

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Gilbert S. Gonzalez (CN=Gilbert S. Gonzalez/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 5-OCT-2000 07:10:11.00

SUBJECT: LA TIMES

TO: Erin K. Greer (CN=Erin K. Greer/OU=OVP/O=EOP@EOP [OVP])
READ:UNKNOWN

TEXT:

Los Angeles Times

first-edition Page 1 for Thursday, Oct. 5, 2000:

Top of page:

Col 1: Feature on local skateboard champion. Moving later with art.

Cols 2-6: Talks drag on into the evening as Israeli, Palestinian and U.S. officials try to find a way to investigate the worst Arab-Israeli violence in years. With art. (MIDEAST-TIMES, upcoming).

Above fold:

Cols 2-3: State school testing story.

Col 4: The Clinton administration is quietly attempting to complete a new arms-control agreement in which China would promise to stop supplying missile technology to Pakistan, Iran and other countries, according to administration officials. (CHINA-POLICY, moved).

Col 6: Israel is fending off accusations that it has used excessive force in its attempt to quell a weeklong rebellion that has claimed dozens of Arab lives. (MIDEAST-FORCE, moved).

Below fold:

Cols 5-6: Local police corruption story.

Bottom of page:

Cols 1-2: At the heart of competing proposals by Al Gore and George W. Bush to cover the prescription drug costs of the elderly lies one of the oldest debates in health care; who do you trust more to supervise your medical care: the private sector, in this case HMOs and health insurers, or the federal government? (CAMPAIGN-DRUGS, moved).

Cols 5-6: Something akin to the Cold War is still being waged between Lockheed and scores of current and former Burbank, Calif., residents who are fighting over the extent of pollution left behind by the company when it shut down in the early 1990s, how many people if any

were sickened by it and Lockheed's responsibility in cleaning up the mess. (LOCKHEED, moved).

^Sent: 10:20 p.m. EDT. For questions, call (213) 237-7832.

^Los Angeles Times-Washington Post News Service=

U.S. Takes New Tack on China Arms Exports (Washn)

By Jim Mann= ^c 2000, Los Angeles Times=

WASHINGTON The Clinton administration is quietly attempting to complete a new arms-control agreement in which China would promise to stop supplying missile technology to Pakistan, Iran and other countries, according to administration officials.

Under the proposed deal, China would adopt its own new export-control laws covering missile technology, the officials said.

The Chinese have indicated a willingness to work out a deal in accord with the administration's approach. The negotiations, which are continuing this month in Beijing, center on how detailed and explicit the Chinese laws will be.

The aim is to have an agreement ready to be signed during President Clinton's last months in office, perhaps at his final meeting with Chinese President Jiang Zemin in November.

But the deal now envisioned would fall short of Clinton's oft-stated goal of bringing China into the Missile Technology Control Regime, or MTCR, the accord signed by about 30 nations to restrict the export of missiles, missile parts and know-how.

Following Clinton's 1998 trip to Beijing, administration officials asserted that one of his main accomplishments had been winning China's assent to "actively study" joining the MTCR.

"It's important that China join the Missile Technology Control Regime, a step President Jiang agreed to consider at last year's summit in Beijing," Clinton asserted in a 1999 speech. The administration had earlier brought Russia into the MTCR as a full member.

However, China has balked at moving forward, and administration officials have decided to push for a less sweeping agreement in which Beijing would adopt its own laws on missile proliferation without joining the MTCR.

Stopping China's proliferation of missile technology has been a continuing preoccupation for the Clinton administration, as it was for the Bush administration.

Last summer, the CIA reported to Congress that China's technical assistance to Pakistan's missile program was increasing. Intelligence officials said China had been providing items such as guidance systems and specialty steels, as well as scientists and technical advice.

The CIA, in an unclassified report covering the last half of 1999, said that in addition to Pakistan, "firms in China provided missile-related items, raw materials, and/or assistance to several countries of proliferation concern such as Iran, North Korea and Libya."

The administration has been under pressure from Congress to impose sanctions against China for its export of M-11 missiles to Pakistan

in 1992, and for subsequent missile-related sales to Pakistan. Those exports appear to be covered by a 1990 law authorizing the imposition of sanctions to combat missile proliferation.

Some Republicans on Capitol Hill reacted negatively Wednesday to the administration's current approach, arguing that China won't abide by the export controls it adopts.

"Chinese domestic law isn't worth the paper it's written on or the blood it's written with," said Marc Thiessen, a spokesman for the Senate Foreign Relations Committee, whose chairman is Sen. Jesse Helms, R-N.C. Thiessen said the administration's new effort is merely "a fig leaf to cover up an eight-year failure by this administration in containing proliferation to rogue states."

For many years, China has said it does not like the concept of the MTCR. Chinese officials have complained that they were not a member of the group that originally set the rules and that the regime amounts to a cartel in which the countries that already have missile capabilities keep them out of the hands of other countries.

More recently, Chinese officials have raised other objections. In January, Sha Zukang, China's top arms-control negotiator, told the Times that last year's NATO bombing campaign against Yugoslavia, especially the airstrike that hit the Chinese Embassy in Belgrade, "dealt a heavy blow to the MTCR."

"Since the (Clinton) visit ... everyone has seen the massive use of missiles (in Yugoslavia) modern, accurate, precision-guided missiles, lasting for 78 days," Sha said in an interview. "Like it or not, that (NATO campaign) is an excellent advertisement for missiles."

Asked about China's statement during the 1998 summit that it would actively study joining the MTCR, Sha pointed out that the agreement didn't include the word "soon."

In the face of Beijing's objections, Clinton administration officials decided to seek a deal in which China would adopt laws that are similar to MTCR rules.

"We don't care what it's called, as long as it works," explained one administration official, who, like others interviewed for this report, was not willing to speak on the record about the administration's new initiative.

The movement toward a deal began last month, when Sha met with officials from the National Security Council and the State Department who were in Beijing to attend an arms-control conference.

Some critics say that any new Chinese laws on missile technology would lack the impact and international validity of a decision to join the MTCR.

"The next time they export something bad to Pakistan, all we can do is complain that they aren't following their own laws," said Gary Milhollin, director of the Wisconsin Project on Nuclear Arms Control, which seeks tougher policies on proliferation.

However, Milhollin and other critics said they had misgivings about the Clinton administration's long effort to bring China into the MTCR as well.

If China were in the MTCR, it would be entitled to share intelligence about missiles with the United States and other countries. And if China were a member, that could make it easier for other MTCR countries, including the United States, to sell missile or satellite

technology to China.

Bush Statement on Campaign Spending Draws Fire (Washn)

By Elizabeth Shogren= ^ (c) 2000, Los Angeles Times=

WASHINGTON Perhaps there is no better proof of the fungibility of facts and figures than the debate statement by Texas Gov. George W. Bush history's best-financed presidential candidate that he has been "outspent" by Vice President Al Gore.

In fact, through Aug. 30 the Bush campaign had spent \$121 million, fully twice as much as the Gore campaign, according to the Center for Responsive Politics, a nonpartisan research group.

But on Wednesday, the Bush camp stood by Bush's declaration: "This man has outspent me. The special interests are outspending me."

Bush campaign spokesman Scott McClellan said his boss was referring to a recent study showing that Democratic-leaning outside groups had spent \$3.6 million on presidential campaign-related advertising 10 times more than Republican-leaning outside groups from June 1 through Sept. 20.

However, that spending represented only a small fraction of the total spending by the presidential campaigns and the national political parties during the same period.

As the author of the study watched the debate, he had no idea that his work was the inspiration for Bush's statement.

When E. Joshua Rosenkranz, president of the Brennan Center at the New York University Law School, heard the comment, he thought: "That can't possibly be true." He added Wednesday: "The sentence was misleading. (Bush) depicted himself as a modern-day David against the Democratic Goliath," said Rosenkranz.

Another Bush spokesman, Dan Bartlett, said that the governor had learned of the study from a news report of it e-mailed to him by Bush communications director Karen Hughes.

"It was a factual statement," Bartlett said. "He was not intending to mislead Americans."

But Gore supporters and neutral campaign finance wonks heard the statement differently.

A former Agriculture Department official said she was at a debate-watching party with about 150 former and current Democratic administration employees and other friends at a Washington restaurant when Bush claimed that Gore has outspent him.

"There was an audible gasp," said the ex-official, who declined to be identified because she did not want to embarrass her fellow viewers. "It was disbelief that (Bush) made that statement because he clearly had much more money to spend than Gore."

Larry Makinson, director of the Center for Responsive Politics, was dumbfounded when he heard Bush's claim. "This is the guy who spent double (the amount) anyone else ever did in history," he said. "It was completely wrong."

Gore spokesman Douglas Hattaway said he believed that Bush's "false statement sprang from his defensiveness," adding that "the vice president certainly has the issue on his side."

Bush's comments followed a challenge by Gore to endorse the McCain-Feingold campaign finance reform bill, which would ban the use in federal elections of unlimited "soft" money from labor unions,

corporations and wealthy individuals.

Bush's reform plan would allow such donations from individuals.

Last week, Gore accepted contingent on Bush's acceptance a challenge from Sens. John McCain, R-Ariz., and Russell Feingold, D-Wis., to direct his Democratic Party and outside supporters not to spend soft money on ads to promote his election. Bush rejected the challenge.

Neither candidate mentioned the challenge Tuesday night but Bush said, "I am not going to lay down my arms in the middle of the campaign for somebody who has got no credibility on the issue."

Bush also repeated his frequent criticism of Gore's role in fund-raising abuses of 1996, including Gore's attendance at a Buddhist temple fund-raiser in Hacienda Heights, Calif.

The most recent figures available indicate that the Republican National Committee has significantly outraised the Democratic National Committee. By the end of June, the RNC had raised \$165 million to the DNC's \$111 million.

From Aug. 21 through this week, RNC ad spending will total \$22 million, compared to \$14 million for the DNC, according to a media tracking analysis and Democratic sources.

Debate Doesn't Register Much Reaction from Voters (Gahanna, Ohio)

By Doyle McManus and Scott Martelle= ^c 2000, Los Angeles Times=

GAHANNA, Ohio Like most Americans, Gary Watson, a 29-year-old state government clerk, didn't watch Tuesday's television debate between Al Gore and George W. Bush. Instead, he heard a quick summary from a radio newscast Wednesday "something about how Bush and Gore didn't really change the reactions of people," he said.

Watson, a part-time minister at a mainly black church, said he still wants to learn more about the two candidates' tax-cut proposals. "All these taxes ... they're killing everybody," he said.

Until then, he's not making up his mind. "I think I'll probably cue in the last couple of weeks and take a close look at them then," he said.

In this leafy suburb of Columbus, a swing district in a closely contested state, voters were talking Wednesday about the Gore-Bush debate and, in the mysterious alchemy of public opinion, agreeing that it didn't change many minds either way.

The encounter was billed as a dramatic showdown in the closest presidential race in decades.

It wasn't.

Neither candidate landed a knockout punch. A Gallup poll conducted for CNN and USA Today found that 48 percent of voters thought Gore "won" the debate, against 41 percent for Bush. But 40 percent also said the debate made them more confident that Bush could handle the presidency, a gain for the Republican challenger.

"This wasn't a definitive debate," said pollster Andrew Kohut, director of the Pew Research Center. "Bush didn't put Gore away; Gore didn't put Bush away."

Moreover, only about 46.5 million people watched, according to Nielsen Media Research fewer than the 60 million some had projected.

When most voters don't watch a debate themselves, they learn about it second hand, from the news media or from friends. That means the full impact of the debate may be felt over a week or more, as news

coverage sinks in.

"We shouldn't call winners or losers immediately after a debate," said Kathleen Hall Jamieson, dean of the Annenberg School for Communication at the University of Pennsylvania. "Those calls have been useless as a guide to what really matters. ... What matters is what the press focuses on."

On Wednesday, news coverage was largely focused on issues such as tax cuts and prescription-drug coverage for senior citizens. And most of the coverage called the debate a draw "a low-scoring pitchers' duel," in the words of a CBS commentary.

"Normally, the press imposes a sports template and tends to create a winner," media critic Tom Rosenstiel said. "It's self-fulfilling punditry."

Jamieson said, though, that voters don't watch debates in hopes of identifying a winner and a loser; they watch to learn more about the candidates.

"The electorate isn't looking for who won and who lost, or who was more in command or less in command," she said. "The electorate is trying to see whether each one is in sufficient command, and to learn more about their positions. ... Different voters want to learn about different issues. You almost have 13 little debates within the debate."

Gahanna resident Jim Sevy, 62, said he had been leaning Republican before the debate, but he wanted to see how Bush would perform under pressure.

"I thought, the kid is on his own now, let's see what he can do," he said. "Gore was supposed to blow him out of the water, and he didn't." Now Sevy's sure he'll vote for Bush.

In Rockwell, Iowa, retired auto mechanic Larry Degen watched some of the debate while flipping back and forth to a playoff game between the New York Yankees and Oakland A's.

Degen, 58, an independent voter who was leaning toward Bush going into the debate, said he is "still sorting it out."

"It's going to take a couple more debates, I think," he said.

"I'm really undecided who has the best ideas yet," he said.

"As far as being a better debater, Gore's a better debater ... but I think the content of what the man says is more important."

In Bedford, Iowa, Lena Rinehart, 65, missed part of the debate because she fell asleep. "When I get in my recliner, it doesn't take too long" but she woke up in time to hear Gore's main theme of the night.

"I liked his telling Bush about the 1 percent, because I do think that's going to benefit the wealthy people," she said, referring to Gore's charge that Bush's tax-cut proposal would benefit the wealthiest 1 percent of Americans.

Rinehart said she's decided to vote for Gore. "I thought he outdid Bush," she said.

Several voters said they thought Gore was too stiff during the debate.

"I didn't like Gore's manner," said Audrey Lewis, 68, in Grand Rapids, Mich. "He stood there grinning like he knew all the answers. He was just a little too cocky."

WASHINGTON At the heart of competing proposals by Al Gore and George W. Bush to cover the prescription drug costs of the elderly lies one of the oldest debates in health care.

Who do you trust more to supervise your medical care: the private sector, in this case HMOs and health insurers, or the federal government?

The last time the question captured the nation's attention, the private sector won hands down: In 1994, a coalition of insurers and employers defeated President Clinton's health care reform initiative by tarring it as a bureaucratic nightmare that would lead to government rationing of medical services.

In Tuesday night's debate, Gore and Bush invoked the ghosts of that epic battle as they denounced each other's prescription drug proposals. Bush said Gore's plan would be run by faceless bureaucrats; Gore said Bush's would abandon frail seniors to the vagaries of the private insurance market, where they are at risk of getting no coverage at all. Each has said the other's plan would cost Medicare participants more money out of pocket.

But much has changed since 1994, and it is far from certain how the issue will play in this year's presidential election. And the facts, as often is the case in health care policy, are a little more complicated than Gore and Bush made them seem in their rhetorical duel.

Bush's plan, for example, would rely on the government to set the basic rules under which private insurers would offer coverage to seniors. And Gore's would rely largely on private market mechanisms to hold down drug prices.

In fact, the plans have several key points in common. Both candidates would fully cover the drug and health care costs of low-income Medicare participants. Both would attempt to shelter all beneficiaries from catastrophic prescription drug expenses.

