughout the hemisphere. Militaries have retreated to the barracks, and has been replaced by capable civilian leaders committed to respect for constitutional guarantees. New individuals have come forward to participate in the political process, and that novelty has lead to new political groupings. And socially, there is now beginning in many countries the necessary attention to profound inequality of opportunity that has severely hampered past generations within the region. But this time, there is the shared understanding that improvements in equity and higher rates of aggregate expansion can be compatible.

These changes are beginning to lead to new and higher rates of growth in the hemisphere. Chile deserves special mention. Under Presidents Alwyn and Frei, income per capita has gone up more consistently and rapidly than elsewhere in the region. Other countries are beginning to achieve parallel results.

This new climate sees economic development emerging not from great national plans nor exceptional inflow of foreign resources, but from a rise in domestic savings. This is essential. Virtually all countries, except Chile, have yet to make this transition; they remain at a ratio of something like 20 percent of GDP. But at a minimum, in order to accomplish a growth rate of around 6 percent a year- which realistically should be the goal given the number of unemployed and underemployed- they require 25 percent investment. Foreign investment can regularly and dependably satisfy only 2 or 3 percent of the total. Mexico in 1994 and the recent events in Southeast Asia eloquently testify to that conclusion. The rest must come internally.

One place where savings can productively originate is the public sector. This turns former Latin American governmental priorities on their head. The key public-sector issue formerly was the application of resources through publicly owned and managed facilities. Now it must be acquiring resources to dispense to the private sector to enable them to invest productively. Inequality in the region is so great that acquiring savings only from those individuals that can afford it would likely lead to more inequality in the future; that is more the case with the high internal rates found in much of the region. What of a revised Social Security system, as in Chile, as origin of those public resources? I confess to remaining skeptical. Let me give only two reasons. First, the observed Chilean increase in domestic savings came long after the new pension system started in 1980; indeed, it is part of the process of expansion associated with a return to civilian rule, and is associated with increased business accumulation. Second, there appears to be

a negative relationship between private savings and more recent increases in pension assets.

Further research on the savings function will undoubtedly yield high results. But, meanwhile, generating positive public accumulation is clearly a strategy that has worked, and worked here where surpluses have been characteristic of the last decade. A casual look at the successful Asian experience, cited earlier, likewise confirms the relevance of government savings as a principal instrument. This places great weight on the new governments. They have to be in a position not merely to raise taxes, but even more importantly, to reduce bloated current expenses and to decentralize needed government outlays to states and municipalities.

These changes in Latin America have proceeded almost wholly from an internal set of priorities. That is what makes them both fundamental and enduring. The United States government did play a role in three dimensions. First, it contributed through the Brady bonds to an eventual end to the debt crisis. That write-off of liabilities assisted in the recovery phase that followed. Second, it intervened decisively in the Mexican case in early 1995 when a large package of assistance was necessary. And thirdly, it held out to all countries of the region except Cuba, at the Miami Summit in December 1994, an opportunity for closer association through a Free Trade Area of the Americas. That summit is about to be repeated to define the future direction of the free trade initiative; and the meeting will occur here in Santiago in April, 1998.

Free trade in the hemisphere from Alaska to Patagonia is clearly a central- but not exclusive- part of United States' policy. It has evolved over the last decade from agreement with Canada to ratification of NAFTA, including Mexico, in 1993 to the Miami meeting the following year. A whole process of joint activities and meetings has gone along with this process since it took root in 1994. The IDB and ECLA, in addition to the more than 30 countries that agreed to move ahead, have been actively engaged in committees dealing with all aspects of potential regional trade. Indeed, the degree of continuous travel involved in this work has made at least some ministerial assistants -who end up going- grateful.

On this subject I appreciate that I am now speaking to a partially frustrated audience. Chile was initially promised a position in NAFTA back in 1994. It is now 1997 and nothing has apparently happened. Or to put the case more accurately, there has not yet been introduced legislation to obtain the needed "fast-track" authority from Congress; without that provision, any trade agreement would be subject to impossibly complicating amendment.

But a great deal has happened here. Chile has reached agreement with Mercosur to become an active associate member of that pact. Chile has concluded agreement independently with Canada to establish free trade with that country, while it had already done so with Mexico. Chile has become a member of APEC. Chile is engaged in negotiation with the European Union to examine what relationship may occur with those

countries in the future. And Chilean barriers to trade, already low, are likely to move lower in the future.

And in addition, I am, of course, aware of more recent events detracting from the bilateral relationship. There is the lingering grapes episode from 1989. There is the California court ruling in June barring, on sanitary grounds, imports of chips and logs from Chile, New Zealand and Siberia. That led, erroneously, to banning of an import of processed timber, a move which was shortly reversed. In reality, something like 97% of export permits are still valid. Then, more recently, US salmon producers filed a complaint against alleged 'dumping' by eight Chilean salmon exporters. Since United States imports account for more than half of Chilean exports of salmon and trout, this is the more serious case. And on the other side, there are barriers to import of US wheat that have created a bit of a fuss.

I do not want to get into any of these specific issues. I do not know enough about them to say anything that might be useful. I simply want to note that these kinds of problems have become virtually a daily affair. With the European Community and Japan there is an immense range of issues that constantly arise: note the recent question of the merger of Boeing and McDonnell Douglas that almost led to severe difficulties involving the US and Europe. In a world of expanded trade -and trade has been growing at a rate of twice that of world gross product- such conflicts are inevitable where private interests have the democratic right to assert an opportunity to present their view. That does not mean that the private view is correct or ultimately prevails. But there is no alternative to giving it a voice.

On the question of "fast-track" and the Free Trade Area of the Americas, the Clinton Administration has just made a commitment to introduce the needed legislation on September 8. The next months should thus see a broad public debate on this issue in the United States. I hazard the guess that the Administration will get what it needs in order to move the process of freer trade in the hemisphere along. To come to Santiago without such authorization is virtually a default to a Brazilian initiative in favor of a South American Free Trade Area as a prelude to ultimate and eventual negotiation with NAFTA. To come to Santiago with that authority is to give the United States an opportunity to provide new leadership and sustained commitment to a broad and effective Free Trade Area of the Americas that will take shape in future years.

But it is essential to note that regardless of the initial route taken, the ultimate destination must be the same. The United States is too large and too important to ignore. A rapidly growing and developing Latin America needs both the commercial opportunity as well as the political alliance as an important source of support to the new development direction the region is taking. Even if the United States cannot directly provide resources to bail out Argentina, or Brazil, or Chile from financial problems, as it did Mexico, it can be of great assistance nonetheless in making markets aware of the changes occurring in the area.

What is important about an eventual regional group is not the static gain to be achieved from reduction in the levels of protection. Tariff levels have already fallen substantially throughout the area. The major benefit is the stimulus to new and expanded trade. Note that exchange with Mexico proceeded at much higher annual rates of growth subsequent to NAFTA than before. And the correlate of more rapid increase of trade and greater foreign investment will reinforce domestic factors making this a period of return to the developmental advance of past decades.

Therefore I diverge from those who argue that the most appropriate direction for Latin America in the future is the multilateral route through the WTO rather than the regional route with subsequent reduction of limitations to all trade. The United States is important as market as well as source of imports, foreign investment and technological change. For the countries of the region, newly committed to the importance of international trade, there is advantage to a proximate and committed neighbor. By next April, at Santiago, there will be an opportunity to judge whether the United States qualifies.

But the story of Latin American development will not end, even with the ultimate success of the Free Trade Area. History continues after 2005 and much more will be needed. The third and future act deals with the most important social problem facing the region, the highly unequal distribution of income found there.

Because the countries of the region have now consciously moved to a more market oriented strategy -as have the former Communist countries- this does not remove the state obligation for assuring access to education, health, adequate housing, etc. Populism is not the way to accomplish these objectives. Countries of the region have had adequate experiment to learn that higher minimum wages, price controls, rationing, and even highly differentiated tax rates, do not really work. Their first positive effects are replaced by subsequent negative ones as rules are avoided and evaded.

Improvement in education yields real social returns. The World Bank finds rates in excess of 25 percent for primary education, 15 to 18 percent for secondary and 13 to 16 percent for tertiary. East Asia stands as the classic case, with a higher increase in gross product for additional investment than is found in other regions. In good measure that reflects the advantage of assuring universal access. In Latin America, in many countries, this is the rule, but not the practice. Grade repetition, lack of completion even of primary school, and poor quality are the realities.

Education is also the factor that shows up repeatedly as the most important one in explaining differences in income levels, holding all other factors such as age, sector of work, occupation, etc. constant. One recent study shows Latin Americans with no schooling having a 56 percent probability of being in the lowest fifth of the income distribution, while those with university training had only a 4 percent chance. The proportions reverse at the top end. Undoubtedly education is partially serving as a proxy for other factors such as school quality and family characteristics. But its repetitive

importance makes abundantly clear that hopes for bettering the income distribution start with this factor.

More active participation by government is necessary, particularly at the local level, where efforts must be undertaken to promote attendance and to maintain school quality. Curricular reform is urgently required in many countries. Beyond this, there is real need to confront the misallocation of resources inherent in extensive state subsidization of higher education that is repeatedly found in the region. The pattern of private secondary training to enable students to pass entrance examinations to free public universities is characteristic of the region. Those who can afford to pay at the earlier stage are those who benefit later from access to expensive -but unpaid- training.

What is true for education also is characteristic of a whole range of ancillary activities with similar effects in improving the quality of labor: improved nutrition, better health and other social investments. Indeed, for some lower income countries, the effect of such outlays may be greater than for education itself.

The great problem of such a strategy is that its effects are delayed by a generation, and governments seem always pressed by more immediate priorities. Chile merits credit for being an exception to this rule. But the lag in effect is real and must be compensated for. Those of the previous generation will not benefit. For them, the principal hope remains rapid economic advance, with provision for greater social services for those with inadequate incomes.

In such a third act, the focus is inherently domestic. The United States can help in a variety of ways, such as providing access to the new technology of the internet that is expanding at an enormous rate. The resources of the World Bank and IDB will also supplement. But the real political support necessarily must emerge locally and continuously. Without such a change, in another twenty five years, the same problems and deficiencies will remain - as has been true of the last twenty five.

But the mood of the region is shifting. There is now a new realism everywhere. That is a cause for a new optimism. Perhaps the beginning of the 21st century will later be known as the Latin American "miracle."

Submission to Brazilian Publication "Amanha"

President Clinton's Visit to Brazil: a Prelude to Cooperation or Strife

by Michael May and Sidney Weintraub

Questions have arisen in Brazil regarding U.S. policy in the Americas, especially the effect that the passage of fast-track negotiating authority will have on American involvement in the region. Once formally requested by the president, the U.S. Congress will need to approve the proposal. Fast-track negotiating authority is crucial in that it would allow the president to negotiate trade agreements that would be voted on by the Congress without amendments. Fast-track gives U.S. trade negotiators credibility in that potential partners in a free-trade negotiations would know that the accord reached with the U.S. executive branch would not be substantially changed by the Congress, although the agreement need not necessarily be approved. In fact, there is a growing feeling in the region that the lack of fast-track authority has diminished the posture of the U.S. abroad.

Despite scepticism that exists in some Brazilian circles, the granting of fast-track is preferably before the hemispheric negotiations start but surely before they are concluded, the necessary requirement that would permit the United States to fulfill the 1994 commitment that it undertook, along with 33 other nations present at the Miami Summit, to reach a Free Trade Area of the Americas (FTAA) by 2005. Brazil affirmed this agreement and continues the support its concept. Although there may be disagreement as to the timing, approach and scope of the FTAA, most of the countries of Latin America and the Caribbean support U.S. involvement in the region and would be disappointed if President Clinton arrived at the Santiago Summit in April 1998 without fast-track negotiating authority in hand.

The President Clinton's October, 1997 visits to Argentina, Brazil, and Venezuela will provide an important opportunity to cement relations between the United States and these countries and serve as a prelude to the Santiago Summit by providing a benchmark of U.S. intentions in the area. A successful Clinton journey could mirror the accomplishments resulting from the earlier fruitful visit of President Cardoso to Washington. The stopover in Brazil will clearly be the make or break element of the trip. This is particularly true in the area of trade. Both countries need a catalyst that will encourage greater hemispheric cooperation. U.S. relations with Argentina are the warmest they have been in years, particularly because virtually all of the seriously contentious bilateral trade problems have been resolved. U.S. trade relations with Venezuela are relatively noncontentious. This is less true for Brazil-U.S. trade relations.

President Clinton must show the Brazilian government and population that he recognizes Brazil's stature in the region and the world. He must also support the many dynamic reforms undertaken by President Cardoso. However, there are differences as to how free trade in the Americas should be accomplished. Without fast-track, when the Santiago summit takes place, Clinton would be seen by informed Latin Americans as coming with half empty hands. Conversely, with fast-track approved, Clinton would be perceived as ready to engage the United

States in serious trade bargaining. Future hemisphere integration and economic growth will depend, to a large degree, on Brazil and the U.S. jointly adopting a mature position of mutual cooperation. Inflexibility and short-sightedness on the part of either Brasilia or Washington would be harmful to both countries and the hemisphere as a whole.

