

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jared Powell (CN=Jared Powell/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:19-JAN-1999 09:01:35.00

SUBJECT: interesting article

TO: Melinda N. Bates (CN=Melinda N. Bates/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Holly H. Thoden (CN=Holly H. Thoden/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Elizabeth C. Jones (CN=Elizabeth C. Jones/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Shawn J. Johnson (CN=Shawn J. Johnson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Margaret M. Whillock (CN=Margaret M. Whillock/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

No Elbow Room at the White House

By Stephen C. Fehr
Washington Post Staff Writer
Tuesday, January 19, 1999; Page A1

A walk through the White House begins in the
wood-paneled East Wing
lobby and continues on to the elegant Ground Floor
Corridor, with its
vaulted ceiling, bronze-and-crystal chandeliers, marble
walls and floors,
portraits of first ladies and bronze busts of famous
Americans.

"This is sort of the good view of the White House," said
Ann Smith, a
National Park Service planner. "It looks very formal,
very special."

But open a nearby door that's off-limits and you come to
a narrow,
crowded corridor through which everyone and everything
must pass to go
between the East and West wings.

On any given day, up to 3,000 people work at the White
House complex,

attending hundreds of meetings, delivering mail and packages and picking up food or supplies that require them to navigate the 11-foot-wide hall a floor below the North Portico. As many as 600 deliveries a week are made to the White House, and many cross at this spot. "Everything converges here," said Gary J. Walters, chief usher at the White House.

Worsening congestion and strain are evident at the president's home, office and 82-acre grounds, the Park Service says, and that has prompted the agency to propose a 20-year, \$300 million overhaul of the 200-year-old complex.

In a rare, two-hour backstage tour last week, the Park Service presented its view of the depth of the problems. Storage space is so scarce that items for holiday decorations and the yearly Easter egg roll are kept elsewhere. And the China Room, where the presidential china is on display, doubles as a coat room for state dinners.

The White House is more to Washington than a symbol of the power of the presidency. Part residence, museum, office building and park, what happens there has a direct impact on the surrounding neighborhood, especially on traffic circulation and downtown parking. Any renovation also would affect the 5,000 tourists who come there every day and who make the White House the most visited home in America.

Though not always visible to people on those tours, the building's needs aren't being met, the Park Service says, even as the number of meetings and events there increases. The historic state rooms are now being used for business meetings because there's no space elsewhere. Parking is so tight that cars are parked next to fire hydrants and in crosswalks.

Heightened security demands longer and more frequent motorcades, which tie up traffic on outside streets and inside the

gate.

On the day a reporter and photographer glimpsed the White House underbelly, President Clinton was welcoming Argentine President Carlos Menem for the first state visit of 1999, adding to the foot traffic inside and vehicles outside.

In the corridor between the East and West wings, White House staffers carried lattes and muffins from the cafeteria to their offices, outside visitors came and went to meetings and Secret Service personnel moved about. The Coke man pushed a dolly stacked with cases of beverages. A carpenter passed by carrying a bucket of sawdust headed for the trash.

Meantime, the White House florist, Nancy Clarke, was nervous because the shipment of flowers she needed for the state dinner hadn't arrived. When they were delivered, "that's when we really have a problem because there's very little space for us to work," Clarke said.

The florists were forced to open boxes of flowers on a table set up in the corridor.

The hallway also doubles as an open storage closet for tablecloths, wall coverings, choral risers, tables and chairs used for special events. The ice machines are there, too.

And when storage space is scarce inside, materials sometimes are taken outside to the service drives on either side of the North Portico, an eyesore hidden from tourists that includes construction work space and the White House recycling bins. Walters pointed out three rented racks for food tray storage sitting outside in the cold "because we don't have any place to store them."

Most items for special events) Christmas decorations and Easter egg rolls) must be packed and stored at a warehouse in the

College Park

area, then brought back each season, each time going through a complicated security check. For diplomatic receptions) which can number five a week) the Park Service has to set up and take down the tables, chairs and stages, all of which come from the warehouse.

The items not put up in the warehouse are tucked into every available space in the White House, much like anyone's crowded family basement or garage. Even the president's basement bowling alley) a single lane, flanked by walls) is used for storage. If someone wants to play, the clutter has to be removed.

That collection of problems drove the Park Service to recommend changes to the complex. "Inadequate storage space requires frequent deliveries, often within view of those working at, coming to or visiting the site," the Park Service said in a report. "The result is traffic congestion, delays, unsafe conditions . . . and an incompatible visual setting."

Walters, who has worked in the White House since 1970, said there has been a noticeable rise in the number of functions at the White House, spurred in part by security concerns about having the president leave the grounds too frequently.

The arrival of a limousine carrying Vice President Gore demonstrated how congested the White House confines can become, particularly on days when there are multiple events.

The limo pulled up on West Executive Avenue, a main street serving the White House that also serves as a parking lot for staff, a delivery drive for trucks, a pedestrian crossing between the Old Executive Office Building and the West Wing and a staging area for motorcades. Vehicles often double-park, and there isn't much room for motorcades to

turn around.

"The number of functions along West Executive Drive has maxed out," Smith said.

Closer to the North Portico, delivery trucks could not pull up to unload for the state dinner because the driveway was blocked by TV reporters giving live reports about the president's impeachment trial.

Gore was on his way to the arrival ceremony for Menem, which had to be moved indoors because of chilly weather) creating another logistical demand. Risers, chairs, a canopy and other materials that had been brought in by truck and set up on the South Lawn had to be removed or brought inside to the north entrance, and then a stage had to be built there.

"In many ways, this building is like a theater, with the sets changing all the time depending on the event," said James I. McDaniel, the Park Service's liaison to the White House.

Walters considers himself the choreographer, arranging the movements of the staff and outsiders as precisely as possible so they don't collide. But there can be near misses.

The band for the arrival ceremony, driven indoors, set up in the largest space close to the new ceremony site) which happened to be the State Dining Room, the same place where 150 people would be gathering for dinner that night. That meant the tables and chairs for the dinner couldn't be arranged until the ceremony was over.

"Usually, we'd set up the dining room in the morning, but because the band was there we had to wait," Walters said. "And we had to put up and take down red screens behind the band because we didn't want the guests to see the unkempt dining room."

Nearby, the Family Dining Room had been transformed into a catering and storage area for the state dinner, with some tables stored against a marble fireplace under a Louis XVI mantel made in France in the 1770s.

A floor below, White House Executive Chef Walter Scheib was beginning to prepare the dinner in a 30-foot-by-20-foot kitchen, small by professional kitchen standards. Food deliveries to the kitchen are limited) the staff can't shop for a week's groceries at a time) because of the limited storage space. The fish for the state dinner was brought in that day, but the vegetables were delivered a few days earlier.

"We don't really have a wine cellar, either," said Walters, who often has to turn down vintners' recommendations to buy cases of a particularly exquisite wine.

The Park Service plan does not cover everything) the kitchen space can't be expanded, for instance. But if Congress approves the money, the plan would remake the mansion and grounds in a dramatic way.

For the first family, a 3,000-square-foot rec room would be added directly accessible to the executive residence, providing private space in which to relax. Except for a small theater, the president and his family do not have that now. The congestion on West Executive would be eliminated by building a parking garage under Pennsylvania Avenue, where motorcade staging, staff parking and 2,000 square feet of storage would be provided.

Separate tunnels for pedestrians and deliveries also would be built, improving foot and vehicle circulation. Deliveries would be made through the New Executive Office Building and distributed by light vehicles traveling in underground service corridors. Meeting space would be carved out beneath West Executive Avenue, and the news

media would
be housed in larger, subterranean facilities.

Elsewhere, the roadways on the Ellipse would be closed
to vehicles; staff
vehicles would park in a new garage below the Ellipse.
Tourists would
start the revamped tour in a roomier visitors' center.

Park Service officials have scheduled a public forum on
the plan from 9
a.m. to 3 p.m. Jan. 27 and 28 at the center, 1450
Pennsylvania Ave. S.

The plan's future is uncertain; a dozen federal and
local agencies must
clear it before construction can begin. Park Service
officials are planning
to take lawmakers on similar behind-the-scenes tours in
the hope they'll
be persuaded.

The Park Service anticipates that the cost of the
proposal will raise the
strongest objections. The White House has undergone
piecemeal
renovations before, and the plan does not call for
changes that would alter
the facade of the mansion: Most additions are
underground, and the rec
room would be added without changing the house's
exterior.

The plan, if fully executed, would be the most
comprehensive renovation
of the White House in its history.

"What I'd hope they'd see is that this is a plan that
protects a historical
residence while providing the services and facilities
needed by both the
presidency and the people," Smith said.

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: tanganso@hotmail.com@INET@LNGTWY (tanganso@hotmail.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:20-JAN-1999 12:32:42.00

SUBJECT: from Eduardo

TO: Melinda N. Bates@eop (Melinda N. Bates@eop [WHO])

READ:UNKNOWN

TEXT:

>From: Fernandez Eduardo <efernandez@iucnus.org>

>To: Anne-Sophie Ville <tanganso@hotmail.com>

>Subject: FW: ClinTango

>Date: Wed, 20 Jan 1999 12:20:35 -0500

>

>Hi Anne-Sophie. I posted this in the Tango-List. I would like to pass

>it to Melinda, but I don't have her email. Will you please forward it to her?

>Thank you!!! Eduardo

>

>> -----Original Message-----

>> From: Fernandez Eduardo [SMTP:efernandez@IUCNUS.ORG]

>> Sent: Tuesday, January 19, 1999 1:45 PM

>> To: TANGO-L@MITVMA.MIT.EDU

>> Subject: Re: ClinTango

>>=20

>> Dear list

>>=20

>> I would like to share with you my personal experience attending the =

>diner

>> at

>> the White House and being in a way part of the set up of the show.

>>=20

>> The initial idea came from Melinda Bates a milonguera from Washington

=

>DC

>> that also is an Assistant of Mr. Clinton. She was the one who =

>encourage

>> the

>> Clintons to see tango in their visit to BA last year.

>>=20

>> Melinda contact us to find the best Bandoneon player in USA, Raul =

>Jaurena,

>> a

>> well know musician, leader of the New York Tango Trio. He was touring

=

>in

>> BA

>> and Montevideo, his town.