At their core, however, the two plans would tilt the health care system in opposite directions. And health care experts say the basic distinction drawn by the two candidates is a good starting point for sizing them up.

Urban Institute President Robert Reischauer, a former director of the nonpartisan Congressional Budget Office, says the fundamental question boils down to this: "Would you rather have government in your medicine cabinet, or some executive worried about the share prices on Wall Street?"

Beyond that generalization, experts cite several other key considerations:

Gore's plan would provide more certainty, and probably more generous benefits, than Bush's. But most seniors would get only one chance to sign up, and coverage options would be more limited.

Bush's plan calls for a far-reaching restructuring of Medicare that might make it more financially secure over the long haul. But the outcome, as well as the chances of congressional approval, are less certain.

Gore's plan would require far fewer changes in the existing Medicare program, and probably could take effect sooner than Bush's. But the cost to taxpayers would be much bigger.

Under Bush's proposed Medicare overhaul, private health insurers and HMOs would play a larger role than they do today in determining the scope of the elderly's health care, and particularly their

prescription drug coverage. The health plans would decide which drugs they would cover, and how much seniors would have to pay for each prescription and for premiums.

Under Gore's plan, the government would continue to run most of the Medicare program, and would offer a standard drug benefit that seniors could either take or leave. Participants would know how much they would pay for each prescription and for coverage premiums, because the amounts would be written in law.

It is difficult to compare the two plans in detail, because Bush has offered few specifics beyond the summaries contained in his campaign documents. Gore's plan, which in large part mirrors Clinton's, has received considerably more scrutiny by Congress and government number-crunchers.

Some experts, in fact, view Bush's proposed Medicare overhaul and accompanying drug benefits as too speculative to analyze.

They prefer to focus on the first stage of his plan, which is more concrete: If elected, Bush says he would immediately push through a four-year program to provide a prescription drug subsidy for low-income seniors and the disabled until the larger reforms are in place.

"Bush's program has two components, one of which is real and immediate. The other, in football, would be called a Hail Mary pass," said Henry Aaron, a senior fellow at the Brookings Institution, a centrist think tank.

"The Hail Mary portion is the wholesale reform of Medicare," said Aaron, an economist who has not endorsed either candidate's plan. "The idea ... has technical problems to be solved, and it involves concepts around which there is not a major consensus."

There is little doubt that the elderly and near-elderly can take more comfort from the guarantees in the Gore proposal. His program would be run strictly by the federal government, which would continue to administer traditional Medicare coverage as well as the new drug benefits. Medicare beneficiaries would also have the option of moving into a Medicare HMO, as they do now.

Everyone would get the same drug benefits. The government would pay 50 percent of each participant's prescription drug costs, up to a specified limit. The government would pay up to \$1,000 in 2002, the first year of the program. The ceiling would rise to \$2,500 when the plan is fully phased in.

For a participant who spends \$1,200 a year on prescriptions, it would work out like this: Premiums would run \$350 a year, and out-of-pocket co-pays would cost \$600. That adds up to \$950, for a net savings of \$250.

Those seniors who chose traditional Medicare would have a one-time opportunity to sign up for drug coverage when they turned 65. Gore officials say the limited sign-up is necessary to keep down the overall cost of the drug benefits. Without it, seniors might forgo drug coverage while they are relatively healthy, but sign up as soon as their drug costs rise significantly, pushing up the overall cost to taxpayers.

Under Bush's plan, Medicare participants would have multiple choices. They could enroll in any one of an array of private insurance plans and HMOs, or they could remain in the traditional government program. Every plan, including traditional Medicare, would be required to

offer at least two variations: one with basic Medicare benefits and a second that added drug coverage.

Although the details have not been worked out, the coverage offered by private plans and by the government initially would cover about \$800 of prescription drug cost per year, according to Gail Wilensky, a Bush adviser and former administrator of the Health Care Financing Administration, which oversees Medicare. That's less than the \$1,000 the Gore plan would initially provide.

One of the main concerns cited by experts about Bush's approach is that it would create incentives for healthier seniors to move into cheaper plans, leaving the sick in traditional Medicare. Previous analyses suggest that would drive up the cost of the traditional plan, making it and any accompanying drug coverage increasingly expensive for those who need it most. That could leave some seniors unable to afford coverage.

In Debate's Wake, Bush Team Aims at Gore Credibility (West Chester)
By Maria L. La Ganga and Michael Finnegan= ^ (c) 2000, Los Angeles Times=

WEST CHESTER, Pa. Wednesday on the presidential campaign trail, and the post-debate truth squad was out in force:

Did Al Gore really visit Texas after a series of disastrous fires in 1998? Did Kailey Ellis, a Florida student Gore referred to during Tuesday night's verbal battle in Boston, really have to stand up to fit into her overcrowded Sarasota science class?

And when, pray tell, is a sigh just a sigh?

Appearing on NBC's "Today" Wednesday morning, Gore was asked about complaints that his frequent sighing could be heard throughout the 90-minute debate an allegedly impolite soundtrack to his Republican rival's responses.

"Well, I guess sometimes the mike picks up your reaction to the other person, and I'll try to be more careful on that," Gore replied.

Campaigning in this Philadelphia suburb, Bush pounded Gore in much the same language he used during the University of Massachusetts debate, charging that the vice president would be "the biggest government spender we've seen in decades."

Bush also accused Gore of trying to mislead voters into seeing his \$1.3 trillion, 10-year tax cut plan as a giveaway to the rich. And he tried to raise new doubts about Gore's integrity by calling attention to his inaccurate remark about visiting Texas wildfires in 1998 with James Lee Witt, the Federal Emergency Management Agency chief.

Bush, the governor of Texas, called the remark "part of a disturbing pattern."

"I think I would have remembered it, but I took the man at his word," Bush said. "Of course, it turns out he didn't (visit with Witt). This is a man who's got a record, you know, of sometimes exaggerating in order to make a point."

Bush's aides were more blunt. Karen Hughes, his communications director, said that when Gore is under pressure, he "simply makes things up."

In world diplomacy, she said, "the credibility of our country is on the line, and the president of the United States cannot go to a meeting with a foreign leader and simply make things up that aren't true."

On Wednesday, Gore acknowledged during an interview on "Good

Morning America" that his visit to Texas may not have been at the same time as Witt's. But Gore added that he nevertheless had toured many disasters with the FEMA director 17 in eight years, according to his campaign.

"Well, I was there in Texas. I think James Lee went to the same fire," Gore said. "If James Lee was there before or after, then, you know, I got that wrong then. But it was basically a compliment to the way our FEMA team had handled things. And it was in the context of a compliment to the governor for the way he handled it for the state of Texas."

In Florida, Sarasota High School principal Dan Kennedy told a local radio station that the student whose father wrote Gore about her crowded science class, Kailey Ellis, was without a desk for only one day and could have sat on a lab stool.

In the debate, Gore said, "They can't squeeze another desk in for her, so she has to stand during class." Hughes called it "another in a disturbing pattern of the vice president simply making things up."

Ellis' father defended Gore in an interview on Wednesday, saying that Gore's description of Kailey's overcrowded classroom was accurate based on the information the vice president had been given.

Randy Ellis is a registered Republican who manages a waterfront restaurant in Sarasota and catered a crabcake lunch for Gore's entourage. He had handed an article on the area's overcrowded schools to a Gore aide before the vice president took off for Boston. The Sept. 10 article described Kailey's crowded science classroom and a photo showed her standing.

Campaigning in Warren, Ohio, Gore resumed his courtship of undecided voters Wednesday, telling thousands here that he wants to extend America's prosperity to all, "not just a privileged few."

While he faced questions about his accuracy in the debate, he did not bring up some of Bush's misstatements of the night before. He could, for example, have disputed Bush's characterization that the Democrat does not advocate mandatory testing as part of his education reform package.

One of Gore's chief campaign strategists said the vice president refrained from responding to Bush's attacks because "we're convinced that swing voters do not want personal attacks." He added: "If we're wrong, we may lose the election."

Lieberman, Cheney Wind Down Preparations for Debate (Richmond, Ky.)
By Matea Gold and Megan Garvey= ^c 2000, Los Angeles Times=

RICHMOND, Ky. One contender trained in a historic 19th-century mansion on the outskirts of a Kentucky college town. The other was home in Washington, prepping in the familiar confines of Capitol Hill.

Wednesday was the last day for Sen. Joseph I. Lieberman and former Defense Secretary Dick Cheney to get ready before their showdown Thursday at Centre College in Danville, Ky., a matchup dubbed "The Thrill in the 'Ville."

But despite the candidates' weeks of preparation the hours studying policy briefings, the mock debates with aides many historians say vice presidential matchups traditionally have little effect on elections even in a campaign as tightly contested as this one.

Vice presidential debates "make absolutely no difference in

the final outcome of the election," said Allan J. Lichtman, chairman of the history department at American University in Washington. "The American people vote the top of the ticket."

Even the most searing exchange between vice presidential candidates when Lloyd Bentsen scolded Dan Quayle that he was "no Jack Kennedy" in 1988 failed to shift the race. Republicans George Bush and Quayle trounced Democrats Michael Dukakis and Bentsen.

Although vice presidential debates may not determine an election, experts say, they can serve a useful purpose helping distinguish the two tickets and making voters more familiar with issues.

The debates are certainly big news for at least one select group the candidates.

"I've done debates in the past, but I'd say this is the Main Event," Lieberman told a group of local firefighters Wednesday over a tuna sandwich lunch at a Richmond diner.

Part of his mission, and Cheney's, is to flesh out his public image: the jocular Lieberman will try to project a serious tone, while Cheney, who is often awkward campaigning, will attempt to show his ease being on stage.

Neither one comes to the debate as a novice. In his Senate races in Connecticut, Lieberman effectively shut down opponents with a humorous, but stern, tone. Cheney regularly addressed the media during the Persian Gulf War and is experienced in answering hardball questions on political talk shows.

True to his nature, Cheney kept his pre-debate plans low-key, preferring to sleep in his homes in Wyoming and Washington as he readied for his matchup with his Democratic opponent.

With the jagged peaks of the Teton Mountains rising up as a backdrop, the Republican vice presidential candidate hunkered down in Jackson Hole over the weekend. On Saturday, he sat on a stage framed by long red velvet drapes and held a mock debate in an old playhouse in downtown Jackson Hole.

On Wednesday afternoon, Cheney told reporters he planned to be "pleasant and professional" during the debate. While aides have said he is "wary" of the tactics Lieberman might use, Cheney said he wasn't concerned.

"They can do whatever they want to do," he said.

Lieberman did his last-minute cramming at a "Debate Camp" organized by his staff at a compound owned by Eastern Kentucky University.

Every day, Lieberman held mock debates with his advisers in the Arlington House, a Georgian-style mansion surrounded by a rolling golf course. Down the hill the national press corps, hungry for tidbits of news, waited in a converted mule barn.

Debate Camp wasn't glamorous. Lieberman and his staff stayed in a road motel off the interstate, right across the street from a discount tobacco shop and funeral home.

But it wasn't all work. On Tuesday, Lieberman toured the Eastern campus, stopping at the bronze statue of Kentucky explorer Daniel Boone. Students explained that they rub the statue's left foot for luck before their exams.

"I hope I'll get an A on my test Thursday night," he said with a laugh, giving the foot a good rub.

Doing the Math on the Candidates' Contentions (Washn)

By Ronald Brownstein and Peter G. Gosselin= ^c 2000, Los Angeles Times=

WASHINGTON Numbers flew like shrapnel at Tuesday night's debate between George W. Bush and Al Gore.

Gore was, by far, the most aggressive in marshaling statistics against his rival. He peppered Bush with a dizzying array of ratios, mostly meant to highlight the differences in their approaches toward allocating the anticipated federal budget surplus.

But even Bush, while repeatedly accusing his rival of "fuzzy math," managed to fire a few numbers back across the stage.

How did the candidates' calculations add up? Here's a look at some of the principal statistics each man cited and how they square with their actual proposals.

^GORE ASSERTIONS

"For every dollar that I propose in spending for things like education and health care, I will put another dollar into middle-class tax cuts."

Verdict: Literally true, but misleading. According to Gore's campaign manifesto, Prosperity for America's Families, the vice president would cut taxes by \$480 billion over the next decade. During that same period, he proposes to spend a comparable amount solely on education and health care (\$575 billion); but his total new spending would be \$795 billion by his estimate and significantly more by GOP calculations. Either way, Gore's total spending exceeds his tax cuts, which may not be the impression he left.

"And for every dollar that I spend in those two categories, I'll put two dollars toward paying down the national debt."

Verdict: True by his own estimates. Gore puts the total 10-year cost of his spending and tax cut proposals at \$1.5 trillion, and would allocate \$3 trillion over that period toward debt reduction. The \$3 trillion would come from the anticipated surpluses in Social Security (\$2.3 trillion) and Medicare (\$463 trillion) receipts and \$300 billion in on-budget surpluses that he proposes to set aside as a reserve. Republicans say Gore's spending plans would cost significantly more than he estimates, which would leave less remaining for debt reduction.

Bush "would spend more money on tax cuts for the wealthiest 1 percent than all of the new spending he proposes for education, health care, prescription drugs and national defense. ... Almost half of all the tax cut benefits under Gov. Bush's plan go to the wealthiest 1 percent."

Verdict: True, as far as it goes, but it misses one important point.

Any across-the-board cut in income tax rates would result in the rich reaping big benefits because they bear a big share of the nation's tax burden. Many independent analysts still favor such cuts over the kind of targeted tax breaks that Gore proposes because they are simple, easy to understand and easy to administer.

Gore bases his claim that the top 1 percent would receive nearly half the benefits of the \$1.3 trillion Bush cuts on a study by the generally liberal Citizens for Tax Justice. The group concluded that 42.6 percent of the cuts would go to this group, which includes those with annual incomes of \$319,000 or more.

To calculate the figure, the group assumed that all \$240

billion in benefits from Bush's proposed elimination of the estate tax would go to the top 1 percent. Bush campaign officials dispute that, saying it's impossible to know who would benefit from the cut. The tax only applies after the first \$675,000 in assets.

If only half the estate-tax cuts goes to the top 1 percent, along with the income tax cuts they would enjoy, that would put the cost of Bush's tax plan at about \$400 billion for the most affluent. According to the Bush campaign's own figures, the Texan would spend \$382 billion on the programs Gore cited: education, health care, prescription drugs and defense.

Under Bush's prescription drug plan, ``95 percent of all seniors would get no help whatsoever ... for the first four or five years."

Verdict: Arguable to misleading, though Bush's response was also misleading. Bush's proposed prescription drug plan has two stages. In the long-term, he's proposing a fundamental overhaul of Medicare that would include subsidies to help seniors purchase prescription drug coverage from private insurers. In the short term, he has proposed \$48 billion in grants to states over four years to help purchase prescription drugs for seniors earning up to 175 percent of the poverty level about \$19,700 for a couple. Bush's staff says that cut-off would make at least 25 percent of seniors eligible for the short-term aid.