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BODY:

In this week's state visit to Mexico, President Clinton has an historic opportunity to bridge the enormous chasm now existing between the U.S. and Mexican governments, and the increasingly poisonous atmosphere surrounding public debate in both countries. On this first official trip to Latin America, he also has a chance to demonstrate U.S. concern about the region as a whole.

Presidents Bill Clinton and Ernesto Zedillo have forged a friendship in the crucible of crises. Zedillo owes a huge debt to Clinton for his unflinching support for the North American Free Trade Agreement and for helping Mexico stabilize the peso, for his refusal to engage in Mexico-bashing over immigration during the 1996 presidential campaign and for his recent certification that Mexico is "fully cooperating" in counter-narcotics efforts. For his part, Clinton considers that Zedillo and his key advisers have acted with bravery and intelligence in the face of very tough problems largely not of their own making.

The mutual respect between the two heads of state is shared among top officials. Cabinet diplomacy between the two nations is broad and deep. A myriad of issues, ranging from border crossings to capital market regulations to agricultural trade to border environmental protection, makes up the most complex agenda existing between an industrialized and a developing economy. While progress is more rapid in some areas than in others, the overall direction of change is toward greater cooperation and understanding in official bilateral relations.

Yet this progress is now threatened by tumultuous popular debates over drugs and migration. The U.S. public increasingly views Mexico with suspicion and disdain, denouncing its government as riddled with narcotics-enriched corruption, prone to stonewalling U.S. officials and defrauding its own citizens. In reaction to these negative images, many Mexicans view the United States as arrogant, hypocritical and threatening. These perceptions tend to be reinforced by U.S. media silence on such issues as arms smuggling into Mexico, drug-related corruption in the United States and contribution of migrant workers

to the U.S. economy.

President Clinton can begin to alter these public perceptions by addressing -- frankly and respectfully -- the key issues that bind the two neighbors: democracy, economic prosperity, effective governance and inter-American cooperation.

Clinton can fortify Mexico's progress toward democracy by meeting with leaders from all three major political parties and by repeating assurances that the U.S. government will work with whichever parties win open, transparent elections. He should also meet with leaders from the private sector and civil society, thereby signaling that democratization begins at the ballot box but must also encompass a broad array of social forces. By these actions, Clinton would demonstrate to the U.S. public that Mexico has traveled further down the democratic path than many realize, while satisfying Mexican citizens that the United States truly supports their quest for genuine democracy.

Clinton and Zedillo can rightfully congratulate each other on the courage they demonstrated during the 1994-95 peso crisis and praise NAFTA for attenuating some of the harshest effects of that crisis. They can compare their priority programs to deliver better education to more people, programs which are the centerpieces of their poverty alleviation efforts. Their economic message will be clear: the NAFTA partners are working together to safeguard economic stability and social progress throughout what is becoming the world's largest single market.

The two leaders also need to lay out a plan for extending the vision of the NAFTA southward, to negotiate the Free Trade Area of the Americas as endorsed at the 1994 Summit of the Americas in Miami. Most important, both countries have deep interests in constructing a strategic alliance -- centered on trade but extending to a panoply of common concerns -- throughout the Western Hemisphere.

Effective governance remains the most difficult current challenge in bilateral relations. President Zedillo recognizes the U.S. demand that Mexico must do better in law enforcement, especially in regard to drugs. For his part, President Clinton should acknowledge -- openly and publicly -- the fact that international drug trafficking responds to the power and presence of demand in the United States, the world's largest consumer market for illicit substances. He should credit Zedillo and his team for their recent efforts. Privately, perhaps, he might also acknowledge the problems posed for Mexico by the contentious and controversial process of U.S. certification.

On an issue of special importance to Mexico, he should pledge increased efforts to halt the flow of illegal arms into that country from the United States. And, more broadly, the President should lay the groundwork for a unilateral anti-drug campaign designed to reduce consumer demand, punish money laundering and strengthen law enforcement throughout the hemisphere.

If Clinton can show that the United States is not the problem, but rather is part of the solution, he can convince the Mexican public that the United States is indeed a valued partner. If he can persuade citizens back home that most Mexicans indeed want to work with the United States, he can begin to build a broad public constituency in favor of deeper bilateral cooperation. This would be a major step toward unifying perceptions among governing elite and common citizens on both sides of our long, shared border.



LEXIS·NEXIS



LEXIS·NEXIS



LEXIS·NEXIS

The San Diego Union-Tribune, May 4, 1997

By improving our relationship with Mexico, Clinton can also strengthen our ties with Latin America. These same basic issues -- democracy, prosperity, effective governance -- will frame the agenda for the hemispheric summit scheduled for Santiago, Chile, in March 1998. The president's visit to Mexico provides an exceptional opportunity for the United States and Mexico to develop common approaches toward key concerns, improve understanding, and thus enhance the prospects for inter-American cooperation.

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TOM QUIGLEY

II Latin American Conference on the Pastoral Work for Human Rights Lima-Perú, August 27-31, 1997

Presentation from the United States

INTRODUCTION

I would like, in the first place, to express my appreciation and gratitude to the organizers of this II Encuentro for inviting me to participate in this very rich and important event. I want especially to thank Fr. Leonidas and Laura Vargas, tireless workers for the defense and promotion of the fundamental rights of every person, especially the most needy.

The theme of this meeting, education in human rights, offers an opportunity to reflect on the various and different ways in which the defense and protection of human rights forms an almost invisible backdrop to so much of the activity of the Church, even when--or especially when--the concept of human rights as such is not adverted to. That is, a great deal of what goes on in our programs of human promotion, community organizing, political advocacy and the like--what we usually speak of as our Christian responsibility in and to the world, the constant search to apply the principles of Catholic social teaching and Gospel values to our everyday lives--is actually a participation in the pastoral action for human rights.

EVANGELIZATION INCLUDES HUMAN RIGHTS PROMOTION

"The pastoral of human rights," as CELAM's Social Pastoral Department¹ has stated, "is the evangelizing mission that the Church, through its communities and institutions carries out in the area of the defense and promotion of human life and dignity, as the extension of the liberating mission of Jesus of Nazareth and with the participation of men and women of good will."

In their brilliant presentations at the I Encuentro three years ago, both Bishop Irizar and Fr. Leonidas explored the rich tapestry of Catholic teaching on human rights from the Sacred Scriptures to the early Fathers to the latest encyclical of Pope John Paul II. While the term "human rights" has come into vogue mainly in this century, the promotion of the dignity and fundamental rights of the human person, *imago Dei*, has been our teaching and (with the well known unfortunate exceptions) our practice since the very beginning.

HUMAN RIGHTS PASTORAL IN THE U.S.

Let me speak about the experience of the Church in the United States. While there has been a presence of the Church in parts of what is today the United States since the 16th century, the relevant timeframe for our discussion is the last century and a half, from roughly the 1840s to the present. It is in this period that the Catholic community grew from being a small and somewhat marginal part of the new republic to being today the largest religious community in the country. During that time, there have been successive waves of immigrants, mostly poor, fleeing famine, discrimination, even outright persecution, all seeking a better life. Many of the immigrants were Catholics--first the Irish and Germans, then the Italians and Poles, later the Cubans and Mexicans and Haitians, the Central and South Americans from many countries of our hemisphere, as well as from Vietnam and the Philippines and from numerous

other countries.

LABOR RIGHTS

In each period, the Church has been a source of assistance and welcome for the in-coming poor and needy. In the late 19th and early 20th centuries, Catholic social teaching on the dignity and rights of workers, and the personal engagement of many "labor priests" and the Jesuit-directed Labor Schools in several cities, offered outstanding examples of the pastoral of human rights, understood primarily under the rubric of labor rights.

CIVIL RIGHTS

In the great moral drama of the last century, the struggle to end the evil of slavery and racial discrimination, the Catholic community was not a particularly significant actor. But the teachings of the Church on racial equality and the firm commitment of today's Catholics to inter-racial harmony and justice for all peoples represent another and very important arena of the pastoral of human rights. The term "civil rights" has been more often used, speaking to the rights that many citizens of our country, because of their color, had been denied.

PRO-LIFE SEAMLESS GARMENT

The Church's emphasis, especially in recent years, on the inviolable right to life of every human being, from the moment of conception to natural death, has put the Catholic Church and its teachings in the forefront of parts of the human rights movement, most notably in the very contentious debate in our country over the issues of abortion, of so-called "assisted suicide," and of capital punishment. The "seamless garment" approach advocated most notably by the late Cardinal Bernardin of Chicago makes the Church the outstanding organized defender of human rights in the U.S., despite the denunciation and vilification of the Church by many others who also claim the title of human rights advocates--namely, that of the so-called "right" to abortion.

The child in the womb, the mentally and physically handicapped, the aged sick and the condemned criminal have no stronger protectors in the U.S. than the leadership of the Church and the great numbers of active Catholics who march, demonstrate, write letters to elected officials--and pray--that the basic human rights of these most vulnerable of our society be respected and protected.

IMMIGRANT RIGHTS

Similarly with today's new waves of immigrants. Just as the Church defended the rights of the famine-driven Irish a century and a half ago, it today seeks to change both the political decisions recently enacted by state and federal governments that discriminate harshly against undocumented immigrants, and--just as important as trying to reverse the laws--it seeks to persuade, to move the hearts of people, to educate, so that the stranger will be welcomed, given a little help, given a chance to become valued and productive members of the society. As with the pro-life movement, the Church is the surest and strongest defender of immigrant rights in the U.S.

EDUCATION FOR HUMAN RIGHTS

How does the Church in the U.S. teach about human rights? How does it educate for human rights? With regard to the human rights issues I have mentioned above--the rights of the pre-born, the handicapped, workers and migrants, ethnic and racial minorities, etc.--the Church sponsors a variety of national and local offices focused on the specific issue. There is a National Catholic Office for the Deaf, a National Catholic Office for Persons with Disabilities; the National Catholic Conference for Interracial Justice, and so on.

Among groups with a conscious program of advocacy and education for human rights in more general terms, one would have to cite especially the national conferences of religious men and women, the Conference of Major Superiors of Men and the Leadership Conference of Women Religious, both of which do excellent work both of informing and encouraging their members in their own human rights work, and of engaging in direct programs of advocacy and action. Individual religious congregations, the Jesuits, Franciscans, Maryknoll and the Columbans, among others, have their own centers with programs of education and advocacy on human rights issues. The publications of some of these groups are outstanding, as is their outreach to specific segments of the population.

CARITAS AGENCIES

In the U.S., there are two affiliates of Caritas Internationalis, Catholic Charities-USA and Catholic Relief Services. Catholic Charities, organized on a diocesan basis, is by far the largest private sector provider of essential services to the poor in our country and engages in political advocacy on welfare rights and other human rights issues. Catholic Relief Services, which operates exclusively in other countries, is also the largest private U.S. voluntary agency engaged in programs of emergency and disaster relief, international economic development, and human rights advocacy.

Both Catholic Charities and CRS emphasize human rights, in the funding they provide for local groups, whether in the U.S. or abroad, and in the educational materials they produce for their support base at home. A few years ago, CRS began funding a local, diocesan human rights agency, the office for human rights of the Archdiocese of Guatemala (OSSAG). Since then, they have provided necessary start-up funding for other local human rights agencies of the Church in Latin America, in Africa and in Asia. Increasingly, CRS has come to define its mission in terms of advancing the cause of justice and peace in whatever country they work in. Thus, pastoral action for human rights has become a central focus of the work of CRS.

THE EPISCOPAL CONFERENCE

Possibly the most direct and relevant aspect of the U.S. Church's education on human rights is the work of the U.S. Catholic Conference. Let me say a bit about that. Just as there are two Caritas agencies within the U.S. Church, one domestic, the other international in scope, so there are two sides to the social policy and political advocacy offices of the U.S. Bishops' Conference. Both offices, Domestic Social Development and International Justice and Peace, form one Department of Social Development and World Peace.

SDWP

It is this department that staffs the bishops' committees that have issued numerous statements on human rights, both at home and abroad. Major letters, such as the pastoral on Catholic Social Teaching and the U.S. economy, "Economic Justice for All," as well as the pastoral on modern war, "The Challenge of Peace: God's Promise and Our Response," and the statement on "Relieving Third World Debt," all staffed by that department, are expressions of the Church's social teachings, applied to specific situations. Thus, human rights documents.

Similarly, a number of other statements and practical resources for use in local parish study groups have come from the department: "Communities of Salt and Light," a manual on the social mission of the parish, another document commemorating the tenth anniversary of the peace pastoral, "The Harvest of Justice is Sown in Peace," another anniversary reflection, "A Decade after Economic Justice for All," a pastoral reflection on the environment and a call to ecological justice, "Renewing the Earth," several documents and parish resources on health care reform, welfare reform, global food policy, and other issues.