>>=20

>> Raul agreed to play at the White House and he wrote six beautiful
>> arrangements for orchestra and sent it to Quintango. A local group =
>that
>> sounds too "Hollywood" style. But anger of learning more Rio de la =
>Plata
>> style. Quintango has a piano, cello, bass, and two violins.
>>=20
>> Raul Jaurena and Quintango rehearsal two times and it was enough. =
>Raul
>> Jaurena forty years of experience gave the group another sound. They
>> change
>> the beat and slowly the piano started to come more tanguero. Then the
>> bass,
>> the cello and violins.
>>=20
>> Dinner was formal, however violins were playing around the tables. =
>They
>> started to play Don't Cry for me Argentina, just in the table where
=
>Marga
>> Mitchell, the singer that makes newyorkers dreams with =
>Malena...Suddenly
>> she
>> started to sing the famous piece from Evita and another guest, former
>> attached to the US embassy in Argentina, joined her and a duet gave =
>the
>> table the first bit of tango in the night.
>>=20
>> After dinner people were requested to move to the East Salon. There
=
>the
>> show started with Quintango playing "Libertango"
>>=20
>> Pablo Veron danced two pieces with the marvelous Victoria Vieyra. =
>Pablo
>> did
>> a great perform, relaxed, smiling, with great energy. Victoria is =
>from
>> another planet. Fantastic, versatile, beautiful style and perfect =
>partner
>> for Pablo's creativity.
>>=20
>> After that, Raul Jaurena was announced and the flavor of tango became
=
>more
>> strong. With the first chords of "Tanguera" all the attendants became
>> captives of the bandoneon sounds. Tango was steeping in the White =
>House!!!
>>=20
>> Then La Cumparsita, Gallo Ciego, Quejas de Bandoneon, 9 de =
>Julio...with
>> the
>> best tanguero style. Strong marca, beautiful variation of La =
>Cumparsita

>> from
>> raul Jaurena that made Mr. Clinton move his head and open his mouth =
>as he
>> was watching something extraordinary. And it was!!!
>>=20
>> Mr. Robert Duval and his fianc=E9e Luciana Pedraza danced a piece =
>alone.
>> Beginners style. It was ok...finally them and Pablo and Victoria did
=
>9 de
>> Julio.
>>=20
>> After that President Menem asked Mrs., Clinton to dance and other =
>many
>> attendants went to the floor...it was the milonga of The White =
>House!!!
>>=20
>> Melinda Bates, the milonguera that promote all that happens danced =
>with
>> the
>> Turkish master Metin, I did with the Minister of Environment of =
>Argentina
>> and the other Argentineans (from the Embassy) as always...where in =
>the
>> corner watching...no dancing at all!!!
>>=20
>> It was fun!!!
>>=20
>> We follows the night dancing tango "Flintstones" style with the =
>Marine
>> Band
>> of the USA . Some cha cha chas, boleros and of course we where the =
>last
>> ones
>> of leaving the famous White House... You don't have too many =
>opportunities
>> to came back. So...we tooke advantage of it!!!
>>=20
>> Eduardo
>>=20
>> > -----Original Message-----
>> > From: A. Lester Buck III [SMTP:buck@COMPACT.COM]
>> > Sent: Tuesday, January 19, 1999 4:16 AM
>> > To: TANGO-L@MITVMA.MIT.EDU
>> > Subject: ClinTango
>> >=20
>> > State dinner breaks into tango
>> >=20
>> > By KALPANA SRINIVASAN Associated Press Writer
>> >=20
>> > January 12, 1999 Web posted at: 9:34 a.m. EST (1434 GMT)
>> >=20
>> > WASHINGTON (AP) -- Inspired as he watched Robert Duvall
>> > effortlessly glide across the floor of the White House's East

>>> Room, President Clinton gave up his sideline seat and showed the
>>> Argentine delegation that he can tango with the best of them.
>>>
>>> The president and first lady Hillary Rodham Clinton capped off a
>>> state dinner tribute to Argentine president Carlos Menem Monday
>>> night by indulging in a few rounds of the sensual dance form.
>>>=20
>>> Menem escorted the U.S. first lady to the dance floor, while the
>>> president perfected his tango technique with Amanda de Fernandez,
>>> the wife of Argentina's minister of the economy.
>>>=20
>>> Duvall, who became smitten with the dance after seeing it performed
>>> 12 years ago and has honed his abilities in more than 15 visits
>>> to Buenos Aires, dazzled the 170 guests who watched him glide
>>> across the makeshift dance floor.
>>>=20
>>> "I'll never look at you the same way again, Robert!" exclaimed
>>> the president, after watching Duvall with his partner, Luciana
>>> Pedraza. The chamber ensemble QuinTango provided the music as
>>> the pair and another couple, Pablo Veron and Victoria Vieyra,
>>> performed.
>>>=20
>>> Menem, in his official toast, pointed to Duvall's chairmanship
>>> of the U.S. Tango Academy as an example of the strong ties that
>>> connect the people of the two nations.
>>>=20
>>> "Of course the bonds of friendship between the presidents are
>>> very deep," Menem said through a translator. "But as deep are the
>>> bonds of friendship that bring together the people of Argentina
>>> and the people of America."
>>>=20
>>> In his salute, Clinton described some of the values held by
>>> both countries.
>>>=20
>>> "We share aspirations old and new, to deepen democracy, to
>>> strengthen justice ... to give other people the chance to live
>>> as peacefully and as positively as possible at the dawn of this
>>> new century," Clinton said.
>>>=20
>>> Of course, the president warned, some disputes will never be
>>> resolved, "like which country has the better beef ... or whose
>>> cooks have better mastered the ancient art of barbecue."
>>>=20
>>> But tango proved to be common ground, with celebrities
>>> and politicians alike taking a whirl as the night went
>>> on. Sen. Christopher Dodd, D-Conn., was among the revelers taken
>>> with tango fever as was actress Salma Hayek, who gave the president
>>> kudos for his technique.
>>>=20
>>> "I was very impressed," Hayek said. "He did wonderfully."
>

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)

id <01J6RI61G5Q80046QL@PMDF.EOP.GOV> for BATES_M@a1.eop.gov; Wed,
20 Jan 1999 12:27:18 EST

Received: from storm.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)

with ESMTP id <01J6RI5XZUF40056GB@PMDF.EOP.GOV> for BATES_M@a1.eop.gov; Wed,
20 Jan 1999 12:27:13 -0500 (EST)

Received: from f11.hotmail.com ([207.82.250.22])

by EOP.GOV (PMDF V5.2-29 #34437) with ESMTP id <01J6RI57VLYG0000RW@EOP.GOV>
for BATES_M@A1.EOP.GOV; Wed, 20 Jan 1999 12:26:40 -0500 (EST)

Received: (from root@localhost) by f11.hotmail.com (8.8.8/8.8.8)

id JAA19994 for BATES_M@A1.EOP.GOV; Wed,
20 Jan 1999 09:26:35 -0800 (PST envelope-from tanganso@hotmail.com)

Received: from 138.220.143.21 by www.hotmail.com with HTTP; Wed,
20 Jan 1999 09:26:33 -0800 (PST)

X-Originating-IP: [138.220.143.21]

===== END ATTACHMENT 1 =====

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ruby Shamir (CN=Ruby Shamir/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-JAN-1999 18:30:55.00

SUBJECT: Impeachment Trial Transcript (Segment #2), January 21, 1999

TO: Rajiv Y. Mody (CN=Rajiv Y. Mody/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Robin J. Bachman (CN=Robin J. Bachman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Glen M. Weiner (CN=Glen M. Weiner/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Thomas D. Janenda (CN=Thomas D. Janenda/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

----- Forwarded by Ruby Shamir/WHO/EOP on 01/21/99 06:30
PM -----

Mark A. Kitchens
01/21/99 05:39:10 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: Impeachment Trial Transcript (Segment #2), January 21, 1999

BEGIN SEGMENT TWO

REHNQUIST: The chamber will be in order.
The chair recognizes the majority leader.

LOTT: Thank you, Mr. Chief Justice. I believe the Senate is prepared now to hear the final presentation to be made by White House counsel, and at the conclusion of that, I would have a brief wrap up statement to make about how we would hope to proceed on Friday and generally on Saturday, but I'll do that at the close of this presentation.

I yield the floor, Mr. Chief Justice.

REHNQUIST: The chair recognizes Mr. Counsel Bumpers to continue the presentation of the case for the president.

BUMPERS: Mr. Chief Justice, distinguished House managers from the House of Representatives, colleagues, I have seen the look of disappointment on many faces because I know a lot of people thought you were rid of me once and for all.

(LAUGHTER)

And I've taken a lot of ribbing this afternoon, but I have seriously negotiated with some people, particularly on this side by an offer to walk out and not deliver this speech in exchange for a few votes.

(LAUGHTER)

I understand three have it under active consideration.

(LAUGHTER)

It is a great joy to see you, and it is especially pleasant to see an audience which represents about the size of the cumulative audience I had over a period of 24 years.

(LAUGHTER)

And it is especially pleasant to see an audience which represents about the size of the cumulative audience I had over a period of 24 years.

(LAUGHTER)

I came here today for a lot of reason. One was that I was promised a 40-foot cord -- and I've been shorted 28 feet. Chris Dodd said that he didn't want me in his lap, and I assume that he arranged for the cord to be shortened.

I want to especially thank some of you for your kind comments in the press when it received some publicity that I would be here to close the debate on behalf of the White House counsel and the president. I was a little dismayed by Senator Bennett's remark. He said, "Yes, Senator Bumpers is a great speaker, but I never -- he was never persuasive with me because I never agreed with him." I thought he could have done better than that.

(LAUGHTER)

You can take some comfort, colleagues, in the fact that I'm not being paid.

BUMPERS: And when I'm finished you will probably think the White House got their money's worth.

(LAUGHTER)

I have told audiences that over 24 years that I went home almost every weekend and returned usually about dusk on Sunday evening. And you know the plan ride into National Airport when you can see the magnificent Washington Monument and this building from the window of the airplane. And I've told these students at the university in a small, liberal arts school at home, Hendricks, after 24 years of that, literally hundreds of times, I never failed to get goosebumps. Same thing is true about this chamber.

I can still remember as though it were yesterday the awe I felt when I first stepped into this magnificent chamber so full of history. So beautiful.

And last Tuesday as I returned after only a short three-week absence, I still felt that same sense of awe that I did the first time I walked in this chamber.

Colleagues, I come here with some sense of reluctance.

BUMPERS: The president and I have been close friends for 25 years. We've fought so many battles back home together in our beloved Arkansas, we tried mightily all of my years as governor and his, and all of my years in the Senate when he was governor, to raise the living standards in the Delta area of Mississippi, Arkansas and Louisiana where poverty is unspeakable, with some measure of success -- not nearly enough. We tried to provide health care for the lesser among us, for those who are well-off enough they can't get on welfare, but not making enough to buy health insurance.

We have fought, above everything else, to improve the educational

standards for a state that, for so many years, was at the bottom of the list or near the bottom of the list of income, and we have stood side-by-side to save beautiful, pristine areas in our state from environmental degradation.

We even crashed a twin-engine Beach Bonanza trying to get to the Gillette coon supper.

(LAUGHTER)

A political event that one misses at his own risk.

And we crashed this plane on a snowy evening on a rural airport, off the runway, sailing out across the snow, jumped out, jumped out and ran away unscathed, to the dismay of every budding politician in Arkansas.

(LAUGHTER)

The president and I have been together hundreds of times -- at parades, dedications, political events, social events. And in all of those years, and all those hundreds of times we've been together, both in public and in private, I have never one time seen the president conduct himself in a way that did not reflect the highest credit on him, his family, his state, and his beloved nation.

The reason I came here today with some reluctance -- please don't misconstrue that. It has nothing to do with my feelings about the president, as I've already said.

BUMPERS: But it's because we are from the same state and we are long friends and I know that that necessarily diminishes to some extent the effectiveness of my words.

So if Bill Clinton the man, Bill Clinton the friend were the issue here, I'm quite sure I would not be doing this. But it is the weight of history on all of us and it is my reverence for that great document, you heard me rail about it for 24 years, that we call our Constitution, the most sacred document to me next to the holy Bible.

These proceedings go right to the heart of our Constitution where it deals with impeachment, the part that provides the gravest punishment for just about anybody, the president, even though the framers said we're putting this in to protect the public, not to punish the president.

BUMPERS: Ah, colleagues, you have such an awesome responsibility. My good friend, the senior senator from New York, has said it well. He says, this -- a decision to convict holds the potential for destabilizing the office of the presidency. And those 400 historians, and I know some have made light of that about those historians, are they just friends of Bill? And last evening, I went over that list of historians, many of whom I know, among them C. Van Woodward. In the South we love him. He is the preeminent southern historian in the nation. I promise you, he may be a Democrat, he may even be a president -- he may be even a friend of the president. When you talk about integrity, he is the walking personification, exemplification of integrity.

Well, colleagues, I have heard so many adjectives to describe this gathering and these proceedings.

BUMPERS: Historic, memorable, unprecedented, awesome -- all of those words, all of those descriptions are apt. And to those I would add the word "dangerous" -- dangerous not only for the reasons I just stated, but because it's dangerous to the political process and it's dangerous to the unique mix of pure democracy and republican government Madison and his colleagues so brilliantly crafted, and which has sustained us for 210 years.

Mr. Chief Justice, this is what we lawyers call "dicta." This costs

you nothing. It's extra. But the more I study that document and those four months in Philadelphia in 1787, the more awed I am. And you know what Madison did? The brilliance was in its simplicity. He simply said: Man's nature is to get other people to dance to their tune.