Gore bases his figure on a calculation by Emory University professor Kenneth E. Thorpe a former Clinton administration official whose independence Republicans question. Based on participation in existing state programs to provide prescriptions to low-income seniors, Thorpe projects that only about 600,000 seniors or 5 percent of all Medicare recipients without drug coverage would actually participate. Gore's comments may have left the impression, though, that only 5 percent of seniors would be eligible for help.

Still, Gore was correct when he said an elderly couple earning \$25,000 would not be eligible for short-term aid under Bush's program despite Bush's denial. And Gore's competing proposal would make prescription drug coverage a universal entitlement under Medicare which would reach far more seniors more quickly, but at about double the 10-year cost to the government.

``In my 10-year budget proposal I have set aside more than twice as much for (national defense) as Gov. Bush has in his proposal."

Verdict: True. Gore's 10 year-budget would increase defense spending by \$100 billion; Bush has called for a \$45 billion increase.

^BUSH ASSERTIONS

Gore's budget ``plan is three times larger than President Clinton's proposed plan eight years ago. It's a plan that will have 200 new programs ... or expanded programs. It will create 20,000 new bureaucrats. ... He's going to grow the federal government in the largest increase since Lyndon Baines Johnson in 1965."

Verdict: Dubious.

The Bush campaign comes up with figures that are three times Clinton's 1992 budget or LBJ's spending plan at the start of the Great Society only by counting about half of Gore's tax cuts as spending increases. For example, they do that for Gore's subsidies to help middle-income families save for retirement. But applying the same rules to Bush makes him look like nearly as big a spender as Gore.

When Gore's proposals are measured against the usual yardstick of spending as a percentage of the economy, they look considerably more modest. Spending in the Clinton-Gore budget for the current fiscal year is the lowest since 1966. By 2008, under Gore's plan, it would be the lowest in 50 years.

In the Social Security system, "There's enough money to pay seniors today" and fund his proposed individual investment accounts for younger workers.

Verdict: True, but only for the time being. Over the next decade, the Social Security system is expected to take in almost \$2.3 trillion more than it pays out in benefits. That would allow government to fund individual investment accounts whose 10-year cost is estimated at about \$1 trillion while using the other half of the Social Security surplus to pay down the national debt. (Gore would devote all of that \$2.3 trillion to debt reduction.)

The problem is that the Social Security surplus evaporates when the baby boom retires; starting in 2015, the system will be obligated to pay out more in benefits than it receives in revenue. At that point, Washington could pay for the individual accounts only by making large transfers of general revenue dollars, or by going into debt.

A Great Debate (Translation: Same Ol' Same Ol')

By Martin Miller and Roy Rivenburg= ^c 2000, Los Angeles Times=

Presidential candidates often say one thing and mean another. Even Al Gore brought up the topic of "code words" during the campaign's first presidential debate Tuesday night.

Top code breakers went to work on the debate transcript to determine what Gore, George W. Bush and moderator Jim Lehrer were really thinking.

^Lehrer: I have asked (the audience), and they have agreed to remain silent for the next 90 minutes.

^Translation: They'll all be asleep in a few minutes anyhow.

^Gore: He would spend more money on tax cuts for the wealthiest 1 percent.

^Translation: I think only 1 percent of you are smart enough to remember this, so I'm going to repeat it 149 times in the next 90 minutes.

^Bush: The man's running on "Medi-scare," trying to frighten people in the in the voting booth.

^Translation: Medi-scare? Is that a word? Sounds like one. What about Medi-prayer? Medi-hair? Gore could use some Medi-hair on his bald spot.

^Gore: There's a man here tonight named George McKinney from Milwaukee. He's 70 years old. He has high blood pressure. His wife has heart trouble.

^Translation: Vote for me or the McKinneys die.

^Bush: The Strunk family in Allentown, Pa. I campaigned with them the other day they make \$51,000 combined income.

^Translation: Only \$51,000 a year? Are these guys really

Republicans?

^Gore: (Audible sigh)

^Translation: If I'd only known George was going to wear the same red tie, I'd have gone with my polka-dot one.

^Bush: Let me make sure the seniors hear me loud and clear.

^Translation: Please turn up your hearing aids now!

^Gore: Both of us use similar language to reach an exactly opposite outcome. I don't favor litmus tests.

^Translation: I favor litmus tests.

^Bush: Voters should assume that I have no litmus test on that issue or any other issue.

^Translation: I have litmus tests.

^Gore: I think we need to put Medicare and Social Security in a lockbox. The governor will not put Medicare in a lockbox. I don't think it should be used as a piggy bank for other programs.

^Translation: And I've got \$10 million in soft money in a safe deposit box in Zurich.

^Bush: It's a school full of so-called at-risk children. It's how we unfortunately label certain children. It means basically they can't learn.

^Translation: This is my core constituency.

^Gore: No, no, no. No, no.

^Translation: No, no, no, no. Nobody can do the shing-a-ling like I do. Nobody can do the skate like I do.

^Bush: I think what the next president ought to do is to promote a culture of life in America as the life of the elderly and the life of those living all across the country, life of the unborn.

^Translation: Let the executions begin!

^Gore: There's a woman named Winifred Skinner here tonight, from Iowa. I mentioned her earlier. She's 79 years old. She has Social Security. She came all the way from Iowa in a Winnebago, with her poodle, in order to attend here tonight.

^Translation: I've got the poodle in a lockbox.

^Bush: The other day I was honored to be flanked by Colin Powell and Gen. Norman Schwarzkopf, who stood by my side and agreed with me.

^Translation: Flanked? I meant spanked. (I like big men in uniforms.)

^Gore: I am asking you again to see me for who I really am.

^Translation: A two-faced robot who will do anything to be president.

^Bush: This is a man who's got great numbers. He talks about

numbers. I'm beginning to think not only did he invent the Internet but he invented the calculator. It's fuzzy math.

^Translation: All math is fuzzy to me.

^Gore: I stand here as my own man.

^Translation: Bill told me to say that.

^Bush: There's a lot of shut-in gas that we need to be moving out of Alaska by pipeline.

^Translation: I shouldn't have had Tex-Mex for dinner.

^Gore: I'll pledge here tonight: If I'm president, the very first bill that Joe Lieberman and I will send to the United States Congress is the McCain-Feingold campaign finance reform bill.

^Translation: And we'll add an amendment to that bill that protects the right of every American to raise money in a Buddhist temple.

^Bush: I think that people need to be held responsible for the actions they take in life.

^Translation: Except for anything I did before the age of 40.

^Gore: The size of the federal government will go down in a Gore administration. In the Reinventing Government program, you just look at the numbers, it is 300,000 people smaller today than it was eight years ago.

^Translation: That's the number of people who have been investigated by special prosecutors.

^Lehrer: We will continue this dialogue next week on October the 11th at Wake Forest University in Winston-Salem, N.C. The format then will be more informal, more conversational, with the two candidates seated at a table with me.

^Translation: I'm tingling with excitement already.

The Human Toll of Faulty Tires

By Davan Maharaj= ^c) 2000, Los Angeles Times=

The toll from defective Firestone tires mounted on Ford Explorers has largely been measured by the 101 deaths compiled so far by the National Highway Traffic Safety Administration. But as investigators delve into about 400 injury cases, story after horrific story emerges, some involving people who have become paraplegics or quadriplegics.

These victims will have to cope with the fact that their life expectancies have been shortened as they face the prospect of raising enough money sometimes millions of dollars to pay medical bills. The costs also include an emotional toll, changing the lives of these victims' families who must now grapple with caring for their loved ones.

The number of people left paralyzed in Firestone-related crashes has shed new light on the financial and emotional costs associated with such debilitating injuries.

A close look at some of these tragedies, alongside an analysis of the crash data collected by NHTSA, shows that in many cases the human cost was raised by occupants simply not wearing their seat belts. But in others, the violence of the crash and the damage to the vehicle was so

extreme that wearing a seat belt was not enough to save passengers or drivers from death or crippling injuries.

Consider the case of Christy McKinney.

On the day Christy McKinney turned 21, she was running an errand with her 7-month-old son Conner in her Ford Explorer when the tread on her left rear tire peeled loose, causing her car to sail off an embankment on Interstate 40 near Alma, Ark.

The sport utility vehicle rolled over twice. Conner was ejected from his baby seat, suffering cuts and bruises on his face. His mother was thrown from the vehicle, landing on the highway's grassy shoulder. McKinney and her son were rushed to a hospital in nearby Fort Smith, where doctors declared her a quadriplegic.

Her mother, Sheri, was recently forced to give up her job, leave her own 13-year-old son behind, and borrow money from friends and relatives so that she could watch over Christy, who has been transferred to Northwestern Memorial Hospital in Chicago.

Christy cannot speak, but her mother can read her lips.

"Everyday I dry her tears (which) roll down her cheeks when she says, 'I miss my baby,'" said Sheri, 39. "I try to hold myself together. I can't let her see me fall apart. But she is my baby and her crying makes me cry."

NHTSA officials said they don't know how many people have ended up like Christy seriously injured as a result of an accident involving defective Firestone tires.

The 101 reported deaths and 400 injuries over several years are a small fraction of the 41,611 deaths and 3.2 million injuries caused by traffic collisions last year alone. Some 8,000 of those injured are people who will never walk again, according to officials with the National Spinal Cord Injury Association, who say the numbers of people left paralyzed in Firestone-related crashes has shed new light on the financial and emotional costs associated with such debilitating injuries.

Christy McKinney is a former waitress who spent most of her time caring for her infant son. Christy was dropping off Conner whom McKinney calls "my little Christmas present" because he was born on Christmas Day at a baby sitter's house so she could spend her birthday, as she always had, with her twin sister Misty.

McKinney's accident happened on Aug. 11, two days after Firestone launched a voluntary recall of its ATX, ATX II and Wilderness AT tires. Relatives said she didn't know about the recall and received no notices.

Since the accident, she has been removed from a ventilator. Plastic tubes attached to her stomach provide her food supply. McKinney's body has become emaciated. She now weighs about 75 pounds, down from the 105 pounds before the accident.

The small town of Alma, Ark., population 3,672 and about 30 minutes away from Tulsa, Okla., has been rallying to help the McKinney family. A local church and a neighborhood bake shop are collecting donations. Next week, seven blues bands will play at Rooster's Blues Bar in nearby Fort Smith to raise funds for the family.

McKinney would need at least \$2.1 million to cover her medical expenses alone for the remainder of her life, according to a rough estimate provided by Michael J. DeVivo, director of the National Spinal Cord Injury Statistical Center at the University of Alabama at Birmingham.

Because of the accident, McKinney's life expectancy has

plummeted by about 20 years, according to DeVivo.

DeVivo and others say it is impossible to measure the emotional costs these accidents take on the victims and their families,

Take, for example, 22-year-old Joshua Miller, also from Arkansas, who was involved in a separate Firestone-related crash that left him a paraplegic.

Four days after McKinney's accident, Miller was driving his 1986 Ford Bronco II along Interstate 40 when his left rear tire shredded. The SUV flipped four times, throwing him out of the vehicle into the opposite lane of the freeway, according to Miller's father, Philip, vice president of a local bank.

Minutes earlier, Miller, a former baseball player for a local community college, was at his parents' home copying his transcripts in preparation for his transfer to the University of Central Arkansas in Conway, where he planned to major in business.

The father said he had bought the Bronco for his son because he thought it was a safe vehicle. Four months before the accident, Joshua had bought new ATX tires at a Sears outlet.

Joshua was airlifted to Baptist Hospital in Little Rock, where doctors later told his parents that their son had suffered waist-down paralysis and would have to spend the remainder of his life in a wheelchair.

Last week, Philip was remodeling the family's home to make the house wheelchair accessible for when Joshua is released.

Philip said his son still plans on going to college next semester.

Joshua, a body builder who worked at a local gym, "wants to jump right back in and keep going," his father said.

Philip has hired an attorney, Jim Jackson of Bryant, Ark., to file a lawsuit against Ford and Firestone.

"What happened to Josh was criminal because there was so little information put out on the (dangers associated with) these tires," Philip said. "There's nothing they could say or do, or no amount of money that can make this right. We're going to live with this the rest of our lives like the rest of the families who suffered tragedies."

The Terraszas family of Vacaville, Calif., are dealing with their own tragedy except that Elizabeth Terraszas doesn't know all of it.

Elizabeth, her husband Stephen and their 3-year-old son, Nicholas, were returning from a Lake Tahoe vacation on Aug. 22, when Stephen felt a sharp jolt on the steering wheel. It was the right rear ATX tire peeling off its steel belts. Their late-model Ford Explorer flipped three times on Interstate 80, landing on its roof.

Stephen, who suffered a deep gash on his right shoulder, looked in the back seat to see his wife suspended by her seat belt. Blood was pouring down her head.

Nicholas was lying unconscious in the shoulder of the busy freeway.

The family was airlifted to University of California, Davis, Medical Hospital, where Nicholas was pronounced dead.

Elizabeth, an eighth-grade teacher in the Vacaville School District, has suffered brain injuries and is now recuperating at a rehabilitation center near Oakland.

Stephen still hasn't told his wife about their only child's

death, according to Brad Corsiglia, an attorney hired by the family.

"Betsy (as Elizabeth is known) would say that Nicholas was a gift from God," Corsiglia said.

For eight years, the couple had tried unsuccessfully to have a child. Fertility treatment hadn't worked so the Terraszas decided to adopt a child. A few months into the adoption process, Elizabeth became pregnant with Nicholas.

"They would do anything to have their kid back," Corsiglia said. "This family's life has been completely ruined as a result of negligence by both Ford and Firestone. Based on what we now know, these accidents didn't have to happen. To bury your own child is one of the worst experiences one could ever go through."

Before Nicholas was taken off life support, Stephen made one final gesture in his son's honor. He gave doctors permission to harvest his son's organs and donate them to other patients.

High Court Reviews Hospital's Drug Testing of Pregnant Women (Washn)
By David G. Savage= ^c) 2000, Los Angeles Times=

WASHINGTON The Supreme Court took up an unusual drug-testing case Wednesday that pits the privacy rights of pregnant women against the government's power to protect unborn children from danger.

Amid the "crack baby" crisis of the 1980s, a public hospital in Charleston, S.C., began working with police and prosecutors there to punish women who were using cocaine. Some were arrested and taken to jail just after giving birth.

Ten women sued the city-run hospital, alleging they were unknowingly subjected to unreasonable police searches, a violation of the Constitution's Fourth Amendment. But they lost in the lower courts, and their claim received a cool reception from the Supreme Court during Wednesday's argument.

It is "routine in today's world" for patients to have a urine test, said Justice Sandra Day O'Connor, questioning why this would be seen as an unreasonable search.

"This was being done for medical purposes," added Justice Antonin Scalia. "The police didn't show up and say, 'We want to find a way to bust your patients.'"

A lawyer for the women replied that her clients were not complaining about medical tests. Rather, they were upset because the test results were immediately given to the police.

The doctors and nurses "became, in effect, the police," said Priscilla J. Smith, an attorney for the Center for Reproductive Law & Policy in New York. "This program was designed by and for law enforcement," she said.

The tenor of the oral argument showed again that the "war on drugs" has strong support in the high court.

During this first week of the new term, the justices have heard two cases that test the frontiers of the drug war.

In one, from Indianapolis, police are seeking the authority to stop cars at city roadblocks to check for drugs. The Charleston case tests whether a hospital and the police can work together to check patients for drugs. A majority of the justices sounded as though they will side with the police in both cases.