One of the most widely used teaching documents is one that addresses a range of domestic and international justice issues. Every four years, in the year preceding our national elections, the Conference publishes a booklet called "Political Responsibility" which lays out the positions of the bishops on some two dozen issues, from abortion to welfare reform, all of which are in some way a part of the political debate in the country. Its purpose is to educate the public on the moral implications of the votes they will cast the following November.

OTHER INFORMATION/ADVOCACY OFFICES

In addition to the public education and advocacy work of this Department, many other offices of the Conference are engaged in education on specific aspects of human rights issues: the offices of Education, Pro-Life Affairs, Migration and Refugee Services, Hispanic Affairs, African American Catholics, Ecumenical and Interreligious Affairs, Communications and Media Relations, and the Campaign for Human Development, a major domestic program funding community organizing programs among the poor, all involved in education on some aspects of human rights.

THE US CHURCH AND LATIN AMERICA

For many years, the Conference has addressed the human rights implications of U.S. foreign policy. Especially during the 1970s and 1980s, when U.S. foreign policy was so deeply involved with the various crises in this hemisphere, the USCC carried on an extensive program of what we could call "education on human rights." In those years, the Conference issued literally dozens of policy statements, expressions of solidarity with the suffering Church in various parts of Latin America, congressional testimonies dealing with Argentina, Brazil or Chile, with El Salvador, Nicaragua or Guatemala, Mexico, Cuba or Haiti and other countries where the policy of the U.S. government was heavily engaged. A number of official delegations of bishops and staff to most of these and other countries added additional moral weight and authority to the policy recommendations and gave visible expression to the

ecclesial unity and solidarity between the local churches.

RELIGIOUS LIBERTY ISSUES

In recent years, new attention has been directed to the religious freedom aspect of the human rights picture. Much of it is focused on the few remaining communist regimes that either directly persecute or severely limit expression of religious faith, especially the People's Republic of China and Vietnam, as well as a number of largely Muslim countries with particularly harsh restrictions on Christian life and practice, such as Sudan, Saudi Arabia, and Pakistan. The Conference has also addressed these concerns more explicitly in recent times, while noting that the great bulk of our activity on human rights in the past, the Latin American issues, clearly involved the issues of religious liberty. Bishops, priests, religious, and many hundreds of catechists and other committed lay people suffered attacks of every kind, from verbal abuse to arrest, imprisonment, torture, exile and even death at the hands government officials and para-military bands. Religious freedom and the rights of believers were just as seriously violated then as anything that is happening today in other parts of the world.

THE HUMAN RIGHTS MOVEMENT IN THE U.S.

Which brings me to my last point. The human rights movement globally, but especially in the United States, owes a great debt to you, the pioneers in the field of the human rights pastoral. It was precisely the violations of human rights in this part of the world, and the response of the churches here, that gave birth to the human rights movement in the U.S.

The human rights policies of the Carter administration, the creation of new human rights groups, the new vigor given to the Inter-American and United Nations commissions for human rights, the enactment of legislation in our Congress prohibiting military aid to countries with consistent patterns of gross violation of human rights, the outpouring of articles and books on human rights—all of this was framed by the stories of torture coming out of Brazil, beginning in the mid-1960s, then of other military coups and subsequent repressive policies in Bolivia, Uruguay, Paraguay, Chile and Argentina in the '70s, followed by the Central American crises in the later '70s and the '80s. The picture was framed by these issues, and was given flesh and blood by the heroic and dedicated response of Christians in each of these countries to the violence and abuse of their fundamental rights. Today's global human rights movement owes far more than is generally known to the pioneer work of the pastoral engagement of the Church in Latin America in its defense of the rights and dignity of the human person.

US-Latin American Relations

As President Clinton prepares for his second trip to Latin America this year--a week long visit to Brazil, Argentina, and Venezuela, beginning October 12--US policy in the region badly needs to be re-energized. US-Latin American relations, for the most part, remain cordial, but the opportunities for building a genuinely cooperative and integrated hemisphere seem to be slipping away. US policy and action in Latin America has been sharply constrained by domestic political imperatives--no matter whether Washington is dealing with the major issues of trade and economic integration, with the politics of appointing ambassadors to countries like Mexico and Argentina, with controversial themes like drugs and immigration, or with troublesome countries like Cuba and Haiti. Within the region, the United States is more and more perceived as a less than fully reliable partner, insensitive to Latin American concerns, and preoccupied with its own short-term interests.

The question is whether and how President Clinton and his advisors can reinvigorate US policy in the coming months, in time for a successful meeting of Western Hemisphere leaders at the second Summit of the Americas in mid-April in Santiago, Chile.

As it has been from the outset of Clinton's second term, the most critical uncertainty is whether the Administration will secure fast track negotiating authority from Congress this year. For most of Latin America, this is the acid test of the US commitment to building hemispheric free trade arrangements and stronger economic cooperation overall. Without fast track, the United States cannot make good on its promise to have Chile become part of NAFTA, nor will it have much credibility to engage the other nations of the hemisphere in free trade discussions. It will still be possible to launch negotiations for the Free Trade Area of the Americas (FTAA) at the Santiago Summit, but the exercise will generate little enthusiasm in Latin America.

The prospects are still good that the White House will secure fast track this year--but they are dimming as time passes. They suffered a major blow last week when the Administration, once again, failed to present fast track legislation to Congress--after publicly assuring everyone that it would definitely do so. The Administration's problem is not a new one. It has still not found an acceptable formula for dealing with labor and environmental standards in the fast track request.

The only solution that will get Congressional approval is for the Administration to accept the Republican demand for a "clean" fast track bill (i.e., with very weak or no labor and environmental conditions), and then use of the full weight of the presidency to press hard for the 60 to 70 Democratic votes needed for passage. Last week's delay hurt the prospect of fast track approval in several ways: It revealed that the White House remains divided on the issue and thereby further galvanized the opposition, and it reduced by another week the already short time frame for gaining approval. Yet, if Clinton gives fast track his top priority and throws himself personally into the campaign, he will probably win. He has got to do so within the next week or two, however.

US trade problems with Latin America do not end with fast track. Largely because of the influence of the US textile industry, Central American and Caribbean countries have been denied

NAFTA parity legislation—which would establish an interim trade arrangement to help protect these nations' economies by stemming the NAFTA-induced diversion of trade and investment toward Mexico. And the United States has not been willing to give a hearing to the Central American governments' request for a full free trade pact with the region.

The United States and major Latin American countries (most prominently, Brazil) are at odds over how the nations of the hemisphere should proceed toward the FTAA. There is broad consensus that FTAA negotiations should be formally launched at the Santiago Summit—but fundamental differences have emerged over the pace of the negotiations; whether efforts should be made to reach and implement partial agreements prior to the 2005 target date; and the role that subregional trading blocs like NAFTA and Mercosur should play in the negotiations once the FTAA is in place. Compounding the frictions over multilateral trade issues are a range of bilateral trade conflicts between the United States and most of its partners in Latin America and the Caribbean. Intellectual property rights remains a contentious issue, as does the range of US non-tariff barriers—anti-dumping actions, countervailing duties, and health and sanitary restrictions, for example.

U.S.-Latin American relations are suffering from more than frustrations over trade issues. This past month, the Clinton Administration announced plans for two security-related initiatives in Latin America, both meant to underscore growing US confidence in the region's governments. Washington lifted its twenty-year old ban on the transfer of high tech weapons to Latin America, and proposed a special security relationship for Argentina, to designate that country a major non-NATO ally (a category heretofore reserved for a handful of countries like Israel, Jordan, and Korea that are close US partners in actively hostile situations). The reaction in Latin America—particularly among the countries most affected—has been almost the opposite of what was intended. Instead of good will, the announcements provoked suspicions about US aims and rekindled some of the historic anxieties among Argentina, Brazil, and Chile. The United States needs to stop taking important decisions about Latin America in an ad-hoc fashion. In concert with other governments, Washington needs to shape a coherent policy on security issues to guide future decisions, and help to explain them. It should focus on promoting regional transparency on all military initiatives, developing arms restraint regimes, resolving border conflicts, and enhancing civilian control of the military.

Within the next week, the Administration is required to present a report to Congress, giving an updated review of US-Mexican cooperation against drug trafficking. (The report was mandated by Congress as a condition for agreeing, earlier this year, to certify Mexico as a reliable US ally in the war against drugs.) The findings are not likely to present a very positive assessment of Mexico's antidrug efforts—just the opposite, in fact. Coincidental with the initiation of the fast track debate, the report could well open a new round of anti-Mexican and anti-NAFTA criticism in the United States, and new calls for the decertification of Mexico (although these will be resisted by the Administration).

US drug policy will remain a constant source of friction in US relations in the hemisphere as long as Washington insists on unilaterally judging the counter-narcotics efforts of other

countries and penalizing those that do not meet its standards. Meanwhile, the one country that has been decertified by the United States--Colombia--continues its downward spiral of political and economic deterioration, mounting violence and human rights abuses, and loss of territorial control to drug criminals, guerillas, and paramilitary forces. Most of this cannot be blamed on decertification, although US policy has certainly not helped Colombia deal with any of its problems.

Another issue increasingly dividing the United States and Latin America is immigration. Although they mainly affect Mexico, Central America, and the Caribbean, the harsh US immigration laws that took effect this year--and the record number of deportations they have produced--are seen throughout the region as demeaning to Latin America. The fact they were approved without concern about (or even consideration of) their effects on other countries reinforces the Latin American view that the region is a low priority for the United States.

US policy toward a number of specific countries will also importantly influence the broader US-Latin American relationship. Washington's Cuba policy, a source of continuing friction with Latin America, will most probably become more intransigent in the coming period. A constructive change in US policy would be welcomed throughout the region, but unless there is a deep crisis in Cuba--resulting in another mass outflow of people and/or internal violence--that is not in the cards. The Administration's efforts to stay usefully engaged in Haiti, manage a graceful exit from Panama by the treaty date of 2000, and restore normal relations with Colombia are being closely watched in the region.

Interestingly, only trade--of all these contentious issues in US-Latin American relations--is now scheduled to be on the agenda for the Santiago Summit discussions of the hemisphere's presidents and prime ministers next April. More than anything, that suggests that the other issues--security and arms control, narcotrafficking, immigration, Cuba, and Haiti--are either too difficult or too conflictive for the heads of state to deal with them productively. The good news is that, if agreements can be reached on the trade front and the stage can be set for real progress toward hemispheric economic integration, these other problems will become relatively less important and probably easier to address. The bad news is that, if the trade discussions do not produce satisfactory results, US-Latin American relations could take a turn for the worse--as more antagonistic issues come to dominate the inter-American agenda. Nothing, in short, would do more to revitalize US policy toward Latin America than an energetic White House campaign for fast track legislation and its prompt approval by Congress.

Peter Hakim, for Oxford Analytica
September 14, 1997

Washington Post, 12 December 1996

Bernard Aronson

Strengthen Democracies, Not Armies

With democracy ascendant in our hemisphere, Latin America has a historic opportunity to redefine the role of its military, traditionally the greatest obstacle to democratic stability. Unfortunately, that opportunity will be endangered if the Clinton administration goes ahead with its plans to end a two-decade-old ban and resume sales of sophisticated U.S. weaponry to Latin American militaries.

Until recently, the military in Latin America traditionally viewed itself as the self-appointed guardian of the nation's order and sovereignty, separate from, and ultimately, above the state. But the military dictatorships of right and left that ruled through the 1970s and '80s left a legacy of violence and economic mismanagement, and there is no popular nostalgia for their return. The guerrilla insurgencies which, during the Cold War, provided a national security rationale for military dominance have in most cases ended. And burgeoning intra-regional trade has begun to erode the border rivalries that once justified large defense establishments.

These historic changes, coupled with the pressures of shrinking public resources on military budgets, have offered Latin Americans a unique opportunity to transform the military into a normal, civilian-dominated branch of government.

The administration's impending arms sales presupposes that this important transformation has already taken place. In reality, the delicate balance between civilian and military power in Latin America has only barely begun to tilt toward the civilian side, and the administration's decision risks tilting it back in the other direction.

While elected presidents hold office in every Latin American nation except Cuba, not one exercises the authority over the military that every Western democratic leader assumes automatically upon taking office. In most Latin nations there is still no real civilian-military dialogue, and at best only rudimentary oversight by elected legislatures.

The threat of military coup d'état has diminished, especially since foreign ministers of the Organization of American States agreed in 1991 to confront them collectively. Yet twice in 1992, rebel Venezuelan military forces nearly overthrew the civilian president, and this past April, a Paraguayan general almost toppled that nation's first democratic government. Though border tensions have lessened, Colombia and Venezuela periodically rattle sabers over disputed island territories, and last year Peru and Ecuador fought a bloody border battle.