BUMPERS: Man's nature is to abuse his fellow man sometimes.

And he said, the way to make sure that the majorities don't abuse the minorities, and the way to make sure that the bullies don't run over the weaklings is to provide the same rights for everybody.

And I had to think about that a long time before I delivered my first lecture at the University of Arkansas last week. And it made so much sense to me. But the danger, as I say, is to the political process. And dangerous for reasons feared by the framers about legislative control of the executive.

That single issue and how to deal with impeachment was debated off and on for the entire four months of the constitutional convention. But the word dangerous is not mine. It's Alexander Hamilton's. A brilliant, good-looking guy.

Mr. Ruff quoted extensively on Tuesday afternoon in his brilliant statement here.

BUMPERS: He quoted Alexander Hamilton precisely, and it's a little arcane, it isn't easy to understand. So if I may, at the expense of being slightly repetitious, let me paraphrase what Hamilton said.

He said the Senate had a unique role in participating with the executive branch in appointment. And, two, it had a role -- it had a role in participating with the executive in the character of a court for the trial of impeachments.

But he said -- and I must say this, and you all know it -- he said it would be difficult to get a what he called well constituted court from wholly elected members. He said passions would agitate the whole community and divide it between those who were friendly and those who had inimical interest to the accused, namely the president.

And then he said, and this is his words, the greatest danger was that the decision would be based on the comparative strength of the parties rather than the innocence or guilt of the president.

BUMPERS: You have a solemn oath. You have taken a solemn oath to be fair and impartial. I know you all, I know you as friends, and I know you as honorable men, and I'm perfectly satisfied to put that in your hands under your oath.

This is the only caustic thing I will say in these remarks this afternoon, but the question is, "How did we come to be here?" We are here because of a five-year relentless, unending investigation of the president. Fifty billion dollars, hundreds of FBI agents fanning across the nation examining in detail the microscopic lives of people.

BUMPERS: Maybe the most intense investigation not only of a president but of anybody ever.

I feel strongly this state just because of my state, and what we have endured. So you'll have to excuse me, but that investigation has also shown that the judicial system in this country can and does get out of kilter unless it's controlled. Because there are innocent people -- innocent people who have been financially and mentally bankrupted.

One woman told me two years ago that her legal fees were \$95,000. She said I don't have \$95,000 and the only asset I have is the equity in my home, which just happens to correspond to my legal fees of \$95,000. And she says the only thing I can think of to do is to deed my home. This

woman was innocent; never charged; testified before the grand jury a number of times. And since that time, she has accumulated an additional \$200,000 in attorney fees.

Javert's pursuit of Jean Valjean in "Les Miserables" pales by comparison.

BUMPERS: I doubt that there are few people, maybe nobody in this body, who could withstand such scrutiny. And in this case those summoned were terrified not because of their guilt, but because they felt guilt or innocence was not really relevant.

But after all of those years and \$50 million of Whitewater, Travelgate, Filegate, you name it, nothing, nothing, the president was found guilty of nothing, official or personal.

You're here today because the president suffered a terrible moral lapse, a marital infidelity. Not a breach of the public trust, not a crime against society, the two things Hamilton talked about in Federalist Paper number 65 -- I recommend it to you before you vote --but it was a breach of his marriage vows.

BUMPERS: It was a breach of his family trust. It is a sex scandal. H.L. Mencken said one time, "When you hear somebody say, 'This is not about money,' it's about money."

(LAUGHTER)

BUMPERS: And when you hear somebody say, "This is not about sex," it's about sex.

You pick your own adjective to describe the president's conduct. Here are some that I would use: indefensible, outrageous, unforgivable, shameless. I promise you the president would not contest any of those or any others.

But there's a human element in this case that has not even been mentioned, and that is the president and Hillary and Chelsea are human beings. This is intended only as a mild criticism of our distinguished friends in the House, but as I listened to the presenters -- to the managers make their opening statements, they were remarkably well prepared, and they spoke eloquently. More eloquent than I really had hoped.

But when I talk about the human element, I talk about what I thought was, on occasion, unnecessarily harsh and pejorative descriptions of the president. I thought that language should have been tempered somewhat, to acknowledge that he is the president. To say constantly that the president lied about this and lied about that, as I say, I thought that was too much for a family that has already been about as decimated as a family can get.

The relationship between husband and wife, father and child has been incredibly strained, if not destroyed. There's been nothing but sleepless nights, mental agony for this family for almost five years. Day after day, from accusations of having assassinated, or had Vince Foster assassinated on down. It has been bizarre.

BUMPERS: But I didn't sense any compassion, and perhaps none is deserved. The president has said for all to hear that he misled, he deceived, he did not want to be helpful to the prosecution. And he did all of those things to his family, to his friends, to his staff, to his cabinet and to the American people.

Why would he do that? Well, he knew this whole affair was about to bring unspeakable embarrassment and humiliation on himself, his wife whom he adored, and a child that he worshipped with every fiber in his body, and for whom he would happily have died to spare her this or to ameliorate her shame and her grief.

BUMPERS: The House managers have said shame and embarrassment is no excuse for lying. Well, the question about lying, that's your decision. But I can tell you, you put yourself in his position, and you've already had this big moral lapse, as to what you would do.

We are none of us perfect. Sure, you say, he should have thought of all that beforehand. And indeed he should. Just as Adam and Eve should have.

Just as you and you and you and you, and millions of other people who have been caught in similar circumstances, should have thought of it before.

And I say none of us are perfect.

I remember, Chaplain, the -- the chaplain's not here, is he?

(LAUGHTER)

That's too bad. He ought to hear this story.

(LAUGHTER)

This evangelist was holding this great revival meeting, and at the close of one of his meetings he said, is there anybody in this audience who has ever known anybody who even comes close to the perfection of our Lord and Savior, Jesus Christ? Nothing. He repeated the challenge, and finally a itty bitty guy the in back of the audience kind of held up his hand, and he said, ``You -- are you saying you've known such a person? Stand up."

He stood up, and he said, ``Tell us, share it with us.

BUMPERS: Who was it?" He said, ``My wife's first husband."

(LAUGHTER)

Make no mistake about it, removal from office is punishment, it is unbelievable punishment, even though the framers didn't quite see it that way.

Again they said, and it bears repeating over and over again, they said they wanted to protect the people. But I can tell you this: the punishment of removing Bill Clinton from office would pale compared to the punishment he has already inflicted on himself.

There's a feeling in this country that somehow or other Bill Clinton's gotten away with something. Mr. Leader, I can tell you, he hasn't gotten away with anything. And the people are saying: Please don't protect us from this man, 76 percent of us think he's doing a fine job.

BUMPERS: Sixty-five to seventy percent of us don't want us removed from office.

And some have said, ``We're not respected on the world scene." The truth of the matter is, this nation has never enjoyed greater prestige in the world than we do right now. You saw Carlos Menem, the president of Argentina, just here recently, say to the president, ``Mr. President, the world needs you."

The war in Bosnia is under control. The president has been as tenacious as anybody could be about Middle East peace. And in Ireland, actual peace, and maybe the Middle East will make it. And he has the Indians and the Pakistanis talking to each other as they've never talked to each other in recent times.

Vaclav Havel said, ``Mr. President, for the enlargement of the North Atlantic Treaty Organization there's no doubt in my mind that it was personal leadership that made this historic development possible."

BUMPERS: King Hussein: Mr. President, I've had the privilege of being a friend of the United States and presidents since the late President Eisenhower. And throughout all the years that have passed, I've kept in touch. But on the subject of peace, the peace we're seeking, I have never

with all due respect and all the affection I held for your predecessors, have known someone with your dedication, clearheadedness, focus and determination to help resolve this issue in the best way possible.

Well, I'm not -- I've got Nelson Mandela and other world leaders who have said similar things in the last six months. Our prestige, I promise you, in the world is as high as it's ever been.

When it comes to the question of perjury, you know, there's perjury and then there's perjury. Let me ask you if you think this is perjury.

BUMPERS: On November 23rd, 1997, President Clinton went to Vancouver, British Columbia. And when he returned, Monica Lewinsky was at the White House at some point, and he gave her a marble, carved marble bear. I don't know how big it was.

Question before the grand jury August 6th, 1998: What was the Christmas present or presents that he got for you?

Answer: Everything was packaged in a big Black Dog or big canvass bag from the Black Dog store in Martha's Vineyard. He got me a marble bear's head carving, sort of, you know, -- a little sculpture, I guess you'd call, maybe.

Was that the item from Vancouver?

Yes.

Question on the same day of the same grand jury:

Question: OK, good.

BUMPERS: When the president gave you the Vancouver Bear on the 26th -- 28th, I guess it is -- the 26th.

(UNKNOWN): (OFF-MIKE) your mike (OFF-MIKE).

BUMPERS: "When the president gave you the Vancouver Bear on the 28th, did he say anything about what it means? Mmmm. Well, what did he say?"

Answer: "I think he -- I believe he said that the bear is the maybe Indian symbol for strength, you know, and to be strong like a bear."

"And did you interpret that to be strong in your decision to continue to conceal the relationship?"

"No."

House Judiciary Committee report to the full House:

BUMPERS: On the other hand, knowing the subpoena-requested gifts, his giving Ms. Lewinsky more gifts on December 28th seems odd, but Ms. Lewinsky's testimony reveals why he did so. She said that she, "Never questioned that we would ever do anything but keep this private and that meant to take whatever appropriate steps needed to be taken to keep it quiet." The only logical inference is that the gifts, including the bear symbolizing strength, were a tacit reminder to Ms. Lewinsky that they would deny the relationship even in the face of a federal subpoena. She just got through saying "No," and yet this report says that's the only logical inference.

And then the brief that came over here accompanying the articles of impeachment said, on the other hand, more gifts on December 28th. Ms. Lewinsky's testimony reveals the answer. She said she was never questioned -- she said that she, "Never questioned that we were ever going to do anything but keep this private, and that meant to take whatever appropriate steps needed to be taken to keep it quiet."

BUMPERS: Again, they say in their brief, the only logical inference is that the gifts, including the bear symbolizing strength, were a tacit reminder to Ms. Lewinsky that they would deny the relationship even in the face of a federal subpoena.

Is it perjury to say the only logical inference is something when the only shred of testimony in the record is, no, that was not my interpretation. I didn't infer that. And yet here you have it in the committee report and you have it in the brief.

Now of course that's not perjury. First of all, it isn't under oath, but as a trial lawyer, I'll tell you what it is: It's wanting to win too badly. I tried 3-, 4-, maybe 500 divorce cases --incidentally, you're being addressed by the entire South Franklin County, Arkansas Bar Association.

(LAUGHTER)

I can't believe there were that many cases in that little town, but I had a practice in surrounding communities, too.

BUMPERS: And in all those divorce cases, I would guess that in 80 percent of the contested cases, perjury was committed. And you know what it was about? Sex. Extramarital affairs.

But there's a very big difference in perjury about a marital infidelity in a divorce case and perjury about whether I bought the murder weapon or whether I concealed the murder weapon or not.

And to charge somebody with the first and punish them as though it were the second stands justice, our sense of justice on its head.

There's a total lack of proportionality, a total lack of balance in this thing. The charge and the punishment are totally out of sync.

All of you have heard or read the testimony of the five prosecutors who testified before the House Judiciary Committee. Five seasoned prosecutors. And each one of them, veterans, said under the identical circumstances, the identical circumstances of this case, we would never charge anybody because we'd know we couldn't get a conviction.

BUMPERS: And in this case, the charges brought and the punishment sought are totally out of sync. There is no balance, there is no proportionality.

But even stranger, you think about it, even if this case had originated in the courthouse rather than the capital, you would never have heard of it. How do you reconcile what the prosecutors said with what we're doing here?