At one time, the Supreme Court took the view that the Fourth

Amendment required the police to have "probable cause" and a warrant to search for evidence of a crime. But that strict rule has faded as the justices have upheld ever broader searches for narcotics.

Justice Anthony M. Kennedy, a moderate conservative who was appointed by President Reagan, suggested Wednesday that mass drug searches can be upheld if they are routine and apply to all. "A policy of testing everyone may be more sustainable," he said, because the police are not picking out suspects from a crowd.

In the South Carolina case, the U.S. Court of Appeals in Richmond, Va., sided with the hospital and ruled the searches were legal because officials had a "special need" to protect unborn children from cocaine. Robert H. Hood of Charleston, a lawyer for the hospital, agreed, saying the doctors and nurses were trying to prevent "child abuse."

The liberal justices, led by John Paul Stevens and Ruth Bader Ginsburg, pointed out that the drug-testing policy seemed to be directed at low-income black women.

For example, when the lawyer defending the policy said it was aimed at a "true medical epidemic" in the area, Stevens responded: "In only one hospital?"

Yes, the attorney conceded, only one hospital had adopted the drug-testing policy for pregnant women, but others may have done so had the lawsuit not been filed.

Ginsburg wondered how calling the police would help protect a fetus since several of the women were arrested after they gave birth.

The justices will vote privately on the case, known as *Ferguson vs. City of Charleston*, and issue a written ruling in several months.

California Leads U.S. as Immigrant Destination (Washn)

By Melissa Healy and Robert Rosenblatt= ^c) 2000, Los Angeles Times=

WASHINGTON California leads the United States as a destination for immigrants, with 25 percent of its population coming from other nations, the U.S. Census reported Wednesday in its latest gauge of the country's changing demographics.

Nationwide, 10 percent of the population was foreign-born in 1997, a total of 25.8 million people, the largest number in U.S. history. In California, there were 8 million foreign-born residents in 1997, the most recent year for which detailed data is available.

The share of foreign-born residents was the highest since 1930, the end of an era of large-scale immigration. During the first decades of the 20th century, waves of immigrants poured into the nation's cities. While the numbers of Italians, Germans and Poles swelled the populations in the Northeast, more recent immigrants from Mexico, the Philippines and China are gravitating heavily to regions such as California and Texas.

Southern California, the metropolitan area encompassing Los Angeles, Orange and Riverside counties, is home to almost 20 percent of the immigrants, the largest concentration in the nation, the Census found. The total was 4.8 million, or 31 percent of the region's residents, in 1997.

And most of those are relative newcomers, said Joseph Costanzo, the Census Bureau analyst who co-authored the report. Roughly 65 percent of the Los Angeles-area's foreign-born have come to the United States since 1979.

Following the Los Angeles region as hubs for immigration are

the New York metropolitan area, Miami-Fort Lauderdale, San Francisco-Oakland-San Jose, and Chicago.

"America has revived one of its greatest traditions: that of being a nation of immigrants," said Frank Sharry, executive director of the National Immigration Forum, a pro-immigration organization. "In the same way that immigrants played a vital role in helping America emerge this century as the world's lone superpower, immigration will play an equally vital role in powering America into the 21st century."

In one of the most detailed portraits yet of the nation's immigrant population, the Census revealed that foreign-born residents half of whom hail from Latin America and a quarter of whom come from Asian countries are, on average, more likely to work and more likely to be poor than native-born Americans.

Within the broad figures lies a wealth of detail that underscores the diversity of these newcomers:

About 36 percent of Asian-born residents who work are employed as managers or professionals a higher percentage than for native-born American (30 percent) and much higher than immigrants from Latin America (11 percent).

Two-thirds of families with a member born in Latin America (and 74 percent of those from Mexico) have children at home, compared to 48 percent of households where all members are native-born.

Asian-born residents had the highest rate of U.S. citizenship of any foreign-born group, with 44 percent having become naturalized American citizens. By contrast, 24 percent of residents born in Latin America and only 15 percent of those from Mexico had become citizens by 1997.

Education levels vary widely among immigrants: 71 percent of people from Africa and 63 percent from Asia attended college, compared with 48 percent from Europe and 22 percent from Latin America. Among the U.S. born population, 49 percent attended college.

California's pace-setting role as home to the foreign-born reflects both the immigrants' lands of origin and a key trend in their settlement patterns: Many of the foreign-born tend to cluster in or near the points of entry for immigrants to the United States, said Costanzo, who prepared the report with Census analyst Dianne Schmidley. Large numbers of Asians immigrated to San Francisco and Los Angeles, people from Mexico moved to Los Angeles; and people from the Caribbean moved to New York and Miami, Costanzo said.

The census completed this year is likely to show that the foreign-born documented in 1997 figures are following a time-honored tradition and beginning to disperse geographically.

Such patterns may be accelerated by Congress's passage this week of a measure that would allow as many as 195,000 skilled foreign workers to enter the United States annually for the next three years, to fill critical labor shortages in the nation's booming high-tech industries.

GM Urges Expansion of Accident Database (Detroit)

By Terril Yue Jones= ^c) 2000, Los Angeles Times=

DETROIT The vice chairman of General Motors said Wednesday that the Firestone tire crisis has exposed the need for better information gathering about traffic accidents, such as an improved government database

and even an on-board data recorder for cars such as those on airliners.

In an interview with the Los Angeles Times, Harry Pearce said those improvements would be a more constructive response to the tire failures than passing legislation that could make criminals out of auto executives.

“What you need is a cooperative relationship where the industry is working hand in hand with the government agency to understand failure modes if they are occurring in products so we can quickly get to the bottom of understanding the failure,” Pearce said.

He said GM is urging members of Congress and federal regulators to expand the government's database of auto accidents so that defective products, such as tires that lose treads, can be detected earlier.

The National Highway Traffic Safety Administration's accident database should include serious injuries as well as fatalities to broaden the sample of incidents involving potential defects, Pearce said. NHTSA's Fatality Analysis Reporting System is flawed, he said, because only accidents that involve deaths are entered, and the data are sometimes from second- or third-hand observations, not, for example, from a forensic examination of a failed tire.

It could be as simple as including accidents that result in injuries. “The beauty of that, the power of it is it's a much larger database, and would allow, in our judgment allow a more robust statistical analysis of trends, what's happening with regards to specific products,” he said. Pearce claimed such a database would instantly grow from the 40,000 to 45,000 traffic fatalities a year to 300,000 to 400,000 annual incidents.

NHTSA's accident data collection has come under fire because many of the entries are incomplete or unintelligible. The scrutiny has arisen in the wake of the massive recall of Firestone tires, which have been linked to 101 deaths. Critics say if the database were better maintained and broader, problems with the tires might have been spotted years before the Aug. 9 recall.

“The next step quite frankly would be to use actual on-board recorders to record data just prior to and in the course of an accident. Black boxes, in effect,” Pearce said. “There are privacy issues that we want to thoughtfully address with our customers, but on the other hand, if there is a serious accident, everyone wants to understand why, what caused it.”

Pearce also assailed proposed legislation that could facilitate prosecution of auto executives for failing to report product failures, or for selling vehicles they knew had defects. A rush toward possible criminalization could actually hurt automotive safety, he said, shutting down the flow of information by telling people they risk criminal liability.

“If indeed there is a design defect in the product, that we can identify and objectively define, then we fix it don't criminalize it, fix it,” said Pearce, a veteran litigation attorney who was once GM's general counsel. “We ought to be worried about the lives and the health of our consumers who are in these products, not what happens in Washington, or what happens in the courts.”

Time Warner's proposed \$20 billion merger with British giant EMI Group is likely to unravel Thursday with European regulators expected to nix the deal in an eleventh-hour meeting in Brussels, Belgium.

Sources said late Wednesday that the European Commission is preparing to block the merger despite a series of desperate last-ditch concessions by the two companies, including dumping EMI's Virgin label and a huge chunk of the Warner/Chappell music publishing company.

Executives at Time Warner and EMI could not be reached for comment.

If European antitrust experts reject the merger and leave EMI standing at the altar again, analysts say the troubled music company will be hard-pressed to recover or find another suitor in the future. A rejection of the deal would also dash Time Warner's hopes to consolidate EMI's holdings and quickly re-establish itself as a formidable player in the global music market.

The European Commission has previously signaled that Warner Music's venture with EMI, whose roster includes the Beatles, the Spice Girls and Garth Brooks, could harm fair competition in sales of recorded music, music publication and the digital delivery of music.

When a special committee of competition experts met last week, it backed the European Commission's decision to veto the proposed \$20 billion combination, which would reduce the number of major music companies from five to four.

Competitors such as Seagram, Sony, Bertelsmann and Disney have heavily lobbied the EC to reject the Time Warner-EMI deal.

EMI said last week it had sent European antitrust officials new proposals "to address the issues raised by the commission (and) intended to increase competition across the European music industry."

European antitrust experts called a special session for Thursday to consider the new concessions made by Warner Music and EMI Group to gain approval for their joint venture, but sources said Wednesday that the panel planned to reject the deal. A final decision by the entire 20-member European Commission is due Oct. 18.

The experts, however, are prepared to approve America Online's acquisition of Warner Music parent Time Warner. If the EMI merger does collapse, it would have a dramatic impact on Time Warner's music digital delivery plans for the Internet.

Both the Time Warner and EMI music groups have struggled in recent years and now rank fourth and fifth in sales of music in the United States, the world's biggest market.

EMI, the crown jewel of the British media business, has also experienced difficulty building its business in the United States and has gone through a series of management shakeups. The company has been the subject of takeover speculation for the past four years with a long list of potential suitors, including Seagram, News Corp., Disney and Bertelsmann. Rejection of the Time Warner deal on grounds that it would reduce the number of competitors from five to four appeared to preclude EMI from being gobbled up by another entertainment company.

Once the dominant and most respected operation in the record business, Time Warner has seen its music profit and market share dwindle significantly in recent years. Warner's decline followed a decade of turmoil that gutted the management team and shattered morale.

The proposed merger was the brainchild of recently installed Warner Music Group Chairman Roger Ames, who had committed to run the

combined operation as a partnership with his longtime friend Ken Berry, the current head of EMI's music division. It is unclear what kind of backup plan Ames may have to help put Time Warner back on the map.

----- Lender First Alliance Targeted in FTC Suit

By Edmund Sanders= ^ (c) 2000, Los Angeles Times=

A federal agency said Wednesday it has sued beleaguered mortgage lender First Alliance Corp., joining several states that have accused the Irvine, Calif., company of deceiving thousands of low-income borrowers nationwide.

The lawsuit by the Federal Trade Commission, filed Tuesday in federal court in Santa Ana, Calif., marks the first time the federal government has taken action against First Alliance, once a major lender to those with poor or no credit.

First Alliance executives denied the FTC charges and dismissed the suit as political grandstanding.

FTC officials said the seven-count complaint is part of an effort to crack down on mortgage lenders who engage in predatory practices, such as hiding loan fees, lying about interest rates and using overly aggressive sales tactics to sell consumers loans they cannot afford. The agency has filed 10 similar cases over the last 15 months.

First Alliance has become a lightning rod for protests against the sub-prime mortgage industry, which makes many of its loans to low-income homeowners. The company filed for bankruptcy protection in March amid a wave of lawsuits and a half-dozen state investigations into allegations of predatory lending.

"This (FTC action) sends a message to sub-prime lenders that if they engage in abusive practices, they won't be protected by filing for bankruptcy," said Brad Blower, an FTC attorney who is handling the case.

Consumer advocates welcomed the move, but questioned whether the federal action would have much impact because First Alliance already has shut down operations and is liquidating its assets.

"I don't criticize the FTC, but with limited resources, it might be better to file a suit against a company that's still in business so you can influence its behavior," said Robert Gnaizda, general counsel of Greenlining Institute, a San Francisco consumer group working on behalf of borrowers.

The FTC complaint seeks to force First Alliance to provide refunds for borrowers or allow them to rescind their high-cost loans. A similar effort already is under way in the company's Chapter 11 bankruptcy proceeding in Santa Ana, where borrowers are emerging as a key creditor group.

Blower said any judgment the FTC wins would be transferred to the Bankruptcy Court for distribution to consumers.

First Alliance executives complained that their company had become an easy target for government regulators eager to prove they are taking steps to stop abusive lending practices.

"We have never heard one word from the FTC before this," said Brian Chisick, chairman of First Alliance. Chisick said it was "puzzling" that the FTC would seek to reform First Alliance's business practices when the company already has ceased operations.

"The company went to great lengths to make sure that all terms of each loan were fully disclosed to customers and that all regulatory

requirements were followed," Chisick said.

The FTC suit includes many of the same complaints raised by borrowers and state regulators over the past two years.

Specifically, FTC accuses First Alliance of violating the Truth in Lending Act and the Federal Trade Commission Act by misleading customers about the terms and fees of their loans. In many cases, fees totaled 10 percent to 15 percent of the loan amount.

The FTC also objected to the company's training manual, which it said taught employees to deceive borrowers with false and misleading statements.

The U.S. Department of Justice and U.S. Department of Housing and Urban Development also have been looking into First Alliance's practices.

Business Groups Ask Congress to Ease Up on Auto-Safety Bills (Washn)
By Ricardo Alonso-Zaldivar= ^c) 2000, Los Angeles Times=

WASHINGTON After problems with Firestone tires on Ford Explorers were linked to scores of deaths, Congress exploded in fury, vowing to get tough with the auto industry. But now, with lawmakers hastening to wrap up their session, business groups are gaining in their drive to soften or even derail House and Senate auto-safety bills.

The bills would require automakers to report potential problems and would impose criminal penalties in cases where companies knowingly sold products with deadly flaws or tried to cover up their knowledge of defects.

A key vote Thursday in the House Commerce Committee could presage whether Republicans and Democrats are still united in their resolve to pass a bill. There are signs of division: Democrats are upset that Republicans have not accepted their proposals to improve consumer information about vehicle rollovers.

"It's a minefield out there," said Jackie Gillan, vice president of Advocates for Highway and Auto Safety. "In an election year, it is even more difficult to weave your way through. I'm hopeful, but there are any number of things that could happen."

Last month, Attorney General Janet Reno said the Justice Department would examine whether Firestone and Ford broke any laws before the massive recall Aug. 9. This week, Justice Department officials said they have all but ruled out a criminal prosecution.

"We would never shut the door completely," one Justice official said. "But ... there is nothing going on on the criminal side."

The U.S. Chamber of Commerce, the Alliance of Automobile Manufacturers, the National Association of Manufacturers and other corporate groups are working to soften what they see as the more Draconian aspects of the bills.

The Chamber has urged Congress to drop the legislation until next year. But auto-industry officials say they could reluctantly accept the House bill, which allows the government to waive prosecution if a company comes forward with information on a defect "within a reasonable time."

"The House bill would appear at the present time to accomplish the congressional objectives without the unintended consequences in the Senate," said Mike Stanton, a senior lobbyist for the Alliance of Automobile Manufacturers.

The House bill would penalize companies that conceal safety defects from the government. The Senate bill, written by John McCain, R-Ariz., and Ernest Hollings, D-S.C., would make companies liable to prosecution if they knowingly marketed a defective product that caused serious injury or death.