Apparently, the administration believes that resuming U.S. arms sales will strengthen democracy—and implicitly civilian rule—by recognizing and rewarding those Latin militaries that have accepted democratic governance, as well as those that have supported recent negotiated settlements of disputed boundaries. Militaries still threatening hostilities, such as Peru and Ecuador, would continue to be excluded, the administration stresses.

This view would be more credible if civilian presidents and populations in Latin America were asking for new weaponry, but the opposite is true. Throughout the hemisphere, civilian leaders are struggling to reduce bloated state budgets and payrolls as part of far-reaching structural economic reforms designed to restrain inflation and attract foreign investment. Civilian populations—whose real wages still have not recovered from the lost decade of the 1980s—are pressing new democratic governments for safe drinking water, sanitation, health services, basic education and housing.

To feed the appetites of Latin American militaries for sophisticated weapons they do not need at a cost no Latin nation can afford—and to do so against the private wishes of democratic leaders—would undermine civilian authority and heighten regional tensions.

Chile, for example, faces no discernible military threat. Yet no Latin military is pressing more aggressively for sophisticated armaments, including advanced fighter aircraft. The commander of the Chilean army, Gen. Augusto Pinochet, holds that position not because the elected Chilean president appointed him but because Pinochet installed himself through the year 1998 by constitutional amendments he imposed as a condition of relinquishing power over the government. Under other provisions imposed by the military, the elected president cannot remove an armed service chief, and the Chilean armed forces have an automatic claim on 10 percent of the nation's copper export revenues. This is hardly a model of civilian control worthy of reward.

If Chile upgrades its military capabilities, the military in neighboring Argentina, Chile's historic rival, will demand new armaments to counter the perceived threat. Extreme Argentine nationalists—no friends of democracy—will press the civilian government to buy them. Argentina is just now emerging from a deep self-imposed recession, engineered to stave off capital flight following Mexico's peso crisis; unemployment stands at 17 percent. The sale of jets to Chile, warns Jorge Domínguez, Argentina's civilian defense minister, "is neither suitable nor necessary for the needs of the region."

The U.S. administration argues that if this country did not sell the high-tech weapons to Latin America, France, Russia or others would fill the vacuum. The weapons, then, would still flow, while the United States would lose influence, revenues and jobs—and would exercise less control over the end use and transfer of the arms.

Instead of acquiescing in this false choice between foreign and U.S. arms sales, the administration should exercise real leadership in the hemisphere by endorsing and vigorously supporting the growing civilian call for regional arms control. The hemisphere is ripe for negotiations on agreed regional balances of conventional weapons, limits on acquisitions of destabilizing new weaponry and confidence-building measures among Latin militaries.

To succeed, a new Latin American conventional arms control regime must not appear to be imposed by Washington. But with presidential leadership, the United States could be far more energetic and creative, through the OAS and other regional groupings, in support of a arms control agenda emerging from Latin America. At Latin request, for example, NATO and the Warsaw Pact could share their experience with conventional arms control in Europe. The United States should support, also, a long-standing Argentine proposal to establish a regional center under U.N. auspices where Latin militaries could train with Western militaries for international peacekeeping duties.

With arms control agreements in place and Latin militaries engaged in international peacekeeping missions, the United States could respond legitimately to reasonable requests to upgrade Latin military forces, so long as those requests were initiated by civilian leaders, sanctioned by regional agreements and consistent with acceptable human rights practices. Such a policy would be far more worthy of U.S. leadership in the Americas and far more supportive of democracy.

The writer was assistant secretary of state for Inter-American Affairs from June 1989 to July 1993.

LEVEL 1 - 1 OF 1 STORY

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August 17, 1997, Sunday, Final Edition

SECTION: OUTLOOK; Pg. C05

LENGTH: 1734 words

HEADLINE: As Its Civil War Intensifies, Colombia Emerges as the Bosnia of South America

BYLINE: Ana Carrigan; Robert O. Weiner

BODY:

"Your time has come . . . we have come to clean up this region just as we are doing in other provinces, and we will start with you. We know your movements very well. We are following step by step"

This threat was not issued by Serbs engaged in ethnic cleansing in Bosnia. It came from paramilitaries in Colombia who slaughter civilians in that country's growing civil war. The reality it reflects should cause Americans to recast the common image of Colombia: the cocaine republic whose civilian "democracy" has been corrupted, but whose military, committed to the rule of law, remains a steadfast partner with Washington in the war on drugs and leftist guerrillas.

Colombia, in reality, is something different: a failing state where murderous warlords, with the tacit cooperation of the military and narco-trafficking organizations, have pushed the country toward de facto partition. In the process they have marginalized many of Colombia's democratic institutions. Though Washington's drug warriors have been slow to notice, the spread of this "dirty war" -- not the country's drug cartels -- is the greatest threat to Colombia, its neighbors and the interests of the United States.

Late last month, the Colombian government reluctantly agreed to the Clinton administration's conditions for more than \$ 100 million in police and military aid. After months of resistance, the country's security forces agreed not to put weapons and equipment into the hands of those implicated in serious human rights violations. But it remains to be seen whether this agreement will have any real effect in the face of opposition from military hard-liners who say the conditions violate the Colombian constitution and U.S. congressional critics who believe the administration is hindering the drug war.

Meanwhile, Colombia is tearing itself apart. It is fast becoming a Bosnia, or the closest thing to it in this hemisphere. There are three parties to Colombia's struggle:

Private paramilitary armies: Sponsored by wealthy landholders and protected by the regular Colombian army, they now operate with murderous impunity across half of the national territory.

Left-wing guerrilla organizations: Long the de facto authority wherever the



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The Washington Post, August 17, 1997

state failed to establish its presence, they have expanded their reach to more than half the nation's rural municipalities. They kidnap wealthy foes, extort "war taxes" to fund their activities and mete out their own brand of justice.

The government: Increasingly irrelevant, it is struggling to regain its authority over the military and its ability to protect the people.

As in Bosnia's ethnic cleansing, civilians are the main target in this struggle, with the paramilitaries inflicting some 60 percent of the casualties. Col. Carlos Alfonso Velasquez, the former number-two commander in northern Colombia, was cashiered by the high command last December for reporting on official failure to address the savagery of the paramilitaries. Velasquez says the military has adopted a logic that regards civilians in contested zones as part of the guerrillas' political structure. The paramilitaries massacre these civilians, fulfilling the military's desire for high body counts and enabling their sponsors to consolidate and expand their land holdings. There were an estimated 3,000 political killings in 1996 in Colombia and the number is expected to rise this year.

Recent fighting around the village of Mapiripan in a guerrilla-controlled area of southeast Colombia was typical. Three weeks ago, a uniformed column of paramilitaries kidnapped and executed 30 civilians over the course of five days, according to the mayor and other survivors from the village. Five decapitated bodies were recovered. A week later, leftist rebels took credit for killing 26 uniformed men whom they said were regular army soldiers disguised as a paramilitaries who had carried out the first massacre. The government denies its soldiers took part in the attack.

Such violence reflect both madness and method. The paramilitaries, armed with sophisticated weapons, target people -- a schoolteacher, a shopkeeper, a bus driver -- who, they say, put ideas into the heads of future guerrillas, food in their stomachs and wheels under their feet. At least one group also openly totes an electric saw for dismembering its victims.

The guerrillas have perfected kidnapping as a means of raising revenue and many also profit by providing armed protection for coca growers. A State Department report estimates that the rebels are also responsible for a third of political killings in 1996.

Along the fault line between guerrilla and paramilitary territory, the violence has displaced families on a scale never seen before south of the Panama Canal. UNICEF reported earlier this year that 1 million Colombians -- about one out of every 40 citizens -- have been forced from their homes.

Emerging from the war zones of rural Colombia are virtual rump republics accountable only to paramilitary leaders such as cocaine millionaire and landowner Carlos Castano. Described by Newsweek as "Latin America's most notorious death squad leader" and by the State Department as a "known drug trafficker," Castano is the most powerful of a dozen or so paramilitary chieftains who operate autonomously yet increasingly see the benefits of working together to maximize their political clout.

Castano has murdered his way to control of a neo-feudal empire stretching across half of Colombia. He has also overseen a perverse, personal version of land reform. In addition to paying the 2,000 soldiers in his personal uniformed

The Washington Post, August 17, 1997

army a reported \$ 400 monthly salary, he has donated thousands of acres to them and their relatives -- land which he told one Colombian magazine he had "liberated" from its previous occupants.

Castano's criminal career encapsulates Colombia's institutional collapse. Colombian prosecutors say that he was a star pupil in the 1980s at hit-squad training schools that were sponsored by the Colombian army, funded by the Medellin cartel and run by Israeli and British mercenaries. Along with other graduates of this mercenary school, the Castano brothers delivered protection for the drug barons' properties and provided the army with cover for "dirty war" practices.

In 1993, Castano switched allegiance to the Cali cartel. As The Washington Post's Doug Farah reported last year, the Cali kingpins were collaborating with the government to bring down their chief rival, fugitive Medellin drug boss Pablo Escobar. Castano organized a terrorist force that liquidated Escobar's organization and helped Colombian police hunt Escobar down and kill him.

Castano, despite several arrest warrants for murder, enjoys a spotless criminal record. He has never been arrested. Last winter, when Minister of Defense Juan Carlos Esguerra (currently Colombia's ambassador to Washington) bowed to pressure from the U.S. embassy and offered a \$ 1 million reward to anyone who arranged for Castano's capture, most Colombians regarded the offer as a bad joke. Castano's whereabouts, after all, are not exactly unknown to the authorities. When reporters from the New York Times and Newsweek arranged to visit and interview Castano this spring, he noted that the local army base was "just over the hill" from his headquarters. To the chagrin of prosecutors, Colombian law enforcement officials insist they do not know where he is.

Faced with all this, U.S. policymakers have long seemed alternately divorced from reality and at war with themselves. Tethered to a military approach to the drug problem, the Reagan, Bush and the first Clinton administrations gave the Colombian armed forces largely uncritical support, enabling them to flout civilian authority and legal prosecution.

At the same time, the State Department has produced increasingly detailed human rights reports on the paramilitaries' role. Washington has also supported endangered Colombian anti-corruption fighters and human rights defenders like former prosecutor general Alfonso Valdivieso, now running for president.

Now that the State Department, under the direction of Secretary Albright, has made human rights central to Colombia policy, the Clinton administration faces two challenges. In Washington it will have to fend off a vocal faction in Congress that vigorously opposes such limitations on military anti-narcotics aid. In Colombia it will have to enforce the agreement that U.S. support not go to units commanded by known human rights abusers.

U.S. policy also is going to be challenged by Colombian politics. Last month, Colombian President Ernesto Samper, facing domestic pressure for peace and international scrutiny on human rights, fired the chief of the armed forces, Gen. Harold Bedoya. A booster of the paramilitary, Bedoya had resisted government overtures to the guerrillas and generally disdained civilian authority. Now he is running for president in 1998. With Valdivieso and other leading hopefuls talking about peace negotiations, Bedoya will be the leading proponent of military solutions to the problems of narcotics and insurgency.



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The Washington Post, August 17, 1997

Colombia's electoral choices next year will be stark: cultivating slender chances for peace or pursuing a war of annihilation against the guerrillas. The United States must confront a hard reality: The twin Colombian catastrophes -- the drug trade and crisis in human rights -- are interconnected. Both are promoted by the anarchic dynamics of the "dirty" internal war. Drugs, like guerrillas and paramilitaries, flourish in the absence of democratic politics. The United States has to give effective support to those civilians and military officers who believe in moving toward, not away from, the rule of law.

The Clinton administration should know by now that it cannot continue this effort alone. U.S. pressure is inevitably exploited by Colombian demagogues. A collaborative strategy among a group of friendly nations is needed. This will inevitably involve compromises with Latin and European allies who do not share all of Washington's views about the drug war.

Ana Carrigan is a freelance writer and the author of "The Palace of Justice: A Colombian Tragedy" (Four Walls Eight Windows). Robert Weiner coordinates the Latin America and the Caribbean Program of the Lawyers Committee for Human Rights.

GRAPHIC: Illustration, janusz kapusta for The Washington Post

LANGUAGE: ENGLISH

COUNTRY: COLOMBIA;

LOAD-DATE: August 17, 1997

from J. S. Tulchin

July 11, 1997

MEMO TO MACK

The key to engagement in Latin America is a loud, clear message. The message should be repeated often by a highly visible representative of the President and it should be linked closely to the President's visits to the region, to the upcoming summit - and to future ministerials - and be marked by specific concrete accomplishments.

As to substance, engagement in Latin America should focus on two subjects for action - increasing economic exchange and consolidating democracy - and two subjects for hemispheric goodwill - human capital formation and poverty alleviation. Each of these should be the focus of discussion during the President's trip and during the summit.

1) Economic exchange: THIS IS MORE THAN TRADE.

The nations of Latin America are focused on fast track, but their economic growth depends more on expanding investment and savings than on trade. Therefore, it is important to understand that Argentina, Chile, Brazil and the others want US investment as much as or more than access to US markets. Both are important.