Impeachment was debated off and on in Philadelphia for the entire four months, as I said. The key players were Governor Morris (ph) --Senator Specter, a brilliant Pennsylvanian.

George Mason -- the only man reputedly to have been so brilliant that Thomas Jefferson actually deferred to him. And he refused to sign the Constitution, incidentally, even though he was a delegate, because they didn't deal with slavery and he was a strict abolitionist.

And then there was Charles Pinkney (ph). Senator Hollings from South Carolina, just a youngster, 29 years old, I believe.

BUMPERS: Edmund Randolph (ph) from Virginia, who had a big role in the Constitution in the beginning; the Virginia Plan. And then there was, of course, James Madison, the craftsman.

They were all key players in drafting this impeachment provision. And uppermost in the mind during the entire time they were composing was they did not want any kings. They had lived under despots, they had lived under kings, they had lived under autocrats, and they didn't want anymore of that. And they succeeded very admirably. We've had 46 presidents, and no kings.

But they kept talking about corruption, maybe that ought to be the reason for impeachment, because they feared some president would corrupt

the political process. That's what the debate was about. Corrupt the political process and ensconce himself through a phony election, maybe as something close to a king.

They followed the British rule on impeachment, because the British said, the House of Commons may impeach, and the House of Lords must convict. And every one of the colonies had the same procedure: House, Senate. Though, in all fairness, House members, Alexander Hamilton was not very keen on the House participating.

BUMPERS: But here was the sequence of events at Philadelphia that brought us here today. They started out with "maladministration," and Madison said that's too vague. What does that mean? So they dropped that. They went from that to "corruption" and they dropped that. Then they went to "malpractice." And they decided that was not definitive enough.

And they went to "treason, bribery and corruption." And they decided that still didn't suit them. But bear in mind one thing, during this entire process, they are narrowing -- they are narrowing the things you can impeach the president for. They were making it tougher. Madison said if we aren't careful, the president will serve at the pleasure of the legislature -- the Senate, he said.

And then they went to "treason and bribery" and somebody said that's still not quite enough.

BUMPERS: And so they went to treason, bribery, and George Mason added "or other high crimes and misdemeanors against the United States." And they voted on it, and on September 10th they sent the entire Constitution to a committee.

They called a committee on style and arrangement, which was the committee that would draft the language in a way that everybody would understand; it would be well-crafted from a grammatical standpoint. But that committee, which was dominated by Madison and Hamilton, dropped "against the United States." And historians will tell you that the reason they did that was because of redundancy, because that committee had no right to change the substance of anything. They would not have dropped it if they hadn't felt that it was redundant.

And then, they put in for good measure, we can always be grateful, the two-thirds majority.

BUMPERS: Now this is one of the most important points of this entire presentation: the term -- first of all -- "treason and bribery," nobody quarrels with that, and we're not debating treason and bribery here in this chamber. We're talking about "other high crimes and misdemeanors."

Thank you.

And where did "high crimes and misdemeanors" come from? It came from the English law, and they found it in an English law under a category which said, "distinctly political offenses against the state." Let me repeat that, they said, "high crimes and misdemeanors was to be," because they took it from English law, where they found it in the category that said, "offenses distinctly political against the state."

BUMPERS: So colleagues, please, for just one moment, forget the complexities of the facts and the tortured legalisms. And we've heard them all brilliantly presented on both sides, and I'm not getting into that.

But ponder this. If high crimes and misdemeanors was taken from English law by George Mason, which listed high crimes and misdemeanors as political offenses against the state, what are we doing here?

If as Hamilton said, it had to be a crime against society or a breach of the public trust, what are we doing here?

Even perjury. Concealing or deceiving. An unfaithful relationship does not even come close to being an impeachable offense.

BUMPERS: Nobody has suggested that Bill Clinton committed a political crime against the state. So, colleagues, if you honor the Constitution, you must look at the history of the Constitution and how we got to the impeachment clause. And if you do that and you do that honestly according to the oath you took, you cannot -- you can censure Bill Clinton, you can hand him over to the prosecutor for him to be prosecuted, but you cannot convict him. And you cannot indulge yourselves the luxury or the right to ignore this history.

There's been a suggestion that a vote to acquit would be something of a breach of faith with those who lie in Flanders (ph) Field, Anzio (ph) and Bunker Hill and Gettysburg and wherever. I didn't hear that; I read about it.

But I want to say -- and, incidentally, I think it was Chairman Hyde who alluded to this and said: those men fought and died for the rule of law.

I can remember a cold November 3 morning in my little home town of Charleston (ph), Arkansas, I was 18 years old. I had just gotten one semester in at the university when I went into the Marine Corps.

BUMPERS: And so, I reported to Little Rock to be inducted.

My, it was cold. The drug store was the bus stop. I had to be there by eight o'clock to be sworn in, and I had to catch the bus down at the drug store at three o'clock in the morning so my mother and father and I got up at two o'clock, got dressed, and went down there.

I'm not sure I can tell you this story.

And the bus came over the hill -- I was rather frightened anyway about going in. I was quite sure I was going to be killed, only slightly less frightened that Betty would find somebody else while I was gone.

When the bus came over Schoolhouse Hill, my parents started crying. I had never seen my father cry.

BUMPERS: I knew I was in some difficulty.

(LAUGHTER)

Now, as a parent at my age, I know he thought he was giving not his only begotten son, but one of his begotten sons. Can you imagine? You know that scene. It was repeated across this nation millions of times.

And then happily, I survived that war; saw no combat; was on my way to Japan when it all ended. I'd never had a terrible problem with dropping the bomb, though that's been a terrible moral dilemma for me, because the estimates were that we would lose as many as a million men in that invasion.

But I came home to a generous government who provided me, under the GI Bill, an education in a fairly prestigious law school which my father could never have afforded. And I practiced law in this little town for 18 years; loved every minute of it. But I didn't practice constitutional law, and I knew very little about the Constitution. But when I went into law school, I did study constitutional law, though Mr. Chief Justice, it was fairly arcane to me.

And trying read The Federalist Papers and Tocqueville -- all of those things law students are expected to do, that was tough for me, I confess.

BUMPERS: So after 18 years in law practice I jumped up and ran for governor and I served as governor for four years, and I still -- I guess I knew what the rule of law was, but I still didn't really have much

reverence for the Constitution. I just did not understand any of the things I just got through telling you.

No. My love for that document came day after day and debate after debate right here in this chamber.

Some of you perhaps read an op ed piece I did a couple of weeks ago when I said I was perfectly happy for my legacy of a 24-year-senator-to-be I never voted for a constitutional amendment. And it isn't that I wouldn't. I think they made a mistake not giving you fellows four years.

(LAUGHTER)

You're about to cause me to rethink that one.

(LAUGHTER)

And the reason I developed this love of it is because I saw Madison's magic working time and time again, keeping bullies from running over weak people, keeping majorities from running over minorities.

BUMPERS: And I thought about all the unfettered freedoms we had. The oldest organic law in existence made us the envy of the world.

Mr. Chairman, we've also learned that the rule of law includes presidential elections. That's a part of the rule of law in this country. We have an event, a quadrennial event in this country which we call "Presidential Elections." And that's the day when we reach across this aisle and hold hands, Democrats and Republicans. And we say, "Win or lose, we will abide by the decision."

It is a solemn event, presidential elections, and it should not -- they should not be undone lightly. Or just because one side has the clout and the other one doesn't. And if you want to know what men fought for in World War II, for example, or in Vietnam, ask Senator Inouye. He left an arm in Italy.

BUMPERS: He left an arm in Italy. He and I were in the presence at Normandy on the 50th anniversary. But we started off on Anzil (ph).

Senator Domenici, were you with us?

It was one of the most awesome experiences I've ever had in my life -- certified war hero. I think his relatives were in an internment camp, so ask him what he was fighting for.

Or ask Bob Kerrey, certified Medal of Honor winner, what was he fighting for. You'll probably get a quite different answer.

Or Senator Chafee, one of the finest men ever to grace this body and certified marine hero of Guadal Canal (ph) -- ask him.

And Senator McCain, a genuine hero -- ask him.

You don't have to guess. They're with us, and they're living.

BUMPERS: And they can tell you. And one who is not with us here in the Senate anymore, Robert Dole. Ask Senator Dole what he was fighting for. Senator Dole had what I thought was a very reasonable solution to this whole thing that would handle it fairly and expeditiously.

The American people are now and for some time have been asking to be allowed a good night's sleep. They're asking for an end to this nightmare. It is a legitimate request.

I'm not suggesting that you vote for or against the polls. I understand that. Nobody should vote against the polls just to show their mettle and their courage. I have cast plenty of votes against the polls and it's cost me politically a lot of times. This has been going on for a year, though.

And in that same op-ed piece I talked about meeting Harry Truman my first year as governor of Arkansas.

BUMPERS: Spent an hour with him. An indelible experience. People at home kid me about this, because I very seldom make a speech that

I don't mention this meeting. But I will never forget what he said, "Put your faith in the people. Trust the people. They can handle it."

They have shown conclusively time and time again that they can handle it.

Colleagues, this is easily the most important vote you will ever cast. If you have difficulty because of an intense dislike of the president -- and that's understandable -- rise above it. He is not the issue.

He will be gone. You won't. So don't leave a precedent from which we may never recover and almost surely will regret.

If you vote to acquit, Mr. Leader, you know exactly what's going to happen. You're going to back to your committees, you're going to get on this legislative agenda, you're going to start dealing with Medicare and Social Security and tax cuts and all those things which the people of the country have a non-negotiable demand that you do.

If you vote to acquit, you go immediately to the people's agenda.

BUMPERS: If you vote to acquit, you go immediately to the people's agenda. But if you vote to convict, you can't be sure what's going to happen. James G. Blaine was a member of the Senate when Andrew Johnson was tried in 1868, and 20 years later he recanted. And he said: "I made a bad mistake." And he says "as I reflect back on it, all I can think about is having convicted Andrew Johnson would have caused much more chaos and confusion in this country than Andrew Johnson could ever conceivably have tried."

And so it is with William Jefferson Clinton. If you vote to convict, in my opinion you're going to be creating more havoc than he could ever possibly create. After all, he's only got two years left. So don't, for God's sakes heighten people's alienation that is at an all time high toward their government.

BUMPERS: The people have a right and they are calling on you to rise above politics, rise above partisanship. They're calling on you to do your solemn duty. And I pray you will.

Thank you, Mr. Chief Justice.

REHNQUIST: The chair recognizes the majority leader.

LOTT: Mr. Chief Justice, I believe that that concludes the White House presentation. I remind all senators that we will reconvene tomorrow beginning at one p.m.

On Friday, under the provisions of Senate Resolution 16, we will begin the question and answer period for not to exceed 16 hours. The majority will begin the questioning. And as we go forward in that process we will alternate back and forth across the aisle.

I've discussed this proposition obviously with Senator Daschle, and we've discussed it in our conferences. We looked at a number of other alternatives but we thought that this would be a fair way to proceed. We would have the question would begin from this side from a senator that will be named and then go to the other side and back and forth.

We think this provides fairness, and I hope all members will entrust the chief justice to be fair during this portion of the deliberations and for the managers and counsel to of course be succinct in their answers and respond to the question that's actually asked.

At this time, I would anticipate approximately five hours of questions and answers being used tomorrow, Friday. We would then reconvene on Saturday at ten a.m. and again resume the questioning, alternating back and forth.

We have not set any definite time for Saturday. We'll need to see how the questions go. We don't really know whether we'll need five hours or ten hours or the full 16. But if we reach a point on Saturday where we need to conclude the day's proceedings and we feel that there's still more questions that would need to be asked, then after communication on both sides of the aisle we would decide how to go forward.

It's my hope that we can complete this question period during the day Friday and Saturday and conclude it Saturday.

I hope the senators will be thoughtful in their questions. They must be in writing. Please be brief with your written presentation. Dissertations would not be appreciated in writing at this point. And we will do our best, Mr. Chief Justice, to deal with the question of repetition or redundancy and try to have some process that Senator Daschle and I will use to get the senators' questions to the chief justice.