Stanton said the industry is concerned that the Senate bill would lead to prosecutions in instances where engineers legitimately disagree that a product was defective.

However, consumer groups say the House bill doesn't do much since it's already illegal to mislead the government.

The Senate bill would require automakers to inform federal regulators of serious accidents that might indicate a potential safety problem. The companies say they have no way of collecting such data. Under the House bill, the Transportation Secretary would determine the kinds of new information that would be useful in spotting potential safety defects.

Advocates of the House bill say they hope that chamber will pass the bill next week, increasing pressure on the Senate to schedule a vote.

Despite uncertainties, Rep. Henry A. Waxman, D-Calif., said Wednesday that prospects for a strong bill remain "very good."

"The public is paying attention," he said. "When the public is paying attention, Congress must act."

Cuban Seeking Asylum in Mexico Is Sent Home (Mexico City)

By Mary Beth Sheridan= ^c) 2000, Los Angeles Times=

MEXICO CITY A reputed Cuban intelligence official who fled to Mexico seeking political asylum was summarily sent home Wednesday, raising a howl of protest from human rights officials who said they feared for his life.

Pedro Riera Escalante, a former Cuban diplomat based in Mexico, admitted to authorities here that he had specialized in spying on CIA operations abroad, according to human rights activists who had helped the Cuban in his quest for asylum.

"He had a lot of information that was compromising about the Mexican and Cuban governments," said Edelmiro Castellanos, one of the activists.

Castellanos said Mexican officials had indicated that Riera would receive asylum, but that on Tuesday evening the former Cuban official was snatched by a team of pistol-packing men in plainclothes as he emerged from a meeting with a Mexican intelligence official at a Mexico City restaurant. They bundled him into an unmarked white truck and sped off, Castellanos said.

"They yelled, so that the passersby would hear, that they were from the National Migration Institute," Castellanos, who witnessed the event, told a news conference.

It wasn't until Wednesday that Mexican immigration officials confirmed that they had detained the Cuban. They deported him Wednesday morning.

Mexican government officials offered conflicting explanations of the expulsion. Alejandro Carrillo Castro, head of the National Migration Institute, which is Mexico's immigration agency, told reporters that Riera was kicked out because he had entered Mexico illegally.

Asked about the Cuban's asylum request, Carrillo Castro said:

“He never made it before migration authorities, which is where you can begin any process of seeking political asylum or refuge.”

However, a spokesman for Mexico's Foreign Ministry said the Cuban had indeed asked for asylum on Sept. 8. Officials there told him he had to go to the Interior Ministry.

“That same day, with the knowledge and consent of the petitioner, the Interior Ministry was informed of the case,” said the Foreign Ministry spokesman, Oscar Ramirez, in a statement. The Interior Ministry oversees immigration.

The case was puzzling because it occurred as Mexico's relationship with Cuba has cooled. During the Cold War, Mexico maintained close ties with Fidel Castro's island, to the occasional irritation of Washington.

But President-elect Vicente Fox has indicated that he will change such relations established by the Institutional Revolutionary Party, or PRI, during its 71-year-rule. The PRI lost the presidential election in July to Fox of the center-right National Action Party.

Human rights activists blasted the government for Riera's deportation, saying it had broken international treaties barring the return of asylum-seekers to countries where they could face torture or worse.

Rafael Alvarez, of the Miguel Agustin Pro Human Rights Center, a prominent Roman Catholic group that had been counseling Riera, said the Cuban could be charged with treason. “We fear for his life,” Alvarez said.

“There were illegalities in (Riera's) detention and disappearance, and in keeping him incommunicado,” he said.

Carrillo Castro, the immigration chief, denied in a telephone interview that his agency had made a mistake. “It was his error. He did not ask for political asylum from the authorities who by law should have handled it.”

Alvarez and Castellanos said Riera had been consul in Mexico from 1988-94. He told them he had spied on CIA activities in Mexico.

Castellanos, who is a Cuban exile and also a journalist, said Riera had fled to Mexico in early September after facing harassment at home. Castellanos did not have information on what Riera had been doing in recent years, or exactly what prompted him to break with the Cuban government.

The Cuban Embassy in Mexico confirmed that Riera had been consul in the late 1980s and early 1990s.

McCaffrey Under Fire Over Anti-Drug Media Campaign (Washn)
By Eric Lichtblau= ^c) 2000, Los Angeles Times=

WASHINGTON The United States' top drug official came under fire Wednesday for allegedly ignoring possible fraud and overbilling in a \$1-billion anti-drug media campaign and for accepting an unreported “personal favor” from a public-relations contractor.

Barry R. McCaffrey, who heads the White House drug policy office, denied any wrongdoing. But House Republicans said they have serious questions about whether his office's massive media campaign has fallen into “disarray” due to mismanagement and failed oversight.

At a morning-long hearing that often grew contentious, members

of a subcommittee of the House Government Reform panel heard evidence suggesting that advertising giant Ogilvy & Mather which has billed McCaffrey's office \$187 million in the last two years for work on the nationwide anti-drug media campaign has charged rates dramatically above industry norms and submitted "irregular" or falsified billing records for its work.

McCaffrey's office, known as the Office of National Drug Control Policy, already has withheld \$13.5 million billed by Ogilvy & Mather for anti-drug messages the company helped get on the air. But congressional critics said the drug office has been slow to answer concerns about the company, failing to even initiate an outside audit some seven months after the idea was first raised.

"Is the public being gouged?" asked Rep. John L. Mica, R-Fla., who chaired the hearing. Charging that the White House has been "negligent" in overseeing the anti-drug campaign, he said: "If someone is ripping off the taxpayers, I want that pursued."

McCaffrey's aides and his supporters in Congress said no fraud has been established. They charged that the latest imbroglio is a nonissue being stirred up by Republicans as a way of hurting the Clinton administration.

Ogilvy & Mather said in a statement that it has billed the White House drug office for its work "within the industry standard, and if we learn of any accounting problems, we will address them and make necessary adjustments."

The company is happy with its work on the campaign and believes it has contributed to the overall decline in teen drug use in the last two years, the statement said.

The media campaign, begun in 1998, has become a cornerstone in McCaffrey's efforts to dissuade young people from experimenting with drugs. Working with advertising specialists, McCaffrey's office has gotten some 25,000 public-service announcements on television and radio and millions of impressions on the Internet all aimed at publicizing the dangers of cocaine, ecstasy, heroin and other popular narcotics.

McCaffrey's veracity was challenged in a report prepared for the subcommittee by the General Accounting Office, the investigative arm of Congress.

In the report, investigators detailed a favor that McCaffrey accepted from another public-relations company active in the media campaign, posing a potential conflict of interest.

The issue grew out of a critical article that the New Yorker magazine published in May. It charged that during the Persian Gulf War in 1991, troops led by McCaffrey then an Army general used unnecessary force in a battle with Iraqi soldiers following a cease fire.

McCaffrey branded the article "nonsense" at the time it appeared.

GAO investigators found that McCaffrey received professional advice on how to handle the fallout from the article from Paul Johnson, regional president in Washington for Fleishman-Hilliard Inc. The public-relations powerhouse receives about \$10 million a year from McCaffrey's office for its media campaign work, and Johnson and McCaffrey have worked together on the project, officials from his office said.

"Director McCaffrey denied to us that anyone had assisted him in his response to the article," GAO investigators said in their report. But investigators said Johnson acknowledged that McCaffrey had called him

because he was very concerned about the impact the article might have on the war on drugs, and Johnson said he spent three to four hours helping to shape a response to the New Yorker and also referred McCaffrey to a libel attorney.

Johnson said he did not bill McCaffrey or the drug policy office for his time because "he did this as a personal favor to Director McCaffrey," according to the report.

Through his spokesman, McCaffrey said that there was nothing inappropriate about the matter.

Johnson could not be reached for comment, and officials at Fleishman-Hilliard said they would not be able to discuss the issue.

Yeltsin Discloses Dirty Truth About His Resignation Speech (Moscow)

By Maura Reynolds= ^c) 2000, Los Angeles Times=

MOSCOW Now we know: It was dust.

On New Year's Eve, when Boris N. Yeltsin raised a chubby finger and wiped his eye while reading his resignation speech, many wondered whether he might be shedding a tear, perhaps for his presidency, perhaps for his country.

But no. According to excerpts from Yeltsin's new memoirs, the soon-to-be former president was brimming with excitement and jubilation, and the cause of the gesture was no more than a stray mote of dust.

"I tried to read my inner emotions, what I was feeling, what kind of mood I had," Yeltsin wrote in excerpts published Wednesday by the newspaper Argumenty i Fakty. "And with a little surprise, I realized I was in a good mood. Very good, even jolly."

The memoirs, titled "A Presidential Marathon," are Yeltsin's third and presumably final volume of recollections. The book will be released this weekend in Russia; international editions are scheduled for release Oct. 18.

The lengthy extract details Yeltsin's last hours as president down to sips of water, the ticking of clocks, the color of folders and the New Year's decorations at the Kremlin.

But woven through the minutiae is a clear political message: that Yeltsin was not the bumbling, incapacitated president he appeared to be for most of his second term, and that he was not in the thrall of powerful advisers who pressed him to resign.

On the contrary, according to the excerpts, Yeltsin made the decision on his own and carried it out largely in secret, taking great pleasure in surprising even his closest aides.

"No one should think that I'm resigning because of illness or that someone forced me into this decision," Yeltsin recalls thinking as he reviewed the draft text of his speech. "I simply understood I must do this, and I must do it now."

The excerpts include little introspection and shed little light on crucial questions, such as why Yeltsin settled on dour former KGB chief Vladimir V. Putin to be his successor. The 69-year-old ex-president doesn't even comment on the most remarkable aspect of his resignation speech, an apparently humble apology for the mistakes of his volatile eight-year tenure.

Instead, Yeltsin depicts his resignation as a kind of political joy ride. For instance, he seems to take great glee in having refused a phone call from President Clinton, asking the most powerful man in the

world to call back later.

"I can let myself do such things now," Yeltsin writes. "Now I'm just a retiree."

But perhaps unwittingly, the excerpts appear to confirm that in his final days as president, Yeltsin was closest to just a trio of advisers, key members of what was often referred to as "The Family." They were his daughter Tatyana Dyachenko; his cunning chief of staff, Alexander S. Voloshin; and his biographer and aide, Valentin B. Yumashev. With the exception of Yeltsin's wife, Naina, other people play inconsequential roles. At least in the excerpts, the former president's doorman gets more ink than his defense minister.

Yeltsin writes that he made the decision to resign even before parliamentary elections Dec. 19 demonstrated swelling support for Putin, who was his prime minister. Yeltsin says he informed Putin of his plans Dec. 14 and that no one else knew until much later. The excerpts appear to suggest that he kept his decision a secret even from "The Family" until Dec. 28, and from his wife until Dec. 31.

It will be up to historians to evaluate the worth and veracity of Yeltsin's version of events. But in the meantime, political analyst Leonid A. Radzikhovsky said he doubts the book will become a best seller, at least in Russia. Most citizens here, weary of Yeltsin's erratic leadership, greeted his resignation with unfettered relief.

"The public at large is sick and tired of Yeltsin posing as a reckless clown," Radzikhovsky said. "('The Family') must have designed this book as a toy for Yeltsin to play with and prove primarily to himself that he is still alive."

----- Talks Between Israeli, Palestinian Leaders Break Down (Paris)

By John-Thor Dahlburg and Tracy Wilkinson= ^ (c) 2000, Los Angeles Times=

PARIS, Oct. 5 Israeli and Palestinian leaders failed to reach agreement early Thursday on a U.S.-brokered exit from the region's deadliest violence in years, fueling fears that bloodshed that has raged for seven straight days will continue unchecked.

Contentious talks that lasted a day and a night in Paris broke down over details of an agreement that a French official had said was "90 percent" completed. Israeli Prime Minister Ehud Barak reportedly decided to head home, having concluded that there was no point to continuing.

Barak and Palestinian Authority President Yasser Arafat, in on-again, off-again and sometimes angry talks, tentatively agreed late Wednesday that Israel would withdraw its army units to their positions before unrest broke out last week, Israeli sources at the talks said. They also agreed that parties would call for an end to the violence.

But Arafat was insisting that an international inquiry look into the violence of the past week, which has killed more than 60 people, most of them Palestinians. Israel adamantly refused, and the talks collapsed.

"Arafat has refused to sign the text of the agreement that has been prepared by the two parties," an Israeli official told reporters in Paris early Thursday.

The official said Barak believed it was pointless to continue talks in Egypt, where a formal signing of the agreement had been expected, since "negotiations have arrived at an impasse."

Palestinian officials blamed Israel for the deadlock. Israeli officials said earlier Wednesday that they would allow U.S. experts to join in an investigation of the week's violence but believed that an international inquiry led by the United Nations or other countries would be biased against the Jewish state.

The talks, in various configurations, were hosted by U.S. Secretary of State Madeleine Albright in the official residence of U.S. Ambassador Felix Rohatyn and at Elysee Palace with French President Jacques Chirac.

Albright held separate meetings with Barak and Arafat after they flew to the French capital, then brought the two Middle East leaders together for a three-way session.

At one point, CIA Director George Tenet and U.S. Mideast envoy Dennis B. Ross were called in to participate, U.S. officials said. U.N. Secretary-General Kofi Annan took part in the gathering at the French presidential palace, they said.

Albright's ultimate goal was to revive the overall peace process between Israelis and Palestinians, which has stalled since failed talks at Camp David in July, with the hope of achieving a settlement before the Clinton administration leaves office in January.

However, the current wave of Arab unrest and answering Israeli police and military response have so damaged chances of arriving at a broad settlement that the sides were struggling in Paris just to find a commonly acceptable formula to stop the bloodshed.

The violence began Sept. 28 after Ariel Sharon, head of the right-wing Likud Party in Israel and a hated figure among Arabs, paid a high-profile visit to the Temple Mount compound in Jerusalem's Old City. The precinct encloses two mosques, including Al Aqsa, one of the holiest sites in Islam, and Sharon's presence was seen by Muslims as an insult.

According to the French, Israeli generals already were ordered Wednesday night to withdraw the units to position held before the unrest broke out, to minimize the chances of further casualties. However, there was not immediate confirmation of that from Israeli officials.

In Israel and the Palestinian territories, meanwhile, the day opened quietly, almost as if people were waiting to see what would happen in Paris. But by the late afternoon, clashes again erupted in the usual spots in the Gaza Strip around the Jewish settlement of Netzarim and in the West Bank cities of Nablus and Ramallah.

Israeli helicopter gunships again attacked buildings near an army post that supposedly came under attack from the Palestinians. One boy was killed, one of six Palestinians who lost their lives in fighting Wednesday.

In the Israeli city of Jaffa, where many Arabs live, more violence flared. Arab demonstrators attacked television crews and beat an Italian journalist.

Israeli officials again demanded that Arafat pacify the streets, something they do not think he is doing.

"The Israeli army sees no evidence that the Palestinian Authority is determined to stop the violent unrest that has spread throughout the region," a military statement said.