ACTION: Fast track. This should be the President's #1 priority in the Fall. With the expansion of NAFTA will come all the other advantages that pave the way for investment. Pushing for fast track will be the clearest signal that the President cares about the region. Everything else is just talk.

ACTION: Hemispheric talks to fix rules for private sector exchange This might include stock market transactions, the protection of intellectual property, the adjudication of commercial disputes, and the reduction of money laundering.

2) Consolidating Democracy: EXERCISING LEADERSHIP

Democracy in Latin America is still precarious in many countries. In none are there strong institutions capable of withstanding powerful shocks. This is an area in which the US enjoys a massive comparative advantage, an area in which all of Latin America looks to the US with genuine admiration and respect. The stronger the democracies in the region, the stronger we are. Therefore, we should act to encourage the nations in the region to consolidate their democracies. We should speak often and loudly on issues such as judicial reform, police reform, political party organization, congressional procedures, freedom of the press, reducing corruption.

ACTION: support regional standards of democratic reform. This can be done by encouraging reliance on OAS conventions, by giving backbone to relevant IDB conditionalities, and by initiating other regional efforts to strengthen democracy.

ACTION: declare unequivocal US support for democracy in the region.

3) Human Capital Formation: PROVIDING ENCOURAGEMENT

4) Poverty Alleviation: SETTING THE RIGHT MORAL STANDARDS

These are critical subjects for the leaders of Latin America. However, it is not possible for any president of the US to intervene to good effect in these areas except as moral support.

ACTION: provide moral support. The President should support his colleagues in the region and encourage them to devote their political energies and the economic resources of their governments to these issues. The principal problem in Latin America is the legacy of centuries of social injustice and the alarming lack of any sense of community solidarity.

ACTION: give visibility to Latin America. The President needs a high-level official to speak on behalf of his administration about Latin America and he needs Latin American expertise in the White House.

from J. S. Tulchin

July 11, 1997

from J. S. Tulchin

July 11, 1997

Addendum

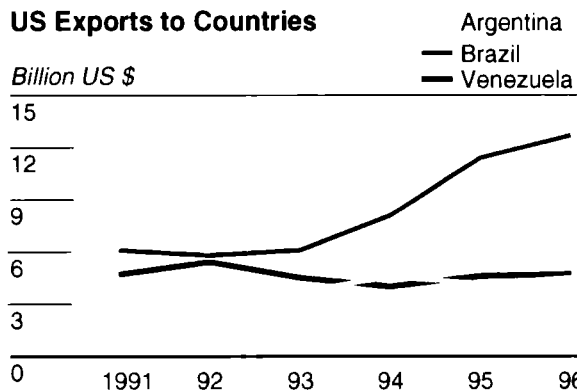
Since drafting the memo to Mr. McLarty, several issues have come into higher relief and should be taken into consideration as plans are drawn for the president's trip to Latin America in October. These issues affect the countries he is to visit and are currently at the top of their lists of priorities. As a consequence, if the president is not prepared to deal with these issues in his conversations, his ability to deal with the issues which are, in my opinion more significant and have longer term implications will be undermined.

- Mercosul/Merosur versus NAFTA/FTAA
- Brazil's aspirations to join the Security Council
this is tied in with the recent announcement of Argentina's special status and the impending sale of military high technology to Chile
- the Pentagon's announcement of a change in US policy on the sale of arms to Latin America

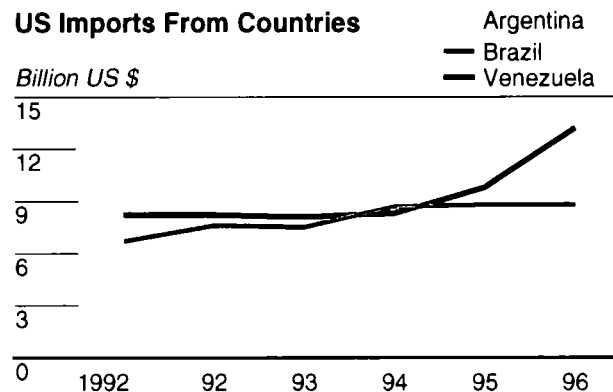
Argentina, Brazil, Venezuela: Economic Data

Note scale change

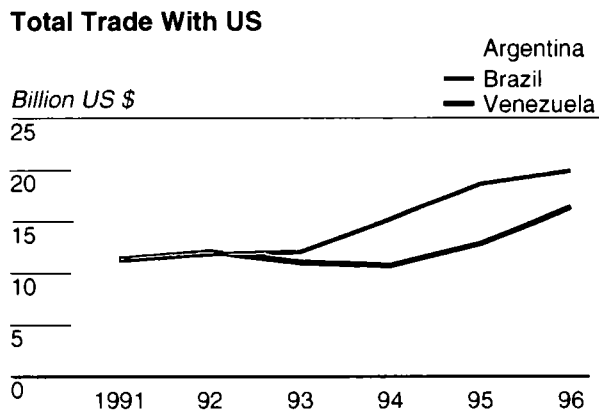
US Exports to Countries



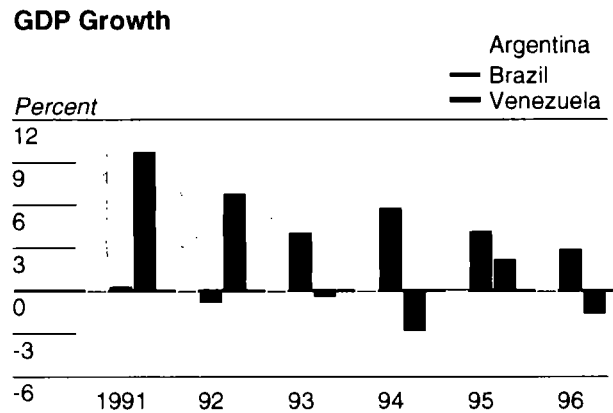
US Imports From Countries



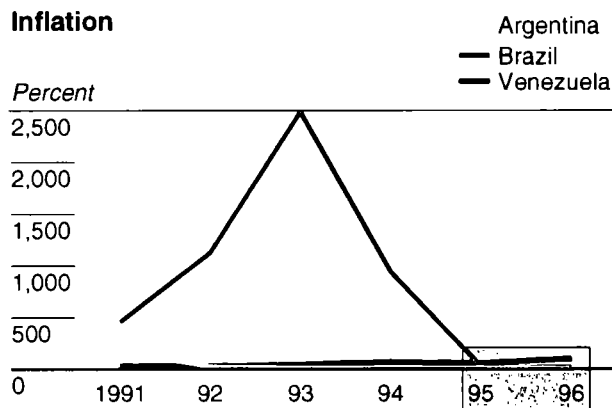
Total Trade With US



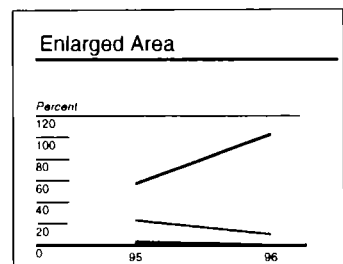
GDP Growth



Inflation



Enlarged Area



Source: US Government and Other Official Statistics.

Ricardo V. Luna
Ambassador of Peru

Washington, September 14, 1997

*I told Doshi
we should report that
we will see if he will come
way if he will come
SEP 18 1997*

Mr. Thomas "Mack" McLarty III
Counselor to the President and
Special Envoy to the Americas

Dear Mr. McLarty,

In preparation of his recent working visit to Washington, I made considerable efforts to arrange a series of meetings for newly appointed Foreign Minister Eduardo Ferrero, in order that he could briefly take up with interlocutors, such as yourself, an agenda of valuable content, bearing in mind that our bilateral relations are developing within delicate circumstances and a sometimes confusing regional atmosphere.

Unfortunately Secretary of State Madeleine Albright could not find a brief opportunity for an encounter and the Secretary of Defense had to cancel a scheduled meeting, due to a bureaucratic mistake.

Were I not apprehensive of unintended lapses in communication between our two governments, especially in the political-military sphere, I would not bother you specifically to ask your invaluable support so that the Secretary of State may receive Doctor Ferrero privately for a short but reasonable time at a moment she deems convenient, in the framework of the next United Nations General Assembly, between the 20th and 30th of September.

You are aware that the last two rounds of the first phase of conversations in Brasilia on the Peru-Ecuador peace process will end in the last days of this month (15th-19th and 23th-26th). Therefore, it would be useful if the meeting I am asking you to recommend can be held coincidentally with the second round of talks.

I will be very grateful if you can take a personal interest in this matter. In the meantime, I remain

Sincerely yours,

With personal regards.

Ricardo Luna

*Jeff
Luna's answer
Luna
cc: Dablin
Luna
Luna*

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

September 18, 1997

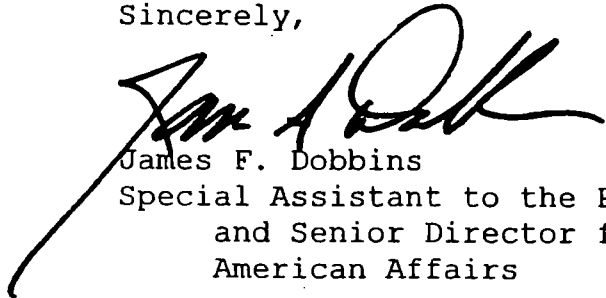
Dear Mr. Harman:

Thank you for your September 5 letter to Sandy Berger on the President's upcoming trip to South America. Mr. Berger asked that I respond to your suggestion that the President visit Morgan Stanley do Brasil while in Sao Paulo.

The responsible White House offices are just now focussing on the President's detailed itinerary while in Brazil. His time will be tightly scheduled, and I cannot say precisely which venues he will visit. But I can assure you that your suggestion will be carefully considered.

Again, thank you for your suggestion.

Sincerely,



James F. Dobbins
Special Assistant to the President
and Senior Director for Inter-
American Affairs

Mr. William R. Harman
Government Relations
Morgan Stanley & Co.
2 World Trade Center, 65th Floor
New York, NY 10048-0026

**MORGAN STANLEY & CO.***Incorporated***Government Relations****2 World Trade Center, 65th Floor****New York, NY 10048-0026****Date:** 09/05/97**TO:** Samuel R. Berger**Phone:** _____**COMPANY:** The White House**FAX:** (202) 456-2883**FROM:** William R. Harman**Phone:** (212) 392-8809**FAX:** (212) 392-0823**PAGES:** 6(Including Cover Sheet)**IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL:**(212) 392-2487**COMMENTS:**

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SEP 5 16:19

President Clinton Visit Proposal

Proposal

We would like to invite the President to visit the offices of Morgan Stanley do Brasil during his stay in São Paulo. We expect that during his visit to São Paulo, the President will want to make some public remarks regarding the role and importance of free trade throughout our hemisphere, and the roles technology, education and government can play in increasing cross-border commerce. We would like to suggest that the President use our offices as a backdrop -- and as an example -- for such remarks.

We feel that our facilities and our business in Brazil represent an outstanding example of how the combination of American business innovation and the effective application of American technology -- coupled with the forward-thinking policies of the U.S. government which serve to open foreign markets to U.S. business (particularly in the area of financial services) -- can create tremendous opportunity for American enterprises abroad, and significantly contribute to commerce across borders.

Demonstrating the effective application of American technology, Morgan Stanley do Brasil uses a combination of our cutting-edge proprietary computer systems, advanced communications technology, and state-of-the-art financial engineering expertise, to bring users and providers of capital together, to the benefit of both the American and Brazilian institutions with which we do business.

Furthermore, Morgan Stanley's operation in Brazil demonstrates the important role public/private cooperation can play in helping to make this kind of business success story a reality. In the case of Morgan Stanley do Brasil, the equity investment needed to start the operation was insured through the Overseas Private Investment Corporation, an agency of the United States government. Without the risk management support provided by OPIC, this investment may not have been possible.

Finally, on the subject of education, a primary goal of our operation in Brazil is to widely disseminate our knowledge of advanced financial concepts and techniques throughout the local market. Through seminars, conferences and consultations with local institutions and regulators, we are encouraging the development and acceptance of advanced financing techniques. We feel strongly that these are not secrets to be guarded, but rather by educating the local market, we can enhance our opportunities here.

Our offices in São Paulo would provide an interesting and intimate venue for such a speech. As we found during Commerce Secretary Daley's visit in May, our high-tech trading room makes an excellent setting for these types of remarks. Additionally, our board room and the Exhibition Room in the building's lobby could also be used.

We would welcome the opportunity to host the President for such an event. We would suggest that we also invite local business leaders (Brazilian and American), key government officials, and members of the press, as you direct.

Again, we feel that our offices in Brazil would provide both an appropriate setting for, as well as a powerful example of, the themes and issues about which we expect the President would want to talk during his upcoming trip. These themes, like our operations in Brazil, are clearly focused on the future and on the changing landscape of international and electronic commerce.