I thank all senators for their attention during the past two weeks, both in the presentation of the case by the House managers and the presentation by the White House counsel. Obviously the senators have been here, attentive, have listened. I think we've learned a great deal. And I appreciate the way the Senate has conducted itself.

And now I move the Senate stand in adjournment under the previous order.

REHNQUIST: In the absence of objection, it is so ordered.

END

Message Sent

To:

John Podesta/WHO/EOP
Douglas B. Sosnik/WHO/EOP
James E. Kennedy/WHO/EOP
Cheryl D. Mills/WHO/EOP
Charles F. Ruff/WHO/EOP
Lawrence J. Stein/WHO/EOP
Jennifer M. Palmieri/WHO/EOP
Paul E. Begala/WHO/EOP
Anthony R. Bernal/OVP @ OVP
Melissa G. Green/OPD/EOP
Leslie Bernstein/WHO/EOP
Robin M. Roland/WHO/EOP
Maya Seiden/WHO/EOP
Chandler G. Spaulding/WHO/EOP
Dominique L. Cano/WHO/EOP
Dag Vega/WHO/EOP
Brenda M. Anders/WHO/EOP
gamble-bennett @ dol.gov @ inet
Megan C. Moloney/WHO/EOP
Jake Siewert/OPD/EOP
Jordan Tamagni/WHO/EOP
Beverly J. Barnes/WHO/EOP
Elizabeth R. Newman/WHO/EOP
Julia M. Payne/WHO/EOP
Julianne B. Corbett/WHO/EOP
Jeffrey M. Smith/OSTP/EOP

Lowell A. Weiss/WHO/EOP
Jonathan A. Kaplan/OPD/EOP
Jonathan Orszag/OPD/EOP
Thurgood Marshall Jr/WHO/EOP
Jennifer Ferguson/OMB/EOP
Mark D. Neschis/WHO/EOP
Matthew I. Fraidin/OVP @ OVP
Ruby Shamir/WHO/EOP
Nanda Chitre/WHO/EOP
Amy Weiss/WHO/EOP
David S. Beaubaire/WHO/EOP
Lisa J. Levin/WHO/EOP
Peter A. Weissman/OPD/EOP
William A. Halter/OMB/EOP
Eli G. Attie/OVP @ OVP
Patricia M. Ewing/OVP @ OVP
Sara M. Latham/WHO/EOP
Melissa M. Murray/WHO/EOP
Jonathan E. Smith/WHO/EOP
Barry J. Toiv/WHO/EOP
Anne M. Edwards/WHO/EOP
Michael Waldman/WHO/EOP
Gene B. Sperling/OPD/EOP
Paul K. Engskov/WHO/EOP
Laura D. Schwartz/WHO/EOP
Kevin S. Moran/WHO/EOP
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Mark A. Kitchens/WHO/EOP
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Jeffrey A. Shesol/WHO/EOP
Rochester M. Johnson/WHO/EOP
Rachael E. Sullivan/OVP @ OVP
Christopher Ferris/OMB/EOP
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Melissa J. Prober/WHO/EOP
Roger V. Salazar/WHO/EOP
Justin Coleman/WHO/EOP
Clara J. Shin/WHO/EOP
Guy Smith/WHO/EOP
Jonathan M. Prince/WHO/EOP
Joshua S. Gottheimer/WHO/EOP
Heather M. Riley/WHO/EOP
Alejandro G. Cabrera/OVP @ OVP
Rebecca L. Walldorff/WHO/EOP

Jon P. Jennings/WHO/EOP
Katharine Button/WHO/EOP
Tracy Pakulniewicz/WHO/EOP
James T. Heimbach/WHO/EOP
Victoria L. Valentine/WHO/EOP
James E. Kennedy/WHO/EOP

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sherry Selevan <sselevan@erols.com> (Sherry Selevan <sselevan@erols.com> [UNKNOWN])

CREATION DATE/TIME:21-JAN-1999 08:42:53.00

SUBJECT: Re: from Eduardo

TO: Melinda N. Bates (CN=Melinda N. Bates/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TEXT:

I think that would be great -- it has a charming feel to it -- so some editing would be just the right thing.

I'm excited about becoming a "publisher"!

S.

At 03:51 PM 1/20/99 -0500, you wrote:

>See my response to him..... lets post this on TCT pages? (after heavy
>editing!)

>

>

>----- Forwarded by Melinda N. Bates/WHO/EOP on 01/20/99

>03:52 PM -----

>

>

>

> (Embedded

> image moved tanganso @ hotmail.com

> to file: 01/20/99 12:26:00 PM

> PIC00469.PCX)

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>

>

>Record Type: Record

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>To: Melinda N. Bates

>

>cc:

>Subject: from Eduardo

>

>

>

>

>>From: Fernandez Eduardo <efernandez@iucnus.org>

>>To: Anne-Sophie Ville <tanganso@hotmail.com>

>>Subject: FW: ClinTango

>>Date: Wed, 20 Jan 1999 12:20:35 -0500

>>

>>Hi Anne-Sophie. I posted this in the Tango-List. I would like to pass
>>it to Melinda, but I don't have her email. Will you please forward it
>to her?

>>Thank you!!! Eduardo

>>

>>> -----Original Message-----

>>> From: Fernandez Eduardo [SMTP:efernandez@IUCNUS.ORG]

>>> Sent: Tuesday, January 19, 1999 1:45 PM

>>> To: TANGO-L@MITVMA.MIT.EDU

>>> Subject: Re: ClinTango

>>>=20

>>> Dear list

>>>=20

>>> I would like to share with you my personal experience attending the =
>>diner

>>> at

>>> the White House and being in a way part of the set up of the show.

>>>=20

>>> The initial idea came from Melinda Bates a milonguera from Washington
>=

>>DC

>>> that also is an Assistant of Mr. Clinton. She was the one who =

>>encourage

>>> the

>>> Clintons to see tango in their visit to BA last year.

>>>=20

>>> Melinda contact us to find the best Bandoneon player in USA, Raul =
>>Jaurena,

>>> a

>>> well know musician, leader of the New York Tango Trio. He was touring
>=

>>in

>>> BA

>>> and Montevideo, his town.

>>>=20

>>> Raul agreed to play at the White House and he wrote six beautiful
>>> arrangements for orchestra and sent it to Quintango. A local group =
>>that

>>> sounds too "Hollywood" style. But anger of learning more Rio de la =
>>Plata

>>> style. Quintango has a piano, cello, bass, and two violins.

>>>=20

>>> Raul Jaurena and Quintango rehearsal two times and it was enough. =
>>Raul

>>> Jaurena forty years of experience gave the group another sound. They
>>> change

>>> the beat and slowly the piano started to came more tanguero. Then the
>>> bass,

>>> the cello and violins.

>>>=20

>>> Dinner was formal, however violins where playing around the tables. =
>>They

>>> started to plays Don't Cry for me Argentina, just in the table where
>=

>>Marga
>>> Mitchell, the singer that makes newyorkers dreams with =
>>Malena...Suddenly
>>> she
>>> started to sing the famous piece from Evita and another guess, former
>>> attached to the US embassy in Argentina, joined her and a duet gave =
>>the
>>> table the first bit of tango in the night.
>>>=20
>>> After dinner people where requested to move to the East Salon. There
>=
>>the
>>> show started with Quintango playing "Libertango"
>>>=20
>>> Pablo Veron danced two pieces with the marvelous Victoria Vieyra. =
>>Pablo
>>> did
>>> a great perform, relaxed, smiling, with great energy. Victoria is =
>>from
>>> another planet. Fantastic, versatile, beautiful style and perfect =
>>partner
>>> for Pablo's creativity.
>>>=20
>>> After that, Raul Jaurena was announced and the flavor of tango became
>=
>>more
>>> strong. With the first chords of "Tanguera" all the attendants became
>>> captives of the bandoneon sounds. Tango was steeping in the White =
>>House!!!
>>>=20
>>> Them La Cumparsita, Gallo Ciego, Quejas de Bandoneon, 9 de =
>>Julio...with
>>> the
>>> best tanguero style. Strong marca, beautiful variation of La =
>>Cumparsita
>>> from
>>> raul Jaurena that made Mr. Clinton move his head and open his mouth =
>>as he
>>> was watching something extraordinary. And it was!!!
>>>=20
>>> Mr. Robert Duval and his fianc=E9e Luciana Pedraza danced a piece =
>>alone.
>>> Beginners style. It was ok...finally them and Pablo and Victoria did
>=
>>9 de
>>> Julio.
>>>=20
>>> After that President Menem asked Mrs., Clinton to dance and other =
>>many
>>> attendants went to the floor...it was the milonga of The White =
>>House!!!
>>>=20
>>> Melinda Bates, the milonguera that promote all that happens danced =
>>with

>>> the
 >>> Turkish master Metin, I did with the Minister of Environment of =
 >>Argentina
 >>> and the other Argentineans (from the Embassy) as always...where in =
 >>the
 >>> corner watching...no dancing at all!!!
 >>>=20
 >>> It was fun!!!
 >>>=20
 >>> We follows the night dancing tango "Flintstones" style with the =
 >>Marine
 >>> Band
 >>> of the USA . Some cha cha chas, boleros and of course we where the =
 >>last
 >>> ones
 >>> of leaving the famous White House... You don't have too many =
 >>opportunities
 >>> to came back. So...we tooke advantage of it!!!
 >>>=20
 >>> Eduardo
 >>>=20
 >>> > -----Original Message-----
 >>> > From: A. Lester Buck III [SMTP:buck@COMPACT.COM]
 >>> > Sent: Tuesday, January 19, 1999 4:16 AM
 >>> > To: TANGO-L@MITVMA.MIT.EDU
 >>> > Subject: ClinTango
 >>> >=20
 >>> > State dinner breaks into tango
 >>> >=20
 >>> > By KALPANA SRINIVASAN Associated Press Writer
 >>> >=20
 >>> > January 12, 1999 Web posted at: 9:34 a.m. EST (1434 GMT)
 >>> >=20
 >>> > WASHINGTON (AP) -- Inspired as he watched Robert Duvall
 >>> > effortlessly glide across the floor of the White House's East
 >>> > Room, President Clinton gave up his sideline seat and showed the
 >>> > Argentine delegation that he can tango with the best of them.
 >>> >
 >>> > The president and first lady Hillary Rodham Clinton capped off a
 >>> > state dinner tribute to Argentine president Carlos Menem Monday
 >>> > night by indulging in a few rounds of the sensual dance form.
 >>> >=20
 >>> > Menem escorted the U.S. first lady to the dance floor, while the
 >>> > president perfected his tango technique with Amanda de Fernandez,
 >>> > the wife of Argentina's minister of the economy.
 >>> >=20
 >>> > Duvall, who became smitten with the dance after seeing it performed
 >>> > 12 years ago and has honed his abilities in more than 15 visits
 >>> > to Buenos Aires, dazzled the 170 guests who watched him glide
 >>> > across the makeshift dance floor.
 >>> >=20
 >>> > "I'll never look at you the same way again, Robert!" exclaimed
 >>> > the president, after watching Duvall with his partner, Luciana
 >>> > Pedraza. The chamber ensemble QuinTango provided the music as

>>>> > the pair and another couple, Pablo Veron and Victoria Vieyra,
>>>> > performed.

>>>> >=20

>>>> > Menem, in his official toast, pointed to Duvall's chairmanship
>>>> > of the U.S. Tango Academy as an example of the strong ties that
>>>> > connect the people of the two nations.

>>>> >=20

>>>> > "Of course the bonds of friendship between the presidents are
>>>> > very deep," Menem said through a translator. "But as deep are the
>>>> > bonds of friendship that bring together the people of Argentina
>>>> > and the people of America."

>>>> >=20

>>>> > In his salute, Clinton described some of the values held by
>>>> > both countries.