In Lebanon, Sheik Hassan Nasrallah, head of the country's Shiite Hamas movement, called on Palestinians to wage a holy war against

Israel, and to strike at ``the breasts of Zionists, soldiers and settlers." And in northern Israel, a large forest fire was burning, one of more than 100 blazes in recent days that Israeli police blame on Arab arsonists.

In Paris, the stern rhetoric after the Palestinian and Israeli leaders arrived for talks showed how much at loggerheads they had become.

Arafat condemned ``the virulent attacks against our people" by Israeli soldiers and police, and said he would only meet with Barak if Palestinians' safety is guaranteed and agreement reached on an international investigation.

In unflinching remarks to reporters after he met earlier in the day with Chirac at Elysee Palace, Barak in turn placed the blame for the death and suffering squarely on Arafat.

``We hold Chairman Arafat and the Palestinian Authority responsible for the initiation of this wave of violence," Barak declared. ``I call upon our friends in the region and our Palestinian neighbors to muster the courage and stop this violence."

Panel Orders Airlines to Be Separated and Privatized (Mexico City)

By James F. Smith= ^c) 2000, Los Angeles Times=

MEXICO CITY A federal panel told the government Wednesday to sell off Mexico's two largest airlines as separate businesses, a step that could lead to lower fares and attract direct investment by U.S. airlines.

The Federation Competition Commission held that the government-controlled holding company that owns both Aeromexico and Mexicana is a monopoly and that the two airlines should be privatized separately.

The holding company, Cintra, and labor unions wanted Cintra to be sold as a single company. However, the commission said that would perpetuate the entity's control of 80 percent of domestic passenger service, which would violate the Mexican constitution and competition laws unless impossibly strict regulations were imposed on the company.

The labor unions, fearing a loss of jobs, vowed to take over airport runways and stage other protests to block the breakup. But travel-industry officials welcomed the commission's ruling as a step toward greater competition that would cut the often-expensive fares on domestic routes.

The government ended up with ownership of the two airlines as a result of the 1994-95 peso crisis. After banks took over the struggling airlines, the government stepped in and took over the failing banks. The government formed the joint airline holding company in 1995 to let the airlines recover.

Today Mexico's economy is growing robustly, and Cintra's passenger volume on trunk routes rose 17 percent in the second quarter of this year while gross revenues climbed 15 percent.

Fernando Sanchez Ugarte, chairman of the competition commission, told reporters that each airline could fetch \$500 million to \$700 million in open bidding. Several corporate investors and wealthy Mexican individuals have been rumored as prospective buyers, but no front-runners have emerged.

The government now owns 66 percent of Cintra, while banks and private shareholders control the balance. Cintra's stock-market value is about \$570 million, less than half its value when it was listed on the

Mexican stock exchange in 1997 and far below the expected sale revenue.

Major U.S. airlines would be likely bidders for the maximum 25 percent share that Mexico allows foreign airlines to control. Delta Air Lines, which has a successful route-sharing alliance with Aeromexico, and United Airlines, which partners with Mexicana, would be logical investors. American and Continental, which have built up large independent cross-border route networks, might also be interested.

None of those U.S. airlines was willing to comment Wednesday on potential investment plans in privatized Mexican airlines.

Sanchez Ugarte said separating Aeromexico and Mexicana would benefit Mexican passengers, who he said pay premiums of 20 percent to 30 percent on some domestic routes.

In a statement, Cintra said it would comment only after fully evaluating the panel's decision.

Sanchez Ugarte said the decision is, in effect, binding.

"The potential downside is there's a long-standing rivalry between these two companies, and unless the owners are strict and prevent bloodletting, there's some risk of a price war," said a Mexican airline executive speaking on condition of anonymity.

Consultant Bob Booth of Miami-based Aviation Management Services said that even as a combined business, Aeromexico and Mexicana "are still small potatoes compared to anything in the U.S. or Europe" and the two airlines will have trouble competing separately.

The government's bank bailout agency, which holds the controlling share of Cintra, now must organize the sale of the airlines and of five related businesses, including ground services, a cargo operation and the reservation system.

Israel Defends Itself Against Allegations of Brutality (Jerusalem)
By Tracy Wilkinson= ^c) 2000, Los Angeles Times=

JERUSALEM Israel is fending off accusations that it has used excessive force in its attempt to quell a weeklong rebellion that has claimed dozens of Arab lives.

The perceived brutality has fueled Palestinian demands for revenge and further stoked violent demonstrations that continued Wednesday night.

In fighting that has raged through the West Bank, Gaza Strip and inside the Jewish state's Arab villages, Israeli forces have opened fire with high-velocity ammunition and sporadically launched combat helicopters, tanks and missiles. This is in addition to the more extensive use of tear gas and rubber-coated bullets.

Palestinian demonstrators have thrown rocks, chunks of concrete and firebombs. In the most violent hot spots, they have been joined by Palestinian police and paramilitary forces armed at times with automatic weapons.

The death toll as of Wednesday night stood at nearly 50 Palestinians, 10 Israeli Arabs, a Druze and two Jews (a soldier and a civilian). The vast majority of the reported 1,300 or more injured people also are Arabs.

That lopsided tally has prompted cries of outrage from Palestinian leaders and human rights activists.

Citing the "devastating" loss of civilian life, Amnesty International accused Israel of "excessive and indiscriminate use of

force" in violation of international human rights standards. Human Rights Watch said it was "deeply disturbed" at the numbers of unarmed civilians and medical workers who have been killed or injured.

Israeli political and security officials say that their actions are justified and that they have used restraint and followed clear rules of engagement. Soldiers deployed in Palestinian-controlled areas of the West Bank and Gaza, as well as police officers deployed within Israel, follow virtually identical regulations: Lethal force is justified only when an officer's life is in danger.

Israeli Prime Minister Ehud Barak refused a Palestinian demand Wednesday to allow an international investigation into the past week's unrest but said his government would conduct its own probe.

"What happened in recent days was not just a protest demonstration, but rather a phenomenon of unprecedented degree," Shlomo Ben-Ami, internal security and acting foreign minister, said Wednesday as he likened the violence to a volcanic eruption. "The problem is the character of the confrontation, the degree of confrontation between the police, who are entitled, if there is real danger to life, to shoot," and protesters.

Victims have included a 12-year-old Gaza boy whose death in an apparent cross-fire was captured on television; a 10-year-old shot from a helicopter as he stood on his roof in the West Bank town of Nablus; a 17-year-old Israeli Arab peace activist shot by Israeli police, his blood discoloring his Seeds of Peace T-shirt.

Hadas Ziv, projects director for Physicians for Human Rights-Israel, said the killing of a Palestinian ambulance driver who attempted to rescue the slain 12-year-old in Gaza was especially alarming, as were the shootings of other ambulance and medical personnel.

Palestinian doctors report a high percentage of child victims, lost or damaged eyes and upper-body wounds, which they say suggests shooting for maximum harm.

The Israeli government blames the high Arab toll on Yasser Arafat, accusing the Palestinian Authority president of failing to halt the riots and placing children in harm's way for propaganda purposes.

The first fatalities in the current violence came on the second day, when Israeli police stormed a site in the Old City here known to Jews as the Temple Mount and to Arabs as Haram al Sharif, or the noble sanctuary. Police spokesman Shmuel Ben-Ruby said officers burst into the compound to stop "thousands" of Palestinians who had attacked officers and thrown stones at Jews praying beside the Western Wall.

He acknowledged limited police sniper fire using high-velocity bullets, followed by barrages of rubber-coated bullets, a less lethal but by no means harmless ammunition. Palestinians who were present Friday, emerging from noon prayers at the Al Aqsa mosque, said officers fired indiscriminately. The Israeli human rights group B'Tselem concurs.

Ben-Ruby defended the use of force to stop and disperse the stone-throwers. "If we hadn't, they would push through to kill the Jews (praying) below," he said.

The heaviest firepower has been used near the Jewish settlement of Netzarim in Gaza and in Nablus, site of Joseph's Tomb, a tiny Jewish holding.

Col. Daniel Reisner, head of the international law division of the Israeli army, said the weapons used in those areas, such as missile-launching helicopter gunships, are authorized under rules of

engagement because lives are in danger and Palestinians escalated their weaponry. The gunships are especially accurate and allow pinpoint strikes, he said. Israelis have used them to take out Palestinian sniper positions in several apartment buildings.

"We are trying to use the weapons system most likely to cause the minimal amount of collateral damage," Reisner said.

Nowhere has the debate over the use of force been more painful and disheartening than in Israel's minority Arab community. Unlike the Palestinians, about 1 million Arabs in the northern Galilee and elsewhere have chosen to live within Israel as its citizens. When Israeli police opened fire during demonstrations Sunday and Monday, it was a devastating blow. They are taxpaying citizens, they said, and are being treated as though they too live under military occupation.

Funding Yugoslavia Opposition a Tough Balancing Act for U.S. (Washn)
By Norman Kempster= ^c) 2000, Los Angeles Times=

WASHINGTON The turbulent days following Yugoslavia's disputed election have become a test of whether the Clinton administration can help bankroll the opposition to Slobodan Milosevic without allowing the Yugoslav leader to label his foes foreign stooges.

There can be no question of the U.S. financial stake in Vojislav Kostunica's first-place finish in last month's election. More than \$35 million over two years was openly spent to support independent media, get-out-the-vote campaigns and grass-roots democratic organizations, all aimed at ending Milosevic's rule.

The U.S. embrace has proved to be embarrassing to Kostunica, who even before the Sept. 24 balloting had warned that American support only played into Milosevic's hands.

A State Department official, who declined to be identified because of the sensitivity of the situation, said of U.S. ties to Kostunica: "Any connection with him only hurts him."

There is little doubt that money from the United States and its allies in Europe helped the multifaceted Yugoslav opposition mount an effective political campaign behind Kostunica, although the opposition leader himself refused to accept U.S. funds.

Unlike the CIA-orchestrated coups of previous generations that brought down governments that the United States found inconvenient in places such as Guatemala, Iran and Chile, the funding for the Yugoslav opposition seems to be completely open. If there also have been covert funds, the secret has been kept better than usual.

The U.S. government spent \$10.7 million in support of democracy in Yugoslavia in the fiscal year that ended Sept. 30, 1999, and \$25 million more in the year that just ended. Congress is considering appropriations for the current fiscal year totaling \$50 million for democratic forces in Serbia and another \$50 million for Western-oriented Montenegro, Serbia's junior partner in the Yugoslav federation.

Officials say most of the money has gone for basic democracy-building programs, and has paid for items such as printing presses, computers and fax machines. There is no direct support for the strikes and demonstrations that have been mounted against Milosevic, the officials said, although they concede that U.S. funds for one purpose could free up locally generated money for other purposes.

Ever since the Truman administration subsidized anti-Communist

political parties in post-World War II Italy, the United States has spent money sometimes openly, more often clandestinely to influence foreign elections. But the process requires more subtlety than the U.S. political system usually displays.

"It is not easy to do it openly but discreetly, and not stand up and broadcast it as has often been the case in this town," said John Fox, Washington director of the Open Society Institute, a foundation that advocates the building of democracy abroad.

Nevertheless, Fox said, the Clinton administration had run out of other options.

"We went for 10 years where we did everything except support the democratic forces in Serbia," Fox said. "We did everything else first."

With Milosevic refusing to concede defeat at the polls, U.S. officials say Washington will continue to support the democratic opposition, even if the backing sometimes embarrasses the recipients.

"There are some who say it would be illegal in the United States for a candidate to take money of this sort," said Daniel Serwer, a scholar at the U.S. Institute of Peace in Washington. "But this money did not go to individual candidates."

"This program supported civil society," Serwer said. "There was a lot of attention to getting out the vote and monitoring the election and less to supporting particular leaders or political parties. The money was clearly well spent. The effort was more successful than anyone had thought it would be."

Unlike many foreign aid programs, the funds for the Yugoslav opposition enjoy strong support on Capitol Hill. Sen. Jesse Helms, R-N.C., chairman of the Senate Foreign Relations Committee, is an outspoken supporter of the effort.

----- Uncertainty Casts a Pall Over Peru (Lima)

By Juanita Darling= ^ (c) 2000, Los Angeles Times=

LIMA, Peru Damaso Toribio and Rosa Soto de Gomez will not be part of the parade of Peruvian dignitaries called to Washington this week to discuss the political and economic repercussions of the crisis engulfing the country.

But the failed grocer turned shoe-shiner and the homemaker married to an independent contractor know quite a bit about the economic problems at the root of President Alberto Fujimori's unraveling regime.

Five years ago, Toribio, Soto de Gomez and her husband all had steady work. Now they form part of Peru's disguised unemployment, along with Toribio's 18-year-old son, who cannot find his first job.

And they have a pretty good idea of what the latest scandal will mean for them and their country.

"We're back to square one," said Soto de Gomez. "Everything has been destabilized, and now we are living in uncertainty."

That opinion is shared by leading economic analysts, who point out that instability is the condition that foreign investors most dislike.

Outside capital was already retreating from commitments in Peru, where total new foreign investment fell to \$1.5 billion in 1999, compared with \$1.93 billion in 1998. In the first three months of this year, foreign direct investment, which excludes stock market trading, fell to \$62 million from \$499 million during the same period of 1999.

That caution, in anticipation of political problems related to presidential elections last spring, turned out to be well founded. With Peru's economic doldrums dragging down Fujimori's popularity, the president's advisers are widely believed to have resorted to dirty tricks to ensure his victory.

Last month, a videotape was released that appeared to show Fujimori's then-spy chief, Vladimiro Montesinos, bribing a legislator to shore up support for the president. Montesinos fled to Panama after Fujimori announced the dissolution of Peru's intelligence apparatus and promised to call new elections in which he would not be a candidate.

"Now that political instability has actually happened, it is hard to know when it is going to finish," said Ricardo Adroque, who follows Peru for Salomon Smith Barney in New York. "It will have a negative effect on investment, and therefore employment, in even the most optimistic scenario."

Amid rumors of a military coup, the unpredictable Fujimori made a surprise visit to Washington late last week prompting U.S. officials to summon other Peruvian politicians to hear their take on the crisis. The president returned home early Tuesday with another surprise: the pledge of \$460 million in loans from the Inter-American Development Bank.

"That is quite important," said Adroque, as it may be seen as a positive sign for pending loans from the World Bank and the Export-Import Bank of Japan, which Peru desperately needs to finance a budget deficit that hovers around \$1 billion.

While the budget deficit is a concern, said Peruvian economist Augusto Alvarez Rodrich, "the most complicated problem is private-sector confidence ... that has become much more serious with the recent crisis."

The 4 percent economic growth expected this year is about half what Peru needs, he said. "No one is generating new jobs," he added.

Toribio and Soto de Gomez can confirm that. "I say I'm a homemaker, but the truth is, I can't find work," Soto de Gomez said.

Court Further Muddies Fate of Presidential Vote (Budva, Yugoslavia)
By Paul Watson= ^c) 2000, Los Angeles Times=

BUDVA, Yugoslavia The struggle for presidential power in Yugoslavia grew more confusing Wednesday night as the nation's Constitutional Court issued a terse ruling that the opposition fears will force a new election.

The unanimous ruling on an appeal by opposition leader Vojislav Kostunica was announced in one sentence by the state-run Tanjug news service, which said the court had decided "to annul part of the electoral procedures" for the disputed Sept. 24 presidential election.