About Morgan Stanley in Brazil and Around the World

Morgan Stanley (now Morgan Stanley, Dean Witter, Discover) has long been recognized as a leader and innovator in financial services. The Firm has made a tremendous commitment to becoming a truly global financial services firm, with recent emphasis on the emerging markets. Additionally, Morgan Stanley is regarded as a leader in technology and in product innovation. Some of the Firm's recent achievements are highlighted in the attached Recent Press Comments.

Morgan Stanley has made a tremendous commitment to Brazil. The Firm has made an investment of over \$100 million in its local operations here, part of which has been insured through OPIC.

This investment and commitment are paying off well for Morgan Stanley, with several landmark capital markets transactions recently completed for Brazilian issuers, as well as Morgan Stanley's consortium having been awarded the three São Paulo electricity privatizations.

Morgan Stanley has been among the most bullish firms with respect to Brazil -- a position that has paid off handsomely for the Firm's clients. Furthermore, Morgan Stanley sees tremendous opportunity for itself in Brazil, and has plans to significantly expand its operations here.

Recent Press Comments on Morgan Stanley

"They are the premier emerging-markets firm," says J. Mark Mobius, president of Templeton Emerging Market Funds, a client and rival. "They are the broadest in scope and the most daring to move into new places, and they have a very large commitment."

Business Week February 12, 1996

"What Morgan Stanley has done, perhaps more than any other firm, is to have achieved global integration -- and a global way of thinking about deals."

International Financing Review January 1996

"They have ideas that no other bank has," says Depfa Treasurer Frank Ruhland, Treasurer of Germany's Largest Mortgage Bank.

Wall Street Journal Europe August 1995

"Morgan Stanley manages to sell \$2 Billion in Mitsubishi Bonds."

The New York Times September 23, 1995

The Firm has been globalizing itself for years, of course, and today has a strong sales, trading and advisory operation internationally. Nearly half of its revenues are generated outside the U.S.

Institutional Investor March 1995

Morgan Stanley is praised for helping to pioneer the Euroconvertibles market and dominating trading in Hong Kong.

Institutional Investor May 1994

Morgan Stanley is undoubtedly the most experienced player in India.

Financial World May 10, 1994

The transformation from a patrician white shoe investment bank into a worldwide securities operation has made Morgan Stanley one of the great success stories of modern banking.

Euroweek May 27, 1994

Among Wall Street Firms, Morgan Stanley stands out as the company whose globalization is most advanced.

The Nihon Keizai Shimbun July 19, 1993

Morgan Stanley...has been one of the most successful of the US investment banks at establishing a European presence in recent years...

Financial Times March 12, 1992

Kinser-Kidane, Brenda J.

From: SitRoom
Sent: Tuesday, September 30, 1997 9:15 AM
To: DeLaurentis, Jeffrey J.; DeSouza, Patrick J.; Dobbins, James F.; Haines, Mary A.; Hofmann, Karl W.; Piccone, Theodore J.; Sigler, Ralph H.
Subject: BRAZIL: SUGGESTION FOR POTUS STOP IN RIO, OCTOBER 15

UNCLAS BRASILIA 004409

NOTE: FAX'D AT 10:17 (SO YOU
MAY ALREADY HAVE). BKK

WHITE HOUSE FOR ROSENTHAL
NSC FOR DOBBINS AND HOFFMANN

SENSITIVE BUT UNCLASSIFIED

E.O. 12958: N/A
TAGS: OVIP (CLINTON, WILLIAM JEFFERSON), PREL, BR
SUBJECT: BRAZIL: SUGGESTION FOR POTUS STOP IN RIO, OCTOBER 15

1. (SBU) EMBASSY RECOMMENDS CONSIDERATION OF A PRESIDENTIAL WREATH-LAYING AT THE WORLD WAR II MONUMENT IN RIO DE JANEIRO DURING THE PRESIDENT'S VISIT ON OCTOBER 15. THE WREATH-LAYING COULD BE SCHEDULED AROUND 1345, IMMEDIATELY FOLLOWING THE EDUCATION EVENT (VILLA OLIMPICA, PROJETO MANGUEIRA). THE SITE IS ROUGHLY EN ROUTE BETWEEN VILLA OLIMPICA AND THE COPACABANA PALACE HOTEL WHERE THE OTR SEGMENT OF THE RIO VISIT WILL BEGIN. THE WREATH-LAYING COULD BE ACCOMPLISHED IN 20 MINUTES.

2. (SBU) WE BELIEVE THIS SIMPLE GESTURE IN A VERY PICTURESQUE SETTING WOULD SERVE AS AN EFFECTIVE REMINDER THAT THE UNITED STATES HAS NOT FORGOTTEN THE UNIQUENESS TO THIS CONTINENT OF BRAZIL'S CONTRIBUTION AND SACRIFICES DURING THE SECOND WORLD WAR, AND APPRECIATES THE IMPORTANCE OF THE U.S.-BRAZILIAN RELATIONSHIP TO THE SECURITY OF THE UNITED STATES.

LEVITSKY

Jim Stenberg
This act would
effectively counterbalance the
wreath laying / MOWA / Rosenberg
act in B.A. D. you
be co find time for
it?
Jim Dobbins

SEP 30 1997

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. report	Overnight Brief [2 copies] (2 pages)	10/09/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs
OA/Box Number: 1361

FOLDER TITLE:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October 13-18, 1997) [5]

2009-1155-F
ke2444

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

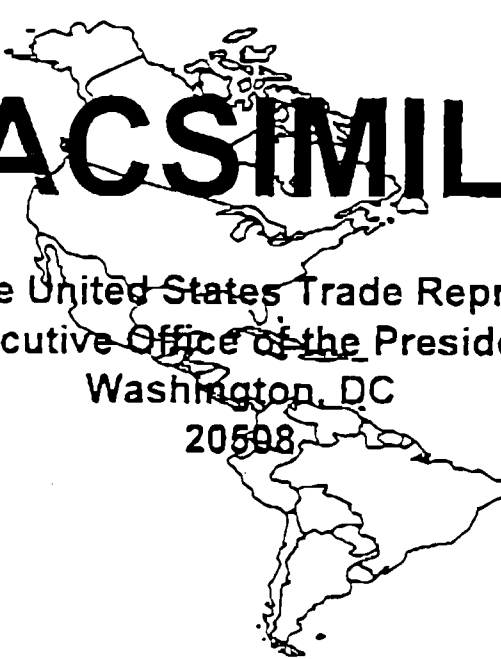
C. Closed in accordance with restrictions contained in donor's deed of gift.

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

RR. Document will be reviewed upon request.

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

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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



FACSIMILE

Cc: KH

Office of the United States Trade Representative
Executive Office of the President
Washington, DC
20508

Date: 10-4-97
Page 1 of 4

Office of the Western Hemisphere

To: Name	Organization	Telephone	Fax
Lael Brainard	NEC		395-6223
Bryan Samuel	State		647-0791
Nelson Cunningham	McLarty Office		456-2464
Jim Dabbing	NSC		456-9130

FROM: Peter F. Allgeier, (202) 395-6135, FAX (202) 395-9675
(Incomplete or problem faxes, call Charlotte Brown at (202) 395-6135)

SUBJECT: Brazil's Proposed Language

Attached was received last night from Butafego — it obviously was result of Rio meeting with Argentina & was composed before Lampreia spoke with

Mack. Reportedly, Butafego has sent our language to Lampreia. Let's give the

PRESIDENT BILL CLINTON'S STATE VISIT TO BRAZIL

Talking points on trade for the joint press conference

President Fernando Henrique Cardoso

- Economic and social development in the 21st century

We, in Brazil, like the United States, are intent on preparing our society to thrive in the global economy of the 21st century. We attach great importance to bringing the benefits of economic and social development, including those derived from subsidy and barrier-free trade, greater integration and up-to-date technology, to all citizens. We have embraced initiatives that contribute to the achievement of these goals as well as to the dynamism of different sectors that are vital to our economy. In particular, we support the strengthening of the multilateral trading system and, in the Americas, we have been on the forefront of the FTAA project, designed to model a new partnership in pursuing prosperity through open markets, hemispheric integration and sustainable development. ✓

- Education and information technologies

We, in Brazil, have made education a top priority. Recognizing the importance of information technologies for the competitiveness of our economy and for the prosperity of our people, we are determined to offer all citizens the widest availability of modern technologies in education. Brazil is cognizant of the growing importance of commerce through electronic medium as the INTERNET and the crucial role to be played by the private sector in its development. In order to create the best, most transparent, balanced and secure conditions in which this new kind of trade can blossom, a dialogue among governments and private sector will be instrumental, in particular in clarifying and regulating its many technical and legal aspects. ✓

- Agriculture

In Brazil, we are convinced that the realization of the potentialities of our agriculture is key to the solution of many of our social and economic problems. In this respect, we reaffirm our commitment to work with our partners in our region and in the WTO for the achievement of fairer and more open conditions of trade by means of the reduction and elimination of the barriers and distortions prevailing in international

trade in agriculture, as an integral and essential element of the multilateral trading system. In particular, Brazil is ready to continue to work with the United States to address our mutual concerns on sanitary and phytosanitary matters in order to allow a more open trade between us.

- Free Trade Area of the Americas

Reaffirming our commitment, as stated in the Miami Declaration, to the conclusion of the negotiations of the FTAA no later than 2005, we support the launching of negotiations at the April 1998 Santiago Summit, to which end we pledge to do our best for the successful completion of key elements still unsolved in the preparatory process. We also reaffirm our commitment to achieve concrete progress in the FTAA negotiations by the end of this century.

no
mention
of
"comprehensive"
or
"all
subjects"

Brazil reiterates the guiding principles for the FTAA negotiations agreed by Trade Ministers in their last May meeting in Belo Horizonte, in particular that the outcome of the negotiations will constitute a comprehensive single undertaking which embodies the rights and obligations mutually agreed upon.

We also restate the Miami mandates to strive to make trade liberalization and environmental policies mutually supportive, taking into account efforts undertaken by the GATT/WTO and other international organizations and further secure the observance and promotion of worker rights, as defined by appropriate international conventions. Within this framework, labor and environment issues shall be kept under consideration within the FTAA process, in the terms agreed in the Belo Horizonte Ministerial Declaration. In addition, we reiterate our openness to the views and participation of all elements of our civil society, in particular business, labor and consumers representatives, in the course of the FTAA negotiations.

In Brazil, we firmly expect that the FTAA negotiations will result in concrete benefits to the people of our countries, especially in the creation of conditions for the redressing of the many social and economic asymmetries existing in our hemisphere. Recognizing the wide differences in the levels of development and size of economies existing in the hemisphere, we note the different situations of the smaller economies and consider that their effective participation in the FTAA negotiations should be facilitated.

Brazil acknowledges the constructive role played by MERCOSUL, NAFTA and other subregional integration schemes of the hemisphere in introducing additional competition and openness in our respective economies. At the same time, they make an invaluable contribution to building the FTAA.

- World Trade Organization

10/09/97
10/08/97

09:54
16:43

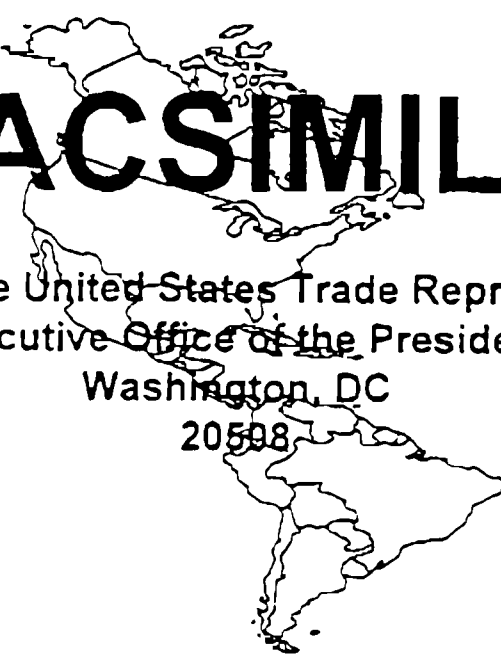
☎202 3959675
☎202 745 2827

IAPL/USTR
BRAZIL EMBASSY

004/004
004

Reaffirming our support to the strengthening of the multilateral trading system, we, in Brazil, pledge to work together with the United States and others for the full implementation of the Uruguay Round results by all countries. We reaffirm our commitment to the successful negotiations of the built-in agenda of the WTO and the implementation of their results. In particular, we emphasize our commitment to increased liberalization of trade in agriculture as an integral part and essential element of the multilateral trading system.

10/09/97 16:43



FACSIMILE

Office of the United States Trade Representative
Executive Office of the President
Washington, DC
20508

cc: KH

Date: 10-8
Page 1 of 3

Office of the Western Hemisphere

To: Name	Organization	Telephone	Fax
Lael Brainard	NEC		395-6223
Bryan Samuel	State		647-0791
Nelson Cunningham	McLarty Office		456-2464
Jim Dabbing	NSC		456-9130

FROM: Peter F. Allgeier. (202) 395-6135, FAX (202) 395-9675
(Incomplete or problem faxes, call Charlotte Brown at (202) 395-6135)

SUBJECT: Trade Language Sent to Brasil

Attached is the trade language that was sent to Amb Botafogo this afternoon, following Mack-Lamprera call from yesterday. Thanks for your comments.