>>>> >=20

>>>> > "We share aspirations old and new, to deepen democracy, to
>>>> > strengthen justice ... to give other people the chance to live
>>>> > as peacefully and as positively as possible at the dawn of this
>>>> > new century," Clinton said.

>>>> >=20

>>>> > Of course, the president warned, some disputes will never be
>>>> > resolved, "like which country has the better beef ... or whose
>>>> > cooks have better mastered the ancient art of barbecue."

>>>> >=20

>>>> > But tango proved to be common ground, with celebrities
>>>> > and politicians alike taking a whirl as the night went
>>>> > on. Sen. Christopher Dodd, D-Conn., was among the revelers taken
>>>> > with tango fever as was actress Salma Hayek, who gave the president
>>>> > kudos for his technique.

>>>> >=20

>>>> > "I was very impressed," Hayek said. "He did wonderfully."

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Janelle E. Erickson (CN=Janelle E. Erickson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:22-JAN-1999 10:51:06.00

SUBJECT: Bumpers Speech

TO: Virginia N. Rustique (CN=Virginia N. Rustique/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

The CHIEF JUSTICE. The Chair recognizes
Mr. Counsel Bumpers to continue the presentation
in the case of the President.

Mr. Counsel BUMPERS. Mr. Chief Justice, my
distinguished House managers from the House of
Representatives, colleagues, I have seen the look of
disappointment on many faces, because I know a
lot of people really thought they would be rid of me
once and for all. (Laughter.)

I have taken a lot of ribbing this afternoon. But I
have seriously negotiated with some people,
particularly on this side, about an offer to walk out
and not deliver this speech in exchange for a few
votes. (Laughter.)

I understand three have it under active
consideration. (Laughter.)

It is a great joy to see you, and it is especially
pleasant to see an audience which represents about
the size of the cumulative audience I had over a
period of 24 years. (Laughter.)

I came here today for a lot of reasons. One was
that I was promised a 40-foot cord. I have been
shorted 28 feet. CHRIS DODD said he didn't want
me in his lap. I assume he arranged for the cord to
be shortened.

I want to especially thank some of you for your
kind comments in the press when it received some
publicity that I would be here to close the debate
on behalf of the White House counsel and the
President.

I was a little dismayed by Senator BENNETT's
remark. He said, "Yes, Senator Bumpers is a great
speaker, but he was never persuasive with me
because I never agreed with him." (Laughter.)

I thought he could have done better than that.
(Laughter.)

You can take some comfort, colleagues, in the fact that I am not being paid, and when I finish, you will probably think the White House got their money's worth. (Laughter.)

I have told audiences that over 24 years, I went home almost every weekend and returned usually about dusk on Sunday evening. And you know the plane ride into National Airport, when you can see the magnificent Washington Monument and this building from the window of the airplane-I have told these students at the university, a small liberal arts school at home, Hendrix-after 24 years of that, literally hundreds of times, I never failed to get goose bumps.

The same thing is true about this Chamber. I can still remember as though it was yesterday the awe I felt when I first stepped into this magnificent Chamber so full of history, so beautiful. And last Tuesday, as I returned, after only a short 3-week absence, I still felt that same sense of awe that I did the first time I walked in this Chamber.

Colleagues, I come here with some sense of reluctance. The President and I have been close friends for 25 years. We fought so many battles back home together in our beloved Arkansas. We tried mightily all of my years as Governor and his, and all of my years in the Senate when he was Governor, to raise the living standard in the delta area of Mississippi, Arkansas and Louisiana, where poverty is unspeakable, with some measure of success; not nearly enough.

We tried to provide health care for the lesser among us, for those who are well off enough they can't get on welfare, but not making enough to buy health insurance. We have fought about everything else to improve the educational standards for a State that for so many years was at the bottom of the list, or near the bottom of the list, of income, and we have stood side by side to save beautiful pristine areas in our State from environmental degradation.

We even crashed a twin engine Beech Bonanza trying to get to the Gillett coon supper, a political event that one misses at his own risk. We crashed this plane on a snowy evening at a rural airport off

the runway sailing out across the snow, jumped out-jumped out-and ran away unscathed, to the dismay of every politician in Arkansas. (Laughter.)

The President and I have been together hundreds of times at parades, dedications, political events, social events, and in all of those years and all of those hundreds of times we have been together, both in public and in private, I have never one time seen the President conduct himself in a way that did not reflect the highest credit on him, his family, his State and his beloved Nation.

The reason I came here today with some reluctance-please don't misconstrue that, it has nothing to do with my feelings about the President, as I have already said-but it is because we are from the same State, and we are long friends. I know that necessarily diminishes to some extent the effectiveness of my words. So if Bill Clinton, the man, Bill Clinton, the friend, were the issue here, I am quite sure I would not be doing this. But it is the weight of history on all of us, and it is my reverence for that great document-you have heard me rail about it for 24 years-that we call our Constitution, the most sacred document to me next to the Holy Bible.

These proceedings go right to the heart of our Constitution where it deals with impeachment, the part that provides the gravest punishment for just about anybody-the President-even though the framers said we are putting this in to protect the public, not to punish the President.

Ah, colleagues, you have such an awesome responsibility. My good friend, the senior Senator from New York, has said it well. He says a decision to convict holds the potential for destabilizing the Office of the Presidency. And those 400 historians-and I know some have made light about those historians, are they just friends of Bill?

Last evening, I went over that list of historians, many of whom I know, among them C. Vann Woodward. In the South we love him. He is the preeminent southern historian in the Nation. I promise you-he may be a Democrat, he may even be a friend of the President, but when you talk about integrity, he is the walking personification, exemplification of integrity.

Well, colleagues, I have heard so many

adjectives to describe this gallery and these proceedings-historic, memorable, unprecedented, awesome. All of those words, all of those descriptions are apt. And to those, I would add the word "dangerous," dangerous not only for the reasons I just stated, but because it is dangerous to the political process. And it is dangerous to the unique mix of pure democracy and republican government Madison and his colleagues so brilliantly crafted and which has sustained us for 210 years.

Mr. Chief Justice, this is what we lawyers call "dicta"-this costs you nothing. It is extra. But the more I study that document, and those 4 months at Philadelphia in 1787, the more awed I am. And you know what Madison did-the brilliance was in its simplicity-he simply said: Man's nature is to get other people to dance to their tune. Man's nature is to abuse his fellow man sometimes. And he said: The way to make sure that the majorities don't abuse the minorities, and the way to make sure that the bullies don't run over the weaklings, is to provide the same rights for everybody. And I had to think about that a long time before I delivered my first lecture at the University of Arkansas last week. And it made so much sense to me.

But the danger, as I say, is to the political process, and dangerous for reasons feared by the framers about legislative control of the Executive. That single issue and how to deal with impeachment was debated off and on for the entire 4 months of the Constitutional Convention. But the word "dangerous" is not mine. It is Alexander Hamilton's-brilliant, good-looking guy-Mr. Ruff quoted extensively on Tuesday afternoon in his brilliant statement here. He quoted Alexander Hamilton precisely, and it is a little arcane. It isn't easy to understand.

So if I may, at the expense of being slightly repetitious, let me paraphrase what Hamilton said. He said: The Senate had a unique role in participating with the executive branch in appointments; and, two, it had a role-it had a role-in participating with the executive in the character of a court for the trial of impeachments. But he said-and I must say this; and you all know it-he said it would be difficult to get a, what he called, well-constituted court from wholly elected Members. He said: Passions would agitate the whole community and divide it between those who were friendly and those who had inimical interests

to the accused; namely, the President. Then he said-and these are his words: The greatest danger was that the decision would be based on the comparative strength of the parties rather than the innocence or guilt of the President.

You have a solemn oath, you have taken a solemn oath, to be fair and impartial. I know you all. I know you as friends, and I know you as honorable men. And I am perfectly satisfied to put that in your hands, under your oath.

This is the only caustic thing I will say in these remarks this afternoon, but the question is, How do we come to be here? We are here because of a 5-year, relentless, unending investigation of the President, \$50 million, hundreds of FBI agents fanning across the Nation, examining in detail the microscopic lives of people-maybe the most intense investigation not only of a President, but of anybody ever.

I feel strongly about this because of my State and what we have endured. So you will have to excuse me, but that investigation has also shown that the judicial system in this country can and does get out of kilter unless it is controlled. Because there are innocent people-innocent people-who have been financially and mentally bankrupt.

One woman told me 2 years ago that her legal fees were \$95,000. She said, "I don't have \$95,000. And the only asset I have is the equity in my home, which just happens to correspond to my legal fees of \$95,000." And she said, "The only thing I can think of to do is to deed my home." This woman was innocent, never charged, testified before a grand jury a number of times. And since that time she has accumulated an additional \$200,000 in attorney fees.

Javert's pursuit of Jean Valjean in *Les Miserables* pales by comparison. I doubt there are few people-maybe nobody in this body-who could withstand such scrutiny. And in this case those summoned were terrified, not because of their guilt, but because they felt guilt or innocence was not really relevant. But after all of those years, and \$50 million of Whitewater, Travelgate, Filegate-you name it-nothing, nothing. The President was found guilty of nothing-official or personal.

We are here today because the President suffered a terrible moral lapse of marital

infidelity-not a breach of the public trust, not a crime against society, the two things Hamilton talked about in Federalist Paper No. 65-I recommend it to you before you vote-but it was a breach of his marriage vows. It was a breach of his family trust. It is a sex scandal. H.L. Mencken one time said, "When you hear somebody say, 'This is not about money,' it's about money." (Laughter)

And when you hear somebody say, "This is not about sex," it's about sex.

You pick your own adjective to describe the President's conduct. Here are some that I would use: indefensible, outrageous, unforgivable, shameless. I promise you the President would not contest any of those or any others.

But there is a human element in this case that has not even been mentioned. That is, the President and Hillary and Chelsea are human beings. This is intended only as a mild criticism of our distinguished friends from the House. But as I listened to the presenters, to the managers, make their opening statements, they were remarkably well prepared and they spoke eloquently-more eloquently than I really had hoped.

But when I talk about the human element, I talk about what I thought was, on occasion, an unnecessarily harsh, pejorative description of the President. I thought that the language should have been tempered somewhat to acknowledge that he is the President. To say constantly that the President lied about this and lied about that-as I say, I thought that was too much for a family that has already been about as decimated as a family can get. The relationship between husband and wife, father and child, has been incredibly strained, if not destroyed. There has been nothing but sleepless nights, mental agony, for this family, for almost 5 years, day after day, from accusations of having Vince Foster assassinated, on down. It has been bizarre.

I didn't sense any compassion. And perhaps none is deserved. The President has said for all to hear that he misled, he deceived, he did not want to be helpful to the prosecution, and he did all of those things to his family, to his friends, to his staff, to his Cabinet, and to the American people. Why would he do that? Well, he knew this whole affair was about to bring unspeakable embarrassment and humiliation on himself, his wife whom he adored,

and a child that he worshipped with every fiber of his body and for whom he would happily have died to spare her or to ameliorate her shame and her grief.

The House managers have said shame, an embarrassment is no excuse for lying. The question about lying-that is your decision. But I can tell you, put yourself in his position-and you have already had this big moral lapse-as to what you would do. We are, none of us, perfect. Sure, you say, he should have thought of all that beforehand. And indeed he should, just as Adam and Eve should have, just as you and you and you and you and millions of other people who have been caught in similar circumstances should have thought of it before. As I say, none of us is perfect.

I remember, Chaplain-the Chaplain is not here; too bad, he ought to hear this story. This evangelist was holding this great revival meeting and in the close of one of his meetings he said, "Is there anybody in this audience who has ever known anybody who even comes close to the perfection of our Lord and Savior, Jesus Christ?" Nothing. He repeated the challenge and, finally, a little-bitty guy in the back held up his hand. "Are you saying you have known such a person? Stand up." He stood up and said, "Tell us, who was it?" He said, "My wife's first husband."