The statement did not specify what portion of the election had been voided or what action, if any, would be ordered.

The court, whose members were hand-picked by President Slobodan Milosevic, promised to release a full decision Thursday, state-run Belgrade Radio reported.

Kostunica contends that the Federal Electoral Commission, which also is controlled by Milosevic loyalists, forged results of last month's election to deny him an outright victory. The Yugoslav government has scheduled a runoff for Sunday, but the opposition leader is boycotting the vote and Wednesday's court ruling may cancel it altogether.

Milosevic is notorious for sowing confusion to buy time in a

crisis, and Kostunica's supporters suspect that the Constitutional Court ruling is just such a ploy.

"It is possible that the whole first-round (of voting) will be repeated, which may delay elections for two or three months," said Dragor Hiber, a law professor and deputy leader of the Civic Alliance, which belongs to Kostunica's 18-party coalition.

It's also possible, Hiber said, that the court might annul all or part of the Sept. 24 balloting in the southern polling districts of Vranje and Prokuplje, which the opposition contends was rife with vote-rigging.

A third possibility is that the court could order a recount, Hiber said. But the opposition says the government has already burned and dumped many of the ballots from the disputed election, and it doubts that a proper recount would be anything more than a fraud.

Opposition supporters, meanwhile, won a small victory over Milosevic's forces Wednesday when demonstrators broke through a police cordon to take back partial control of Serbia's largest coal mining complex.

Just over three hours after riot police stormed the Kolubara coal mines, striking miners driving a rusted bulldozer broke through a crowd of officers gathered on the main bridge leading into the complex.

As the police stood by, some smiling and others looking bewildered, more than 1,000 supporters of Kostunica streamed through the front gate of the massive open-pit mining complex.

Other Kostunica supporters later converged on the complex to hear their leader speak to a large rally staged between two of the complex's four open pits.

Milosevic "is doing the sabotage," Kostunica told a crowd of about 5,000 striking miners and protesters as they jeered the Yugoslav president. "What you are doing is the will of the people. They are breaking the constitution and we are defending it.

The Kolubara complex, about 25 miles south of Belgrade, the Yugoslav and Serbian capital, fuels one of the republic's main power generating stations. The government says the strike is criminal "sabotage" because it is forcing power cuts.

But the 7,500 striking miners insist they have no other way to fight what they consider Milosevic's theft of Kostunica's election victory.

At least one protester at the Kolubara complex struck one of the police officers with a bottle, and half a dozen police briefly clubbed some of the surging demonstrators. But Wednesday's confrontation was mostly peaceful.

On Tuesday, a Belgrade prosecutor asked a judge to have two opposition figures and 11 striking miners arrested as threats to national security, but on Wednesday there was no sign that any of the men had been detained.

The Kolubara miners' strike, which began last Friday night, has cut the normal stockpile of coal at nearby depots to less than half, and the reserves will run out altogether by Saturday, said Krsto Vukovic, the power company's deputy manager, at a Belgrade news conference on Wednesday.

Belgrade and other major cities and towns are already suffering six-hour rotating blackouts, but the situation could get much worse if about 60,000 unionized power workers carry out a threat issued Wednesday

to participate in a general strike.

Riots Imperil Fragile Arab-Israeli Relationships (Jerusalem)

By Mary Curtius= ^ (c) 2000, Los Angeles Times=

JERUSALEM Tami Dumai opened the doors Wednesday of the Arab-Jewish elementary school she runs in northern Israel, unsure that either students or teachers would show up.

It was the first day of classes since riots that began last week in the West Bank and Gaza Strip spread to Arab towns and villages inside Israel. Ten Israeli Arabs had been among the about 60 people killed in the riots. Protesters had blocked dozens of roads, vandalized cars and buildings, hurled stones and fired shots at police and civilians.

Across Israel, Jews and Arabs were wondering whether their always difficult relations can survive the violence. Dumai feared that the Arabs and Jews at the 3-year-old school where Jewish and Arab educators team-teach Jewish and Arab children in Hebrew and Arabic might abandon their experiment in co-existence.

But 84 students and all six teachers came Wednesday. At a staff meeting, Jewish and Arab teachers wept and "told each other how angry and disappointed and scared they were," Dumai said in a telephone interview. Then they went to their classrooms and together helped their students cope with the recent events.

It was a rare sign of hope that Arabs and Jews may be able to rebuild relations shattered by the protests and the harsh response to them.

Many Israelis, badly shaken by the violence that struck even mixed Jewish-Arab cities such as Haifa and Jaffa, say they fear that co-existence may be impossible.

"The incidents of the last few days are the most severe ever to have taken place between Arab citizens of Israel and the state of Israel since it was founded," said Matan Vilnai, Israel's minister of culture, science and sports. Prime Minister Ehud Barak appointed Vilnai on Tuesday to head an emergency committee on Arab affairs.

Ordinary Israelis have flooded the switchboards of radio talk shows, demanding that Arabs be "punished" for the riots. Local Jewish governments in the Galilee, where Jews are a minority and live in small settlements near Arab towns and villages, have called on the government to send more troops and launch a new drive to settle Jews in the area.

"I am living here for 36 years and we never experienced anything like this," said Leviah Fisher, spokeswoman for the western Galilee town of Carmiel. "We didn't expect our neighbors to behave like this."

Carmiel residents were trapped in their town for several hours Sunday because demonstrators from the neighboring village of Nahef blocked a road with burning tires and threw stones at the cars that passed by.

"Now I am a little bit angry, many people are angry," Fisher said. She intends to stop shopping at the neighboring Arab villages where for years she has bought fruits and vegetables and eaten hummus in restaurants, Fisher said. "The feeling is that we have to punish them. I feel like I was betrayed."

Barak met for more than three hours Tuesday with Arab members of the Israeli parliament, who told him that the riots in Israel proper were more than just a show of solidarity with Palestinians in the West

Bank and Gaza Strip. The outbreak has ballooned into a protest about the poor economic and social conditions of many Arab Israelis, they told him.

Although Arab Israelis are citizens of the state, they have long suffered discrimination, and their communities generally have higher rates of unemployment and poverty than Jewish communities.

Barak promised the Arab lawmakers that police will only use live ammunition against demonstrators if an officer's life is under immediate threat.

At home in the Jewish town of Yuvalim in the western Galilee, Dumai, the principal of the Arab-Jewish elementary school, mused about how difficult it will be for Arabs and Jews to build new relationships.

"In the Jewish community," she said, "there is a feeling of fear. There is a feeling that something has gone very wrong. Nobody understands what has happened," she said, because few Jews know anything about the lives their Arab neighbors.

"The Arabs have problems that the Jews have chosen until now not to go into," she said. "We go into Arab villages to buy things, to go to restaurants. Maybe after all the emotions are less extreme on both sides, we should really start talking."

Panama Tiring of Status as Dustbin for Dictators (Panama City)

By Mary Beth Sheridan= ^c 2000, Los Angeles Times=

PANAMA CITY, Panama Jorge Serrano, the one-time president of Guatemala, today rules over a 125-acre country club outside Panama City, commanding an army of gardeners and dishwashers. In the capital, other failed ex-Latin American leaders try their luck at the casinos, or jog along the seaside Avenida Balboa.

For decades, Panama has granted asylum to ousted strongmen, from Serrano to the shah of Iran. But the arrival of Vladimiro Montesinos, Peru's powerful spy chief, has prompted an uproar, with many saying this young democracy should no longer be a dustbin for dictators.

"This makes us look like Ali Baba's cave," groaned Miguel Antonio Bernal, a former international affairs adviser to President Mireya Moscoso.

Montesinos fled to Panama on Sept. 24, after the release of a video apparently showing him handing a \$15,000 bribe to a Peruvian congressman. The resulting scandal was so huge that Peruvian President Alberto Fujimori pledged to step down and disband Montesinos' intelligence agency, which has been accused of torture, kidnappings and murder.

Panama initially turned down a Peruvian government request to take in Montesinos. But, after pleas from U.S. and Latin American officials, Panama issued the spy chief a tourist visa. The government has hinted it will soon give the thumbs up to an asylum petition by Montesinos, who claims he is suffering political persecution.

"As a country, we have maintained a policy of cooperating to solve these international political crises," Foreign Minister Jose Miguel Aleman said in an interview. "There is a tradition of asylum. That may be why other countries ask our cooperation."

But Panamanian politicians, newspapers and human rights activists are questioning whether that tradition should continue. To some, it's a question of national self-respect. Others say a broader issue is at stake: Who should get asylum? Latin American countries have enshrined the principle of political refuge, a reflection of the region's turbulent

history of dictatorships and rebel movements. But, with democracy now widespread, many say it's more important to support local justice systems seeking to hold their politicians accountable.

"Political exile can't cover acts like drug trafficking or death squads," said Teresita Yaniz de Arias, vice president of the national Legislative Assembly. "We're confusing the right to asylum with giving welcome and protection to someone trying to avoid legal responsibility."

With its central location, bank secrecy laws and, critics say, lax security and judicial apparatus, Panama has long been a favored destination for those on the run.

In perhaps the most famous exile case, Shah Mohammed Reza Pahlavi set up house at the Panamanian resort of Contadora after he was toppled by Iran's Islamic Revolution in 1979. It reportedly took five helicopter flights to transfer his luggage to the island.

In 1955, Gen. Juan Peron of Argentina moved for nearly a year to Panama, where he met cabaret dancer Maria "Isabel" Estela Martinez. She became his third wife and later, president of Argentina.

More recent arrivals include Serrano, who fled to the isthmus in 1993 after unsuccessfully trying to impose one-man rule in Guatemala; Raoul Cedras, the Haitian army ruler who moved to Panama just before U.S. troops occupied his country in 1994; and Abdala Bucaram, the former Ecuadorean president who was impeached in 1997.

Generally, Panamanians have been tolerant of asylum-seekers. They point with pride to their history of taking in refugees, from Jews fleeing Hitler to Cuban boat people.

But Montesinos is a different story. His asylum petition has come under fire by former Panamanian leaders, opposition politicians and even the government's human rights ombudsman. The Legislative Assembly, Panama's congress, has demanded that the foreign minister explain the government's actions. Newspapers have been filled with negative editorials, and there have been small protests.

Some say the uproar reflects this Central American country's desire to step out of Washington's shadow. Senior U.S. officials, along with Latin American leaders and the Organization of American States, urged Panama to accept Montesinos, saying it was necessary to head off turbulence or even a coup in Peru.

In the past, Panama routinely agreed to U.S. requests to accept asylum-seekers like the shah and Cedras. But since this country took control of the Panama Canal at the start of the year, citizens have a sense of increased sovereignty, analysts say.

"Since we received the canal, we are considering the question of how Panama can show an independence it didn't have before ... because of the strong U.S. pressure," said political analyst Julio Yao. "Since we got control of the canal, all Panamanians want to clean up the face of the country."

In addition to ethical and nationalist concerns, Panamanian critics reject Montesinos on practical grounds. They allege he could cause trouble, since he is believed to still exert widespread influence over the military and other institutions in his native land. They say it doesn't make sense for a country like Panama, which doesn't even have an army, to accept such a risk.

"We have enough corrupt people," said Bernal, the former presidential adviser. "We don't need to import them."

Apparently fearing problems, the Foreign Ministry has imposed a gag order on Montesinos. It has booted out seven Peruvian police and army officials linked to the fallen spymaster who had tried to enter the country on tourist visas.

If he does start causing trouble in Peru, "it would affect Montesinos' staying" here, said Aleman, the foreign minister.

Montesinos has kept a low profile. After arriving, he vanished from public sight, reappearing only in a photo Sept. 28 in the Panama America newspaper. The picture, which the newspaper said Montesinos arranged in an undisclosed location, shows the 56-year-old exile in a chair reading a book with a vase of bird of paradise flowers beside him.

Peruvian opposition figures have demanded that Montesinos be returned home to face trial on bribery and other charges. But exiles in Panama have historically stayed beyond the reach of prosecutors.

For example, Guatemala sought to extradite Serrano, wanted on charges ranging from rebellion to misuse of millions of dollars of public funds. But Panama said no, and the former strongman today presides over the Hacienda Country Club, a resort featuring a faux-colonial clubhouse, pool and stable of 53 polo and jumping horses, set amid cloud-tufted mountains in the poor countryside. Employees at Serrano's club told a visiting reporter that Serrano was abroad on business and unavailable for comment.

Like Serrano, Montesinos doesn't seem to want for money.

In fact, the Peruvian appears to have foreseen the need to have a fallback country. The Peruvian spymaster began seeking permanent resident status in Panama in January 1999, Aleman said.

According to a report by the Panamanian daily La Prensa, Montesinos declared in his application that he had enough money to support himself, presenting as evidence a \$100,000 certificate of deposit in a Panamanian bank. However, Montesinos didn't follow up on the residency procedure.

Newspapers here speculate that Montesinos has a good deal more money stashed in Panamanian banks, as well as property here.

For a country well versed in the art of asylum, Panama had a difficult time shaking off its own last military strongman, Gen. Manuel A. Noriega, who was finally removed by a U.S. military invasion in 1989. Aleman said the memory of that political crisis weighed on the minds of citizens here as they received Latin America's latest political pariah.

"We Panamanians have lived this type of bitter experience," he said. "This helps us to cooperate now with our brother country, Peru."

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Will of the Serbs Is Key

^= ^c) 2000, Los Angeles Times=

^The following editorial appeared in Wednesday's Los Angeles Times:

Armed with a clear victory in the Sept. 24 elections, the opposition to Slobodan Milosevic's rule in Yugoslavia vows to stage a peaceful but determined revolt for as long as it takes to drive the Serbian strongman from office. Western governments have thrown their weight behind Vojislav Kostunica, leader of the opposition coalition, but

they can go only so far. Milosevic is already raising a nationalistic alarm, declaring there is a threat of foreign occupation.

The key to a Milosevic departure is the will of Serbs to stand up to their ruthless leader, plus a nudge from Moscow, Serbia's traditional ally, to push him aside.

This is a critical week for Yugoslavia. Milosevic's officials declared the election inconclusive and scheduled a second round of voting for Sunday. Kostunica, robbed of outright victory, declined to participate and called on Serbs to go on strike until Milosevic steps down. Earlier this week protests and strikes brought a string of towns to a halt and stopped coal production at mines serving the country's largest power plants. The strikes now are spreading to other regions.

A few days of the "Velvet Revolution" in 1989 brought down Communist governments in Central Europe. Removing Milosevic indicted as a war criminal, the man who orchestrated Europe's most murderous "ethnic cleansing" of the last 50 years will be a lot more difficult. He once told a newspaper he "has no moral dilemmas" about using force to cling to power.

Milosevic himself is sitting on a wobbly throne. The police, his strongest allies, have acted with restraint, and the army has said it would not obey any orders to shoot demonstrators. Many of his Socialist Party allies are jumping ship. Still Milosevic is surrounded by a desperate group of cronies who benefited most from his corrupt rule and who, like him, have much to lose. He is still in charge of the media, powerful tools of his authoritarian rule. Cornered, Milosevic will be at his most dangerous and will stop at nothing to provoke a crisis that would allow him to declare military rule.