Revised 10/8/97

Elements of Presidents' Statements on Trade
Brasil and United States

We discussed our shared vision for preparing our citizens to thrive in the global economy of the 21st century. We agreed on the need to bring the benefits of trade and technology to all members of our societies as important elements in our broader efforts in education and raising living standards for our citizens.

We noted the growing importance of electronic commerce through the internet and its potential to be an important engine of growth for our economies, to expand world trade in services, to facilitate global communications, and to enhance equality of opportunity for all our citizens. We have begun a dialogue on the possibilities from this new technology and the issues that arise from it. We will work together to further our understanding of this new dimension in trade and its opportunities for both countries. We also will work with our international partners, especially those in this Hemisphere, to achieve common understandings on the legal and commercial environment in which global electronic commerce can flourish.

We reaffirmed our commitments to conclude the negotiation of the Free Trade Area of the Americas (FTAA) no later than 2005 and to achieve concrete progress toward its attainment by the end of the century. We are pleased with the progress achieved by the hemisphere's trade ministers in preparing for negotiations. We look forward to the proposed negotiation plan that they will prepare at their Trade Ministerial in San Jose, Costa Rica, next March. We are confident and determined that we will be in a position at the next Summit of the Americas in Santiago next April to initiate comprehensive FTAA negotiations on all subjects identified in the Miami Declaration and Plan of Action.

We also reaffirmed our commitments to "strive to make our trade liberalization and environmental policies mutually supportive" and to "further secure the observance and promotion of worker rights". In order to meet these objectives, it is essential that the FTAA process be open to the views of all elements of our societies; we will continue to stress this principle throughout the construction of the FTAA. We are keenly aware of the relationships between the FTAA and other Summit of the Americas activities in support of labor, environment, and the alleviation of poverty.

We recognize the wide differences in the levels of development and sizes of economies existing in the hemisphere, and we are committed to seek ways to facilitate the full participation of all Summit countries in the FTAA negotiations.

We also recognize the positive roles played by MERCOSUR, NAFTA and other sub-regional arrangements in fostering the FTAA by introducing additional competition and openness in our economies, thereby better preparing us to compete in the hemispheric and global markets.

We reaffirm our support for strengthening the multilateral trading system in the World Trade Organization (WTO). In particular, we place great emphasis on full implementation of the Uruguay Round results by all countries. We are committed to the success of ongoing negotiations in the WTO, notably those on financial services, as well as the other negotiations scheduled in the coming years. In that regard, the negotiations on agriculture scheduled for 1999 are very significant for both of our countries.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. cable	Re: [Visit of U.S. President to Venezuela] (3 pages)	10/08/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs
OA/Box Number: 1361

FOLDER TITLE:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October 13-18, 1997) [5]

2009-1155-F
ke2444

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UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9706837
RECEIVED: 07 OCT 97 17

TO: BERGER

FROM: KEEFE, ROBERT J

DOC DATE: 23 SEP 97
SOURCE REF:

KEYWORDS: VENEZUELA

NSA CORRESPONDENCE

PERSONS:

SUBJECT: TKC INTL INC LTR RE VENEZUELA POLITICAL SITUATION

ACTION: FOR RECORD PURPOSES

DUE DATE: 13 OCT 97 STATUS: C

STAFF OFFICER: NONE

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

DOBBINS
NSC CHRON
PICCONE

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSDRS

CLOSED BY: NSDRS

DOC 1 OF 1

UNCLASSIFIED

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 9706837

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

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UNCLASSIFIED

6837 10/6/97

→ Jim D
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Q

TKC INTERNATIONAL, INCORPORATED

Suite 711 • 444 North Capitol Street • Washington, D.C. 20001 • Phone: (202) 638-7030
Fax No. (202) 638-6784

September 23, 1997

Dear Sandy,

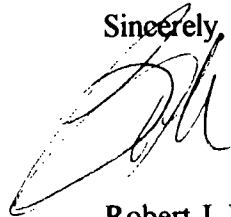
I have been spending a good bit of time in Venezuela this year and have been able to pursue my hobby of analyzing their politics.

It is more convoluted than usual, but I believe I have been able to understand what is going on. The papers which follow are my analysis. They have been vetted by top party leaders and ministers of government. I think they are accurate - and the bottom line is still, "Who knows what will happen."

I hope this is helpful to your understanding as your prepare for your trip South.

Regards.

Sincerely,



Robert J. Keefe

OCT 6 16:39

Venezuela Political Report

The attached report accurately defines the current state of play in Venezuela in the political campaign which is just starting.

However, there is an overhang from abroad. The banking crisis of the early 1990's forced a large number of very rich people from Venezuela to emigrate abroad - largely as fugitives from justice or just to stay out of harms way. These emergency expats have enormous resources, great local knowledge and connections into the Venezuelan political environment. They can play an important role in funding a campaign or campaigns, if they want to.

Many thoughtful and responsible Venezuelans fear that they will. Their reasons for doing so are easy to understand. They would like to go home and they would like to recover their confiscated assets. They need the help of a friendly government and friendly judges.

Where and how they will seek to develop their influence is unclear. There are a number of opportunities presented by the current unsettled political environment. Many of the expats are friends and former colleagues of Carlos Andres Perez - and he is going to play in the coming election. There is also a fear that they will fund one of the non-traditional candidates - and the climate is ripe for an outsider to come through the pack.

Two candidates from traditional parties - Irene Saez from COPEI, and Claudio Fermin of AD - could be targets of their largesse. Saez is an outsider from the national political scene, but is now winning support from COPEI leaders. She needs to spend to win, because she will not enjoy a traditional party support base, even if she is the COPEI candidate.

Fermin seems unlikely to convince Luis Alfaro that he should be the AD candidate. He is an attractive candidate with national support. Everybody in AD likes him except the top people who will influence the decision on their candidate. He, too, will need more than normal resources.

When good people in Venezuela worry about the outside money pouring in to steal their democracy in 1998, I do not think they are paranoid. Paranoia is the fear of threats that are not real.

From the desk of Bob Keefe

Washington, D. C.
September 22, 1997

Venezuelan Political Update

The Venezuelan electorate looks like those joggers at the highway - the ones who keep bouncing while the cars whiz by. The voters are running in place, not deeply involved in the race, yet, while the candidates whiz by. If it wasn't Venezuela, that might be normal. But in Venezuela it is unique. In the past, the campaigns have usually been in high gear with 15 months to go before the election.

My first trip to Caracas was in November of 1972 - 13 months before the election. I was a guest at a COPEI rally, welcoming their candidate home from a world tour. The crowd in O'Leary Plaza was over 150,000. The town was painted green and white in COPEI sections - blue and white where Accion Democratica supporters controlled. Television and radio announcements had been running for weeks. The nation was more electrified by the election than the United States had been in the weeks just before the 1972 presidential race. I was impressed.

But not in 1997. The official dictum of the AD party is "no campaigns yet." I saw Claudio Fermin, the 1993 AD standard bearer and 1998 want-to-be, campaigning in Tuy last month. It was very low key - no signs, no bands, no brochures. He addressed the city council on his view of the rapid rail system which is on its way to completion from Tuy to Caracas. No AD members of the council attended the Saturday morning meeting - on orders from headquarters.

There are no political signs in Caracas. There are no commercials on the television or on radio. The candidates are low key - fighting within their parties - outside of the general public eye. The public apathy toward parties and the campaign persists.

A New Poll

A recent poll by a respected Venezuelan pollster shows that vividly. It shows that none of the candidates has captured the public imagination. No party dominates. No candidate adds much to their party's total support.

The principal goal of the research was to test the movement of the electors in two different, but realistic scenarios. What happens to the race with Eduardo Fernandez a perennial COPEI candidate, in the race again - and what happens when Chacao Mayor (and former Miss Universe) Irene Saez is the COPEI candidate in his stead. The poll was commissioned by Oswaldo Alvarez Paz, the 1993 COPEI candidate, now a senior party official.

The answer is that there is a lot of movement. Here is the result:

Party	Candidate	%	Candidate	%
COPEI	Eduardo Fernandez	12	Irene Saez	30
AD	Claudio Fermin	24	Claudio Fermin	20
MBR 200	Hugo Chavez,	17	Hugo Chavez,	12
MAS	Teodoro Petkoff	8	Teodoro Petkoff	6
No Candidate, Don't Know, etc.		33		26

Irene, the anti-politician, the anti-party candidate, picks up votes from each of the other candidates and picks up five percent from people who would not support any of the other candidates. Irene's appeal is non-ideological. She picks up votes everywhere - from the socialists, the establishment - everywhere. But does she pick up enough from anywhere? So far, the answer is probably "No." Oswaldo's poll paid for itself since Irene is at 21% as an independent group and 33% with Copei.

The Parties

One of the results of the jogging in place with no dominating candidate or party is that the parties are also jogging - not in place - but to find a place for themselves in the 1998 election.

It is confusing, and fluid. Nothing is set, but there is a great deal of churning.

Take MAS - the established socialist party. Part of it will support Teodoro Petkoff, the current economic planning minister in the Caldera government. Part want to align with COPEI. Another part wants to align with the AD and the Convergencia Party (the government party) in a grand alliance. The latter group is intent to use its influence to defeat the MBR 200 and Irene who they believe to be threats to the Venezuelan Democracy.

Causa R - a strong force in the last election is split. Its 1993 candidate, Andres Velazquez, will carry its torch for good government and reform. Its other leader, Pablo Medina is splitting off to form Patria Para Todos, a new party that is likely to jump in bed with Hugo Chavez and his MVR 200 party.

The major parties, COPEI and AD are struggling to find a candidate and also looking at all of the cards in the deck to see what coalitions they might form for 1998. COPEI President Luis Herrera Campins is a supporter of Irene Saez. The grass roots

support "El Tigre" - Eduardo Fernandez. The battle is on and neither side is prepared to compromise.

Accion Democratica is in the "non-campaign" mode, but churning inside. Fermin has not succeeded in winning the support of party boss Alfaro. But no one else has either and for now, Fermin is the man to beat for the nomination of the party - still months away.

Power Brokers ???

All of this and not a word about the Convergencia Party and its leader, President Rafael Caldera - and no mention of the other Caudillo of Venezuelan politics, Luis Alfaro, the long time strong man of AD. Between them, they are running Venezuela - Caldera with his presidential power and Alfaro with his support from the parliament. What they do will likely make a big difference next year. They can really do anything in this open field, with few exceptions.

Caldera is unlikely to support or coalesce with COPEI - his old party. There are too many hard feelings - too much personal hurt on both sides. It can be described as going to the dance and picking a partner. The one you will *not* pick is your former wife.

Alfaro has created some boomlets for himself among the party rank and file - petitions and rallies asking him to take up the cudgel and be the winning candidate. Unfortunately for him, the people do not support that posture. He was nearly blanked in this latest poll. The public is not crying for him - and do not seem to want him.

When the new US Ambassador John Maisto presented his credentials last March, President Caldera told him not to spend much time trying to solve the puzzle of Venezuelan politics in this run-up year. "Wait," he told Maisto. "Nothing important will happen in 1997. After the state of the union address, next March, things will become more clear and more important." Caldera will definitely play a hand in the coming election. He may team with Alfaro or some other combination of the party bosses and candidates. But he will play, and his efforts will matter.

Note: Caldera is a super figure in Venezuelan politics. He was there when they created the democracy in the 1950's. He was a founder of COPEI - one of the great parties. He has been president of the Republic two times and a candidate for president on five other occasions. He is a natural hero of the people. After the coup d'etat attempted in early 92, Venezuela had 18 months of political, economical and social crisis. As President, Caldera guaranteed the stability of the democracy. Many people believe that if Caldera had not been elected president, the military would be in power in Government since 1994. Caldera has restored the confidence and institutionality of the FAN (Fuerzas Armadas Nacionales). The military role in the democratic government has been reestablished since his election.

Venezuela Political Report

The attached report accurately defines the current state of play *in* Venezuela in the political campaign which is just starting.

However, there is an overhang from abroad. The banking crisis of the early 1990's forced a large number of very rich people from Venezuela to emigrate abroad - largely as fugitives from justice or just to stay out of harms way. These emergency expats have enormous resources, great local knowledge and connections into the Venezuelan political environment. They can play an important role in funding a campaign or campaigns, if they want to.

Many thoughtful and responsible Venezuelans fear that they will. Their reasons for doing so are easy to understand. They would like to go home and they would like to recover their confiscated assets. They need the help of a friendly government and friendly judges.

Where and how they will seek to develop their influence is unclear. There are a number of opportunities presented by the current unsettled political environment. Many of the expats are friends and former colleagues of Carlos Andres Perez - and he is going to play in the coming election. There is also a fear that they will fund one of the non-traditional candidates - and the climate is ripe for an outsider to come through the pack.