Make no mistake about it: Removal from office is punishment. It is unbelievable punishment, even though the framers didn't quite see it that way. Again, they said-and it bears repeating over and over again-they said they wanted to protect the people. But I can tell you this: The punishment of removing Bill Clinton from office would pale compared to the punishment he has already inflicted on himself. There is a feeling in this country that somehow or another Bill Clinton has gotten away with something. Mr. Leader, I can tell you, he hasn't gotten away with anything. And the people are saying: "Please don't protect us from this man." Seventy-six percent of us think he is doing a fine job; 65 to 70 percent of us don't want him removed from office.

Some have said we are not respected on the world scene. The truth of the matter is, this Nation has never enjoyed greater prestige in the world than we do right now. I saw Carlos Menem, President of Argentina, a guest here recently, who said to the President, "Mr. President, the world needs you."

The war in Bosnia is under control; the President has been as tenacious as anybody could be about Middle East peace; and in Ireland, actual peace; and maybe the Middle East will make it; and he has the Indians and the Pakistanis talking to each other as they have never talked to each other in recent times.

Vaclav Havel said, "Mr. President, for the enlargement of the North Atlantic Treaty Organization, there is no doubt in my mind that it was your personal leadership that made this historic development possible." King Hussein: "Mr. President, I've had the privilege of being a friend of the United States and Presidents since the late President Eisenhower, and throughout all the years in the past I have kept in touch, but on the subject of peace, the peace we are seeking, I have never, with all due respect and all the affection I held for your predecessors, known someone with your dedication, clear-headedness, focus, and determination to help resolve this issue in the best way possible."

I have Nelson Mandela and other world leaders who have said similar things in the last 6 months. Our prestige, I promise you, in the world, is as high as it has ever been.

When it comes to the question of perjury, you know, there is perjury and then there is perjury. Let me ask you if you think this is perjury: On November 23, 1997, President Clinton went to Vancouver, BC. And when he returned, Monica Lewinsky was at the White House at some point, and he gave her a carved marble bear. I don't know how big it was. The question before the grand jury, August 6, 1998:

[pS846]

What was the Christmas present or presents that he got for you?

Answer: Everything was packaged in the Big Black Dog or big canvas bag from the Black Dog store in Martha's Vineyard and he got me a marble bear's head carving. Sort of, you know, a little sculpture, I guess you would call, maybe.

Was that the item from Vancouver?

Yes.

Question, on the same day of the same grand jury,

When the President gave you the Vancouver bear on the 28th, did he say anything about what it means?

Answer: Hmm.

Question: Well, what did he say?

Answer: I think he-I believe he said that the bear is the-maybe an Indian symbol for strength-you know, to be strong like a bear.

Question: And did you interpret that to be strong in your decision to continue to conceal the relationship?

Answer: No.

The House Judiciary Committee report to the full House, on the other hand, knowing the subpoena requested gifts, is giving Ms. Lewinsky more gifts on December 28 seems odd. But Ms. Lewinsky's testimony reveals why he did so. She said that she "never questioned that we would not ever do anything but keep this private, and that meant to take whatever appropriate steps needed to be taken to keep it quiet."

They say:

The only logical inference is that the gifts, including the bear symbolizing strength, were a tacit reminder to Ms. Lewinsky that they would deny the relationship, even in the face of a Federal subpoena.

She just got through saying "no." Yet, this report says that is the only logical inference. And then the brief that came over here accompanying the articles of impeachment said, "On the other hand, more gifts on December 28th ..." Ms. Lewinsky's testimony reveals her answer. She said that she "never questioned that we were ever going to do anything but keep this private, and that meant to take whatever appropriate steps needed to be taken to keep it quiet."

Again, they say in their brief:

The only logical inference is that the gifts, including the bear symbolizing strength, were a tacit

reminder to Ms. Lewinsky that they would deny the relationship even in the face of a Federal subpoena.

Is it perjury to say the only logical inference is something when the only shred of testimony in the record is, "No, that was not my interpretation. I didn't infer that." Yet, here you have it in the committee report and you have it in the brief. Of course, that is not perjury.

First of all, it is not under oath. But I am a trial lawyer and I will tell you what it is; it is wanting to win too badly. I have tried 300, 400, maybe 500 divorce cases. Incidentally, you are being addressed by the entire South Franklin County, Arkansas Bar Association. I can't believe there were that many cases in that little town, but I had a practice in surrounding communities, too. In all those divorce cases, I would guess that in 80 percent of the contested cases perjury was committed. Do you know what it was about? Sex. Extramarital affairs. But there is a very big difference in perjury about a marital infidelity in a divorce case and perjury about whether I bought the murder weapon, or whether I concealed the murder weapon or not. And to charge somebody with the first and punish them as though it were the second stands our sense of justice on its head.

There is a total lack of proportionality, a total lack of balance in this thing. The charge and the punishment are totally out of sync. All of you have heard or read the testimony of the five prosecutors who testified before the House Judiciary Committee-five seasoned prosecutors. Each one of them, veterans, said that under the identical circumstances of this case, they would never charge anybody because they would know they couldn't get a conviction. In this case, the charges brought and the punishment sought are totally out of sync. There is no balance; there is no proportionality.

But even stranger-you think about it-even if this case had originated in the courthouse rather than the Capitol, you would never have heard of it. How do you reconcile what the prosecutors said with what we are doing here? Impeachment was debated off and on in Philadelphia for the entire 4 months, as I said. The key players were Governor Morris, a brilliant Pennsylvanian; George Mason, the only man reputedly to be so brilliant that Thomas Jefferson actually deferred to him; he refused to sign the Constitution, incidentally, even though he was a delegate because they didn't deal

with slavery and he was a strict abolitionist. Then there was Charles Pinckney from South Carolina, a youngster at 29 years old; Edmund Randolph from Virginia, who had a big role in the Constitution in the beginning; and then, of course, James Madison, the craftsman. They were all key players in drafting this impeachment provision.

Uppermost in their minds during the entire time they were composing it was that they did not want any kings. They had lived under despots, under kings, and under autocrats, and they didn't want anymore of that. And they succeeded very admirably. We have had 46 Presidents and no kings. But they kept talking about corruption. Maybe that ought to be the reason for impeachment, because they feared some President would corrupt the political process. That is what the debate was about-corrupting the political process and ensconcing one's self through a phony election; maybe that is something close to a king.

They followed the British rule on impeachment, because the British said the House of Commons may impeach and the House of Lords must convict. And every one of the colonies had the same procedure-the House and the Senate. In all fairness, Alexander Hamilton was not very keen on the House participating. But here were the sequence of events in Philadelphia that brought us here today. They started out with maladministration and Madison said, "That is too vague; what does that mean?" So they dropped that. They went from that to corruption, and they dropped that. Then they went to malpractice, and they decided that was not definitive enough. And they went to treason, bribery, and corruption. They decided that still didn't suit them.

Bear in mind one thing: During this entire process, they are narrowing the things you can impeach a President for. They were making it tougher. Madison said, "If we aren't careful, the President will serve at the pleasure of the Senate." And then they went to treason and bribery. Somebody said that still is not quite enough, so they went to treason and bribery. And George Mason added, "or other high crimes and misdemeanors against the United States." They voted on it, and on September 10 they sent the entire Constitution to a committee they called the Committee on Style and Arrangement, which was the committee that would draft the language in a way that everybody would understand-that is, well crafted from a grammatical

standpoint. But that committee, which was dominated by Madison and Hamilton, dropped "against the United States." And the stories will tell you that the reason they did that was because they were redundant, because that committee had no right to change the substance of anything, and they would not have dropped it if they had not felt that it was redundant. Then they put it in for good measure. And we can always be grateful for the two-thirds majority.

This is one of the most important points of this entire presentation. First of all, the term "treason and bribery"-nobody quarrels with that. We are not debating treason and bribery here in this Chamber. We are talking about other high crimes and misdemeanors. And where did "high crimes and misdemeanors" come from? It came from the English law. And they found it in English law under a category which said distinctly "political" offenses against the state.

Let me repeat that. They said "high crimes and misdemeanors" was to be because they took it from English law where they found it in the category that said offenses distinctly "political" against the state.

So, colleagues, please, for just one moment, forget the complexities of the facts and the tortured legalisms-and we have heard them all brilliantly presented on both sides. And I am not getting into that.

But ponder this: If high crimes and misdemeanors was taken from English law by George Madison, which listed high crimes and misdemeanors as "political" offenses against the state, what are we doing here? If, as Hamilton said, it had to be a crime against society or a breach of the public trust, what are we doing here? Even perjury, concealing, or deceiving an unfaithful relationship does not even come close to being an impeachable offense. Nobody has suggested that Bill Clinton committed a political crime against the state.

So, colleagues, if you are to honor the Constitution, you must look at the history of the Constitution and how we got to the impeachment clause. And, if you do that, and you do that honestly, according to the oath you took, you cannot-you can censor Bill Clinton, you can hand him over to the prosecutor for him to be

prosecuted, but you cannot convict him. You cannot indulge yourselves the luxury or the right to ignore this history.

There has been a suggestion that a vote to acquit would be something of a breach of faith with those who lie in Flanders field, Anzio, Bunker Hill, Gettysburg, and wherever. I did not hear that. I read about it. But I want to say, and, incidentally, I think it was Chairman HYDE who alluded to this and said those men fought and died for the rule of law.

I can remember a cold November 3 morning in my little hometown of Charleston, AR. I was 18 years old. I had just gotten one semester in at the university when I went into the Marine Corps. So I was to report to Little Rock to be inducted. My it was cold. The drugstore was the bus stop. I had to be there by 8 o'clock to be sworn in. And I had to catch the bus down at the drugstore at 3 o'clock in the morning. So my mother and father and I got up at 2 o'clock, got dressed, and went down there. I am not sure I can tell you this story. And the bus came over the hill. I was rather frightened anyway about going. I was quite sure I was going to be killed, only slightly less frightened that Betty would find somebody else when I was gone.

The bus came over the schoolhouse hill and my parents started crying. I had never seen my father cry. I knew I was in some difficulty. Now, as a parent, at my age, I know he thought he was giving not his only begotten son, but one of his begotten sons. Can you imagine? You know that scene. It was repeated across this Nation millions of times. Then, happily, I survived that war, saw no combat, was on my way to Japan when it all ended. I had never had a terrible problem with dropping the bomb, though that has been a terrible moral dilemma for me because the estimates were that we would lose as many as a million men in that invasion.

But I came home to a generous government which provided me under the GI bill an education in a fairly prestigious law school, which my father could never have afforded. I practiced law in this little town for 18 years, loved every minute of it. But I didn't practice constitutional law. And I knew very little about the Constitution. But when I went into law school, I did study constitutional law, Mr. Chief Justice. It was very arcane to me. And trying to read the Federalist Papers, de Tocqueville, all of

those things that law students are expected to do, that was tough for me. I confess.

So after 18 years of law practice, I jumped up and ran for Governor. I served as Governor for 4 years. I guess I knew what the rule of law was, but I still didn't really have much reverence for the Constitution. I just did not understand any of the things I am discussing and telling you. No. My love for that document came day after day and debate after debate right here in this Chamber.

Some of you read an op-ed piece I did a couple of weeks ago when I said I was perfectly happy for my legacy, that during my 24 years here I never voted for a constitutional amendment. And it isn't that I wouldn't. I think they were mistaken not giving you fellows 4 years. (Laughter.)

You are about to cause me to rethink that one. (Laughter.)

The reason I developed this love of it is because I saw Madison's magic working time and time again, keeping bullies from running over weak people, keeping majorities from running over minorities, and I thought about all of the unfettered freedoms we had. The oldest organic law in existence made us the envy of the world.

Mr. Chairman, we have also learned that the rule of law includes Presidential elections. That is a part of the rule of law in this country. We have an event, a quadrennial event, in this country which we call a Presidential election, and that is the day when we reach across this aisle and hold hands, Democrats and Republicans, and we say, win or lose, we will abide by the decision. It is a solemn event, a Presidential election, and it should not be undone lightly or just because one side has the clout and the other one doesn't.