The Serbs will need to keep up domestic pressure by shutting down the arteries of Serbia's economy. They will also need outside help to isolate Milosevic; not from NATO countries, which lost their sway because of last year's bombing, but from Russia, a fellow Slav country still considered an ally.

Moscow played a big role in getting Serbian troops out of Kosovo, and it can help the Serbs in ridding themselves of Milosevic. Russian President Vladimir V. Putin was helpful in offering to play the role of a mediator between Milosevic and the opposition. But it is unclear whether he wants to negotiate an endgame for Milosevic or to find some way to keep him in office a while longer.

Putin's choice should not be difficult. Milosevic has lost legitimacy at home, and he can remain in office only by inflicting pain on his people. That of course will not stop him. Only when he is gone will Yugoslavia's most critical problems be solved.

Trade Normalization Is No Panacea for U.S.-China Relations

By Greg Mastel= ^Special to the Los Angeles Times=

In the recent Senate debate on extending permanent normal trade relations, or PNTR, to China, passage was often portrayed as the solution to everything from U.S. trade problems with China to Beijing's intolerance of dissent. In fact, these expectations are grossly unrealistic. PNTR may be a modest improvement in U.S. trade policy toward China, but it is far from a panacea for U.S.-China problems.

Beginning with the Tiananmen massacre in 1989, the United States and China have had 11 years of tense relations. Bilateral disputes

have covered topics from the protection or lack thereof of intellectual property in China to the status of Taiwan. Since the demise of the Soviet Union, the United States has a longer list of bilateral disputes with China than it has with any other country.

Proponents of PNTR seem to believe that it will solve or help to solve many of these problems. In particular, permanent normal trade relations is painted as a solution to the rapidly expanding bilateral trade imbalance with China and billed as a revolutionary improvement in U.S.-China trade policy. If in connection with the granting of PNTR China joins the World Trade Organization and opens its markets to U.S. exports, the bilateral trade imbalance could be reduced in the long run.

That, however, is an enormous if. Despite expectations of a quick settlement, the final negotiations on China's accession drag on in Geneva. Once they are completed and China becomes a WTO member, China is unlikely to become an open market overnight. In fact, the forces of protectionism are deeply entrenched in China and have repeatedly demonstrated their political power. In large part because of their actions, there have been serious compliance problems with every trade agreement the United States has negotiated with China. The WTO certainly does not provide a magical solution to these compliance problems. Given the opaque operations of the Chinese bureaucracy and its weak rule of law, it is entirely possible that the WTO which is premised upon transparency and the rule of law will prove unable to enforce its rules on China.

PNTR is particularly unlikely to reduce the U.S. trade deficit with China any time soon. As the U.S. International Trade Commission noted last year, China's accession to the WTO would also obligate the United States to rapidly open its textile and apparel market to China. In the estimation of the commission, this is likely to sharply increase imports from China and expand the bilateral trade imbalance, at least in the short term. A number of other economic estimates have reached similar conclusions.

Proponents also argue that PNTR will result in a rising middle class in China, and increased contact with Western business will democratize and liberalize China. This is a long-term hope, but there is little evidence of this democratizing effect in recent years. China has taken in more foreign direct investment than any other country aside from the United States and become one of the world's leading trading powers. Still, based on the U.S. State Department's annual report on human rights in China, respect for human rights has not noticeably improved since Tiananmen Square. Intolerance of dissent and repression of religion is still the norm. It may be that economic contact will ultimately bring change in China, but that change may well be very long in coming.

Other problems between the United States and China, such as the status of Taiwan, sales of dangerous weapons, proliferation of missiles and the status of Tibet, are extremely unlikely to be resolved by PNTR. The increasing success of true democracy in Taiwan, in particular, seems to decrease the likelihood of peaceful reunification between Taipei and Beijing any time soon a democratic people seem unlikely to willingly place themselves under totalitarian control. The flowering of democracy also increases sympathy and support for Taiwan in the United States. This could well lead to increased conflict between the United States and China over Taiwan in coming years.

Despite the sometimes-exaggerated claims of proponents, PNTR is not a solution to U.S.-China problems. It is true that the annual threat

of withdrawing normal trade status from China had lost credibility with Beijing and served no real purpose. It is also true that Chinese membership in the WTO creates an effective obligation on the United States to extend permanent trade status. Even with PNTR, however, the trade problems, human rights abuses, military competition and foreign policy disputes that have created tensions between Washington and Beijing are as likely to grow worse as they are to fade in the coming years..

Gore's Copycat Social Security Plan Won't Achieve Bush's Results
By John B. Taylor= ^Special to the Los Angeles Times=

Jay Leno used to joke this summer that he saw Al Gore ``in Kinko's copying George W. Bush's Social Security plan." It's not surprising that the vice president is trying to copy the Bush plan.

According to polls, people like the Bush plan, which allows them to place a percentage of payroll taxes into personal retirement accounts. Gore's claim that personal accounts are ``a risky scheme" wasn't credible, because so many people have benefited from safe and sound investments and because a principle of the Bush plan is that no current retiree and no one near retirement will have a change in benefits.

Unfortunately, Gore's copy of the Bush Social Security plan is not a very good one. The Gore copy, called ``retirement savings plus," would transfer federal money taxpayer dollars into 401(k)-type accounts. A married couple earning between \$30,000 and \$60,000 would get a government check to put into their account equal to the amount they put into their account; a couple earning less than \$30,000 would get three times as much; a couple earning between \$60,000 and \$100,000 would get one-third as much. For single parents the income ranges are 75 percent of these.

But these accounts have nothing to do with Social Security. Adding the ``plus" label may convey a different impression, but a ``warning" label that ``this new entitlement program is of no help to Social Security" would be more appropriate.

In contrast, the Bush personal accounts are an integral part of Social Security. The personal accounts strengthen Social Security because people would earn higher returns in the accounts than the current system. This higher return is why personal accounts are part of any credible plan to save Social Security.

Although the vice president's plan is touted as helping low-income working people, it is likely to have little positive effect on them. Consider a young single mother with one child. If she is earning just enough to get by, then she will not be able to save anything. She will get nothing from the Gore plan. In contrast, under the Bush plan (including a higher child tax credit and lower income-tax rate) she benefits. For example, if she earns \$20,000 a year, she will get an extra \$725 a year and still put a percentage of her payroll taxes in her personal account. If the percentage is 2 percent of income, she could deposit \$400 each year, accumulating an inflation-adjusted \$100,000 at retirement.

There are also disincentives in the Gore plan. Suppose that this single mother does save \$500. Then she gets another \$1,500. Now, suppose she does a good job and gets a raise, say to \$24,000, taking her beyond the \$22,500 threshold; then she gets \$1,000 less from the government (her \$500 is matched by \$500, not \$1,500). The \$1,000 loss is a

disincentive to try to increase one's income. In contrast, the Bush plan reduces disincentives. In this example, the tax rate would decrease by 15 percent with the Bush plan.

If the Gore 401(k) accounts have nothing to do with Social Security, then how can the vice president say that he would extend the life of Social Security? It's tricky: Gore would create extra federal government bonds that he would give to the Social Security trust fund. These bonds could be presented for payment to the federal government when Social Security funds run out in 2037.

But the only way the government can pay off the bonds is to raise taxes, cut spending or borrow. The Gore bonds are like a time capsule with a message to the next generation: "You find the resources to work out the Social Security problem. You cut spending on education, you increase income taxes or be like us and pass on the mess to your children."

These "you-fix-it" bonds do not extend the life of Social Security; they simply pass responsibility for extending its life to our children. America needs the original Bush plan, which strengthens Social Security, not such a poor copy.

END

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: HRaymont@aol.com (HRaymont@aol.com [UNKNOWN])

CREATION DATE/TIME:13-OCT-2000 12:00:53.00

SUBJECT: Thanks for your help yday. As you can see we all have our own "angles"

TO: Richard Denniston (CN=Richard Denniston/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TEXT:

Altos funcionarios de EU elogian "buena voluntad" de Panam

--

Henry Raymont

Corresponsal

Washington.- Mientras los diplomáticos tratan de suavizar recientes diferencias entre los gobiernos de Estados Unidos y Panam, dos altos funcionarios del gobierno del presidente Bill Clinton citaron a la república jstmica de ejemplo como la buena voluntad y la identidad de intereses comunes pueden restaurar la confianza mutua entre naciones y entre partidos políticos rivales.

George Muñoz, el presidente de la Corporación Norteamericana para la Inversión Privada en el Extranjero (Overseas Private Investment Corporation-OPIC), destacó cómo en poco tiempo se logró que la Asamblea Legislativa y el gobierno de la presidenta Mireya Moscoso adaptaran una legislación fiscal para que Panam pudiera beneficiarse de las garantías que su agencia puede extender a empresas estadounidenses interesadas en efectuar inversiones en Panam.

"A las pocas semanas pudimos anunciar que nuestra agencia aprobó 75 millones de dólares en seguros de riesgo para una planta hidroeléctrica y en la actualidad hemos recibido solicitudes del sector privado para inversiones en Panam de más de unos 1.600 millones de dólares", declaró.

"Lo único necesario fue identificar que existía un interés común, así se unieron los partidos políticos en Panam y en pocos días la presidenta Moscoso firmó la ley que permitió que Panam se beneficiara de estas garantías".

Por su parte, el secretario de Transporte, Rodney Slater, alabó la vocación

"integracionista" de Panamá en las Américas y reveló que el país es uno de los primeros candidatos en adherirse al plan de "cielos abiertos" que apunta a la expansión y mayor seguridad del transporte aéreo en el hemisferio.

Muñoz y Slater hablaron durante los actos del primer día de la "Semana Panameña", organizada por el Consejo Empresarial Estados Unidos-Panamá que tiene lugar en el Ronald Reagan Convention Center y que finaliza hoy.

Durante un almuerzo, Slater fue galardonado con el "Friendship Award" en presencia del vicepresidente panameño Dominador Kaiser Bazán, el canciller José Miguel Alemán y los directivos del Consejo.

Observadores resaltaron cómo el genuino afecto con que los dos funcionarios se expresaron sobre Panamá contrastaba con las versiones que circularon en el Departamento de Estado y el Pentágono sobre el estado de las relaciones bilaterales sugiriendo que también en el gobierno de Clinton existen claras divergencias sobre las prioridades de su política exterior.

Esto salió a relucir unas horas más tarde cuando Muñoz habló en la Casa Blanca ante un grupo de periodistas y funcionarios de origen hispano, al señalar, junto con Peter Romero, el secretario adjunto de Estado para Asuntos Hemisféricos, que no siempre Washington ha puesto suficiente énfasis en sus relaciones con Latinoamérica.

Ambos también coincidieron que mientras la poca atención a temas de política exterior de la actual campaña política entre el vicepresidente Al Gore y el gobernador de Texas, George W. Bush, se concentran en asuntos militares y las amenazas de terrorismo, sería conveniente que los candidatos valoren más la importancia de la diplomacia preventiva.

Este argumento también fue elaborado por el enviado especial para Latinoamérica del presidente Clinton, Buddy MacKay, quien fue protagonista de la reunión.

En el ámbito diplomático, el canciller Alemán tiene programado para hoy reunirse con el subsecretario de Estado para Asuntos Económicos, Alan Larson y con Romero para abordar una serie de espinosos problemas bilaterales, como hacer que se tomen nuevas iniciativas para sacar a Panamá de las listas de países "no cooperantes" en la campaña contra el lavado de dinero y qué progreso se puede realizar sobre el entredicho de la limpieza de los polígonos de tiro.

Entre tantos elogios durante el almuerzo, una apreciación sobria sobre la realidad que enfrenta el hemisferio fue ofrecida por Ronald Scheman, el director general de la Agencia Interamericana para la Cooperación y el Desarrollo, un nuevo órgano dentro del sistema interamericano que invierte

capitales privados en educación y otras obras de desarrollo social en Latinoamérica.

"Mientras nuestros países luchan por afianzar la democracia mediante el desarrollo económico debemos enfrentar la grave realidad de que la tasa de crecimiento es demasiado lenta," señaló. "Est claro que debemos acelerar el desarrollo en la manera más efectiva y eso significa invertir en la educación, la tecnología que es la única manera de generar empleos y ponernos al ritmo del nuevo siglo".

Viernes 13 de octubre de 2000

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Mr. Denniston: I am still awaiting a return call from Gov. MacKay to the various messages I left over the last few weeks. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jeffrey L. Farrow (CN=Jeffrey L. Farrow/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 3-JAN-2001 10:43:31.00

SUBJECT: Re: Calderon Inaugural

TO: Mickey Ibarra (CN=Mickey Ibarra/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TEXT:

Puerto Rico inaugurates first woman governor

By Proviana Colon Diaz of PuertoRicoWOW News Service

Gov. Sila Calderon was sworn in Tuesday afternoon by Puerto Rico Supreme Court

Chief Justice Jose Andreu Garcia, becoming the island's first woman governor and pledging to oust the U.S. Navy from Vieques.

A flock of white doves was released as 21-gun salute was fired and three National

Guard helicopters flew over the inauguration area as Calderon finished her oath of office.

In her 20-minute speech before the crowd that blanketed the north side of the

Capitol waving Puerto Rican flags, the governor spoke about her campaign promises, the Vieques and status issues, as well as corruption.

Although she said there are a lot of good public workers, she said there will be no

space for corrupt ones in her administration. "Those who have stolen from our taxpayers, our children, our elderly, our sick, from the most needy; those who allowed themselves to get involved in illegal actions to benefit a few at the expense of a lot, you should know that starting today you will be fired from your posts, criminally charged, severely punished and will face all the weight of the law," Calderon said.

With Rear Adm. Kevin Green, the U.S. Navy's top official on the island sitting

among her guests, Calderon said the people of Puerto Rico want the immediate

halt of military practices in Vieques and that she hoped President Bill Clinton would

take action in that direction before concluding his tenure in office.

"We would like to think that his sensibility toward human rights and justice will

prevail before his tenure is over," Calderon said.

In addition, Calderon said the status issue should be solved by Puerto Ricans because "it is our responsibility," while at the same time she lauded the benefits of the Commonwealth.

Green arrived at the ceremony and was booed by the crowd, which also displayed a gigantic banner that read "Peace for Vieques."

Also booed by the crowd was Secretary of State Angel Morey, who acted as master of ceremony.

Outgoing Gov. Pedro Rossello was soundly booed by the crowd, which yelled

"Leave, Pedro, Leave." Former Popular Democratic Party (PDP) Gov. Rafael

Hernandez Colon also was present at the activity.

Venezuela President Hugo Chavez, Dominican Republic President Hipolito Mejias, Haiti President Rene Preval and Panama President Mireya Moscoso were present.

Meanwhile, Congress members Reps. Luis Gutierrez (D-Ill.), and Nydia Velazquez, (D-NY), were also present.

The activity was also attended by numerous religious leaders, including San Juan

Archbishop Roberto Gonzalez, Cardinal Jose Aponte, Episcopal Bishop David

Alvarez, Bishop Juan Vera, President of the Evangelical Council of Puerto Rico and Rabbi Alfredo Winter.

Gonzalez was the first to pray during the ceremony and asked God for guidance for the new governor and justice for Vieques.

Vera asked God for an island in which justice and truth could prevail as well as for peace in every home.

Pro-independence leaders Julio Muriente and Hector Pesquera were also present.