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When good people in Venezuela worry about the outside money pouring in to steal their democracy in 1998, I do not think they are paranoid. Paranoia is the fear of threats that are not real.

From the desk of Bob Keefe

Washington, D. C.
April 30, 1997

Venezuelan Political Update

What has happened to Venezuela? The stable, two-party democracy that created a stable political atmosphere for thirty-five years, from the fall of Perez Jimenez in 1958 through the second election of Carlos Andres Perez in 1988 has been replaced by the electoral equivalent of chaos.

Parties have been discarded by the electorate. The two predominant parties, Accion Democratica and COPEI, who between them controlled government from 1958 through 1993, and whose electoral strength reached as high as 90%, now enjoy the combined support of 18% of the Venezuelan people. (AD has 12%; COPEI has 6%) This collapse has not seen the emergence of other parties. AD and COPEI are still the two leading parties in the nation. All parties command the support of 38% of the voters.

With 70% of the population of Venezuela under 35, almost one half of the eligible voters next year will have come to age since there was an established, stable party system. Nobody knows where they will go - and their participation rate is likely to be low.

Why has this happened? The successive failed presidencies of Lusinchi (1984-1989) and Perez (1989-1994) exposed the corruption in government and painted all politicians as opportunistic, corrupt and uncaring people and all public agencies inefficient. The parties, as a collection of politicians, came to symbolize the corruption and inefficiency in the society.

In 1993, Rafael Caldera was elected President without the support - in fact with the bitter feelings of his COPEI party. He presented himself as a man of character, honesty, experience, patriotism and with a lifetime commitment to his country. His victory, with just over 30% of the vote, proved that parties are not as important as they had been in the electoral process. Many believe that Caldera's public split with COPEI helped his campaign by demonstrating his independence from party

Accion Democratica has fared best in this chaotic, anti-party climate. They have enjoyed the strong leadership of Luis Alfaro, a man whose skills at backstage management and control of the party apparatus has saved AD from collapse. AD has been quite successful in state and local elections in the past year and with the support of the labor syndicates, it has a strong and disciplined party structure throughout most of the nation. It controls half of the 22 state governments and more than half of the 331 mayors.

COPEI is in a state of collapse. Its goal is survival. The other parties have always been small and seldom important.

The predictability of Venezuelan politics has vanished. As the electoral period approaches (Venezuelan campaigns are inordinately long with the public period lasting almost two years), there is no front runner and no consensus of even who the candidates might be. And public campaigning has not yet begun.

The front runner in the polls today is Chacao Mayor Irene Saez, more known for her reign as Miss Universe than for her mayoral success. She runs the municipality of Chacao, an upscale hole in the donut of Caracas. She has polled from 25-49 percent in recent polls. Irene is not affiliated with any party, but has ties to COPEI. She has the support of the party leader (and former President) Luis Herrera Campins, and the COPEI governor of Miranda, Enrique Mendoza - her campaign manager in past campaigns. She is currently underground. A high profile earlier this year cut her support by 25%.

Next in the polls is Claudio Fermin, the runner up to Caldera in 1993 as the AD candidate. He is at 16% - even though he has been out of the country for the past three years. The 1993 candidate of COPEI has disappeared and the top COPEI candidate in the polls, Eduardo Fernandez is at 3%.

Today, opinion is that only the party which can be a supporting force to a candidacy is AD. It has elected 5 of the last 8 presidents, controls the local and state governments in a majority of the nation and has a real, vote-delivering organization. It has three major leaders who each aspire to the nomination. These are Fermin who feels he deserves another chance and is the only one with a position in the polls; Luis Alfaro, the secretary-general of the party, whose long time leadership has allowed the party to survive and succeed; Lewis Perez, the man who operates the party machinery; and Antonio Ledezma, the mayor of Caracas, who runs third in the polls today with 6%.

Consensus is that if the AD members have their way, Fermin will be the candidate. Alfaro is seeking to maintain control through his strong hand on the internal governance of the party machinery and his exalted image. Perez has announced his candidacy. Though he operates the machine, he lacks broad party member support. The manner of selection of the candidate, in Alfaro's hands, has not yet been announced and won't be soon.

COPEI's situation is dreadful. Its president, Luis Herrera Campins, does not like 1988 candidate Eduardo Fernandez, and has openly invited Irene Saez to lead the party. But Fernandez, a leader of COPEI for more than 20 years, is a clever and aggressive candidate who will not accept a non-member of the party to be its leader. That sentiment is widespread among the party faithful. He is the likely candidate, but he has been running for twenty years and is always the bridesmaid.

The only party whose nominee seems assured today is the MRB 200 - a movement, really, not a party yet - whose leader, Hugo Chavez, is a former member of the army forces and the leader of an attempted coup d'etat in the early 90's. He has ties to Cuba and the Communist Party.

In each party and in broad alliances, there are many theories of what might happen and what is being attempted. It is plot time with no Italian prince.

Caldera is still a major player. His party, Convergencia, created for his candidacy in 1993, seems to be a non-factor as a party in 1998 speculation – although members of his government and party are being considered likely candidates. Caldera is a master politician and he is seen as one who might create some alliance on a candidate from the confusion which exists. Caldera counts. People say he controls from 800,000 to 1,000,000 votes. Among the options being discussed are:

1. Supporting one of his favorites as the Convergencia Party possibly his Minister of Hacienda, Luis Raul Matos Azocar, or his Minister of Planning, Teodoro Petkoff. This option has little likelihood of success.
2. Creating an alliance among party leaders, including Alfaro of AD, to support a non-traditional candidate – like Luis Giusti, president of PDVSA, or Matos Azocar. Alfaro and Caldera are long time friends – though competitors and they have created an alliance to govern in the current situation with a divided Congress. Matos Azocar is a former AD leader and has helped the two Caudillos communicate. People think they may want to select someone who will continue the policies by which they have governed. Young people consider Alfaro and Caldera as one and the same - a part of the past. They long for something new.
3. Returning to his old party COPEI. Caldera was its leader for fifty years before he left to run for president in 1993. He may want to return to help the party, which was his life, continue and succeed. Unfortunately, the current leadership of the party will resist this effort strongly. They know Caldera would only return as the supreme leader – and they like their own leadership.
4. None of the above. He will play an important role, but he is creative and may find some other option to his liking. In any event, he will be a player.

Other major players include:

MAS – an established socialist party – perhaps supporting Teodoro Petkoff - although last week-end's internal elections were bad for him and the unity of the party. It is likely to split and Petkoff is likely to leave it.

Causa R – a newer force, began as an idealistic group which has two potential candidates, Andres Velazquez or Pablo Medina. Velazquez ran a strong race in 1993 - finishing fourth. But the party is splitting and people believe Velazquez time has passed.

Enrique Salas Romner, a wealthy, former governor who has been seeking a party to support him. He is likely to be an independent candidate if he fails to become the COPEI candidate.

But this is not the end of the intrigue. Irene will likely be on the ballot – everybody agrees. And if she can garner 35% percent of the vote, she could win. She is charismatic and has plenty of financial support and seemingly good political advice. But she has no campaign or governance team and is considered weak on issues of national policy. She could also run (and win) for the Senate and get the experience she needs.

Former President Carlos Andres Perez, now released from prison, is still a factor. He will run for the Senate and win. Miguel Rodriguez, his former Planning Minister, fronts for him and could be a candidate, if CAP sees some merit to such a plan. CAP could also support Fermin - if he runs outside of the AD party.

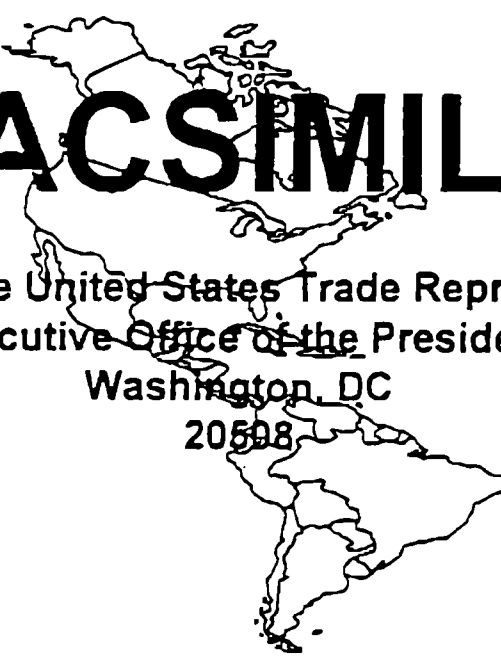
Then there is the Triple Alliance – the group of parties who gang up in the Congress to oppose AD dominance. These parties include COPEI, MAS and Causa R. Each has ideological roots, contrary to one another, but they may put principles behind them (as they have done in the Congress) and find a candidate to support – just to beat the AD candidate. Luis Giusti is mentioned as such a candidate, but he would more likely go only with COPEI or the Caudillos support.

The only thing sure about the 1998 election for President of Venezuela at this stage is that it will happen on December 6, 1998. The coming election will be different from all in the past. All of the electoral offices in Venezuela will be contested at once - from city councils, to mayors, to state legislatures, governors and the entire Congress will be on the ballot with the President. Everything is up for grabs.

Some afterthoughts:

- The voters will likely vote for the person, not the party. Charisma, money and television will be more important than party support.
- Caldera has hurt older candidates, including his pal Alfaro. Venezuelans observed him perform as president when he was in his 50's - and now in his 80's. They see the difference in his vigor and his decision making. They now see age as a negative issue.
- The current confusion and the indecisiveness helps the Caldera government. They need time to sell the nation on the success of their economic program. It is just beginning to show results - very good ones - but they need time to gain public acceptance to improve their image and political power. The confusion gives them time they need.
- The Caldera government has members of several parties among its cabinet. Several may well be candidates for president. As the ministers go their separate ways in the election, the now scattered communications of the government will further depreciate.

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Washington, DC

20508

Date: 10-8-97
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Office of the Western Hemisphere

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FROM: Peter F. Allgeier. (202) 395-6135, FAX (202) 395-9675
(Incomplete or problem faxes, call Charlotte Brown at (202) 395-6135)

SUBJECT: Trade Language Sent to Argentina

Attached is the trade language that
was sent to Jorge Campbell this
afternoon.

Talking Points on Trade Argentina - United States

- **Economic and Social Development in the 21st Century**

The Presidents of the Argentine Republic and the United States discussed their shared vision for preparing the citizens of both nations to thrive in the global economy of the 21st Century. With the joint aim of achieving economic progress and prosperity and improving living standards for our peoples, they stressed the fundamental importance of bringing the benefits of open markets, greater economic integration and technological development to all members of our societies. They pledge to embrace initiatives, both at the global and regional levels, that contribute to the achievement of these goals, in particular the strengthening of the multilateral trading system and the pursuit of negotiations for the construction of the Free Trade Area of the Americas (FTAA).

- **Information Technology**

Furthermore, both Presidents recognized the importance of the information technology sector for the competitiveness of our economies and the prosperity of our people in the 21st Century. They recognized that initiatives such as the internet have opened new horizons in the field of education and, in addition, provide new opportunities for international commerce.

- **Free Trade Area of the Americas**

Reaffirming their commitment to the conclusion of the negotiations of the FTAA by the year 2005 at the latest, both Presidents indicated their determination to initiate comprehensive FTAA negotiations at the 1998 Santiago Summit on all subjects identified in the Miami Declaration and Plan of Action. The Presidents further reinforced their commitment, stated in the Miami Declaration, to achieve concrete progress towards that end by the end of the century.

The Presidents reaffirmed their Miami mandates to strive to make our trade liberalization and environmental policies mutually supportive, taking into account efforts undertaken by the GATT/WTO and other international organizations and to further secure the observance and promotion of worker rights, as defined by appropriate international conventions. They were in agreement that, within this framework, labor and environment issues be addressed in an appropriate manner within the the FTAA process. In addition, they reiterated the importance of the inputs of all elements of civil society, including business, labor and consumer representatives, in the course of the FTAA negotiations.

The Presidents recognized the wide differences in the levels of development and sizes of economies existing in the Hemisphere and are committed to seek ways to facilitate

the full participation of all Summit countries in FTAA negotiations.

In addition, they acknowledged the constructive role played by MERCOSUR and NAFTA in the promotion of the FTAA process, by introducing increased competition and openness of our respective economies thereby better preparing us to compete in the hemispheric and global markets.

- **World Trade Organization**

Both Presidents pledged to work together for the full implementation of the Uruguay Round results by all countries and reaffirmed their commitment to the successful implementation of the built-in agenda of the WTO. In particular, they emphasized their commitment to increased liberalization of trade in agriculture and services as integral and essential elements of the multilateral trading system.

- **Agriculture**

Both Presidents pledged to work with our partners in the hemisphere and in the WTO for the achievement of fairer and more open conditions for agriculture by means of the reduction and elimination of the barriers and distortions prevailing in international trade in agriculture.