And if you want to know what men fought for in World War II, for example, in Vietnam, ask Senator INOUE. He left an arm in Italy. He and I were with the Presidents at Normandy, on the 50th anniversary, but we started off in Anzio. Senator DOMENICI, were you with us? It was one of the most awesome experiences I have ever had in my life. Certified war hero. I think his relatives were in an internment camp. So ask him, what was he fighting for? Or ask BOB KERREY, certified Medal of Honor winner, what was he fighting for? Probably get a quite different answer. Or Senator

CHAFEE, one of the finest men ever to grace this body and certified Marine hero of Guadalcanal, ask him. And Senator MCCAIN, a genuine hero, ask him. You don't have to guess; they are with us, and they are living, and they can tell you. And one who is not with us in the Senate anymore, Robert Dole, ask Senator Dole what he was fighting for. Senator Dole had what I thought was a very reasonable solution to this whole thing that would handle it fairly and expeditiously.

The American people are now and for some time have been asking to be allowed a good night's sleep. They are asking for an end to this nightmare. It is a legitimate request. I am not suggesting that you vote for or against the polls. I understand that. Nobody should vote against the polls just to show their mettle and their courage. I have cast plenty of votes against the polls, and it has cost me politically a lot of times. This has been going on for a year, though.

In that same op-ed piece, I talked about meeting Harry Truman my first year as Governor of Arkansas. I spent an hour with him-an indelible experience. People at home kid me about this because I very seldom make a speech that I don't mention this meeting. But I will never forget what he said: "Put your faith in the people. Trust the people. They can handle it." They have shown conclusively time and time again that they can handle it.

Colleagues, this is easily the most important vote you will ever cast. If you have difficulty because of an intense dislike of the President-and that is understandable-rise above it. He is not the issue. He will be gone. You won't. So don't leave a precedent from which we may never recover and almost surely will regret.

If you vote to acquit, Mr. Leader, you know exactly what is going to happen. You are going to go back to your committees. You are going to get on with this legislative agenda. You are going to start dealing with Medicare, Social Security, tax cuts, and all those things which the people of this country have a nonnegotiable demand that you do. If you vote to acquit, you go immediately to the people's agenda. But if you vote to convict, you can't be sure what is going to happen.

James G. Blaine was a Member of the Senate when Andrew Johnson was tried in 1868, and 20 years later he recanted. He said, "I made a bad

mistake." And he said, "As I reflect back on it, all I can think about is that having convicted Andrew Johnson would have caused much more chaos and confusion in this country than Andrew Johnson could ever conceivably have created."

And so it is with William Jefferson Clinton. If you vote to convict, in my opinion, you are going to be creating more havoc than he could ever possibly create. After all, he has only got 2 years left. So don't, for God sakes, heighten the people's alienation, which is at an all-time high, toward their Government. The people have a right, and they are calling on you to rise above politics, rise above partisanship. They are calling on you to do your solemn duty, and I pray you will.

Thank you, Mr. Chief Justice.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Doug.Case@sdsu.edu@INET@LNGTWY (Doug.Case@sdsu.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:23-JAN-1999 14:59:28.00

SUBJECT: Gay leader attends White House state dinner

TO: Richard Socarides@EOP (Richard Socarides@EOP [WHO])

READ:UNKNOWN

TO: Stuart D. Rosenstein@eop (Stuart D. Rosenstein@eop [WHO])

READ:UNKNOWN

TEXT:

WASHINGTON BLADE

January 22, 1999

<http://www.washblade.com>

Gay leader attends White House state dinner

by Kai Wright

When the White House hosted Argentine President Carlos Menem for dinner Monday, January 11, the foreign policy issues on the table included more than unrestricted air travel. Argentine diplomats and U.S. policymakers at the gala event discussed Gay and AIDS human rights issues as well.

Martin Ornelas-Quintero, executive director of the National Latino/a Lesbian, Gay, Bisexual and Transgender Organization, and his partner, Adolfo Mata, were among the 170 VIPs who attended the dinner at the invitation of the White House. Ornelas-Quintero said he and Mata took the opportunity to thank Argentine diplomats for recently offering asylum to a Lesbian couple from Chile. He said they also encouraged the diplomats to more aggressively pursue ways of providing treatment for people with AIDS in Argentina.

Ornelas-Quintero said he also had a chance to discuss some domestic Gay and AIDS issues with U.S. officials. In particular, he said he spoke with Secretary of State Madeleine Albright about visa restrictions on people with HIV and AIDS. He noted that the restrictions make it more difficult to organize international conferences and events in the U.S. dealing with AIDS or Gay issues. In addition, Ornelas-Quintero said he spoke with National Drug Control Policy Office Director Gen. Barry McCaffrey about his outspoken opposition to federal funding for needle exchange programs in the U.S.

Ornelas-Quintero characterized the reception he received from diplomats and U.S. officials as "matter of fact," noting that he and his partner were always introduced as a couple and as Gay community constituents of the Clinton administration.

While openly Gay couples have been invited to White House state dinners

before, said Richard Socarides, White House liaison to the Gay community, previous invitees have been members of Congress and celebrities. Socarides said he believes this is the first time the Clintons have invited the leader of a Gay organization to a state dinner.

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ATTACHMENT 1

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDf V5.1-9 #29131)
id <01J6VU7PIGG00060S4@PMDf.EOP.GOV>; Sat, 23 Jan 1999 14:55:23 EST

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23 Jan 1999 14:54:50 -0500 (EST)

Received: from [130.191.242.121] ([130.191.242.121])
by mail.sdsu.edu (8.8.7/8.8.7) with ESMTP id LAA23070; Sat,
23 Jan 1999 11:54:26 -0800 (PST)

X-Sender: dcase@mail.sdsu.edu

END ATTACHMENT 1

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leslie Bernstein (CN=Leslie Bernstein/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:25-JAN-1999 10:52:15.00

SUBJECT: Gay leader attends White House state dinner

TO: asinger@erico.com (asinger@erico.com [UNKNOWN])

READ:UNKNOWN

TEXT:

Maybe Argentina ain't so bad.

----- Forwarded by Leslie Bernstein/WHO/EOP on 01/25/99
10:51 AM -----

Richard Socarides 01/25/99 10:36:55 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Gay leader attends White House state dinner

----- Forwarded by Richard Socarides/WHO/EOP on 01/25/99
10:38 AM -----

Doug.Case @ sdsu.edu

01/23/99 02:54:00 PM

Record Type: Record

To: Stuart D. Rosenstein, Richard Socarides

cc:

Subject: Gay leader attends White House state dinner

WASHINGTON BLADE

January 22, 1999

<http://www.washblade.com>

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To:

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RFC-822-headers:

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23 Jan 1999 11:54:26 -0800 (PST)

X-Sender: dcase@mail.sdsu.edu

===== END ATTACHMENT 1 =====

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leslie Bernstein (CN=Leslie Bernstein/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 4-MAR-1999 16:59:29.00

SUBJECT: Politics This Week February 27th - March 5th 1999

TO: asinger@erico.com (asinger@erico.com [UNKNOWN])

READ:UNKNOWN

TEXT:

----- Forwarded by Leslie Bernstein/WHO/EOP on 03/04/99
04:59 PM -----

The Economist

03/04/99 04:53:17 PM

Record Type: Record

To: Leslie Bernstein/WHO/EOP

cc:

Subject: Politics This Week February 27th - March 5th 1999

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IN THE ECONOMIST THIS WEEK

Cheap oil may be a danger as well as a boon * Microsoft is losing its

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Germany *

The cold diplomacy between America and China * More blood in Israel's

insecurity zone * Nigeria elects a president * America and the EU go

bananas

over trade * A guided tour around Saddam Hussein's monuments to himself

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articles each week.

DEMOCRACY, AGAIN

- + Olusegun Obasanjo was elected NIGERIA'S PRESIDENT, after 15 years of military rule. He promised to lead an "open and fair" government. His defeated opponent, Olu Falae, charged him with vote rigging. The outgoing military government pardoned nearly 100 people alleged to have plotted coups against the late General Sani Abacha.
- + Thousands of Ethiopians celebrated in their capital, Addis Ababa, when the government claimed victory in its WAR WITH ERITREA. Eritrea had agreed to peace proposals after Ethiopian soldiers seized disputed border territory.
- + After the murder of eight foreign tourists in UGANDA, the president, Yoweri Museveni, ordered troops into neighbouring Congo. More than 100 Rwandan Hutu guerrillas had crossed into Uganda from Congo and abducted the tourists.
- + SOUTH AFRICA said it would hold a general election on June 2nd.
- + An Israeli brigadier-general was killed by ambush in occupied SOUTHERN LEBANON. Israeli politicians, their minds on the coming election, competed with each other to respond suitably. A grassroots Israeli movement is beginning to call for unconditional withdrawal.
- + Reformers topped the polls in IRAN's local elections after the failure of a bid by the conservative authorities to bar many of the more liberal candidates from standing.
- + After American aircraft bombed radio-relay stations in northern IRAQ, the pipeline carrying Iraqi oil to Turkey briefly went out of operation. The Iraqis repaired the stations but the oil-for-food programme is endangered.

DEDICATED CASH

- + House Republicans put forward a plan to use America's SOCIAL SECURITY trust fund surplus only for Social Security payments and for paying off the national debt, rather than -- as now -- for miscellaneous projects. The Congressional Budget Office accused the Clinton administration, correctly, of breaking the budgetary spending caps.
- + Pat Buchanan, a Republican brawler, announced that he would RUN FOR PRESIDENT a third time "to heal the soul of America". Governor George Bush of Texas, the hot Republican favourite, set up an exploratory

committee.

- + Despite pleas from the German government and the World Court, the second of TWO GERMAN BROTHERS convicted of murder 17 years ago was put to death in Arizona's gas chamber.
- + In her first television interview, MONICA LEWINSKY apologised to Hillary Clinton, Chelsea Clinton and the whole country. The president, she said, had been her "sexual soulmate", but was now merely "100% politician".
- + In ARGENTINA, President Carlos Menem, having strongly hinted that he might run for a third consecutive term -- which the constitution forbids -- then said firmly that he would not. Not the first time he has done it. Nor the last?
- + Four leading CUBAN DISSIDENTS were tried for sedition. Many friendly foreign governments protested. Verdict and sentences after the one-day trial will follow later.

DISUNION

- + Relations between GERMANY and FRANCE were tense, after a meeting of EU leaders near Bonn ended with no agreement on how to reshape the EU's budget, in particular its support for farmers. The supposed deadline is a special summit in Berlin on March 24th and 25th.
- + With peace talks on KOSOVO suspended until March 15th, fears grew that the Serbian army might renew an offensive against ethnic-Albanian separatist guerrillas in the province. Meanwhile, the guerrillas sacked their political leader, Adem Demaci, in a move which increases prospects that their Kosovo Liberation Army would accept a western peace plan.
- + The European Commission approved a new CODE OF CONDUCT for its commissioners and civil servants. It deals with such issues as payments for giving talks, travel expenses, and recruitment of friends and relations.
- + Russia's president, BORIS YELTSIN, returned to hospital for further treatment of a stomach ulcer.
- + A new coalition government emerged in MOLDOVA, with Ion Sturza, a right-

winger, as prime minister.

CAMBODIA'S PAST

- + The Cambodian government said it wants KHMER ROUGE LEADERS accused of genocide to face a "truth and reconciliation commission" similar to South Africa's, rather than an international tribunal proposed by the United Nations.
- + Madeleine Albright, America's secretary of state, tackled China on its HUMAN RIGHTS record on a visit to Beijing before the opening of the National People's Congress.
- + Much of the city of Ambon in eastern Indonesia was in ruins after renewed fighting between MUSLIMS AND CHRISTIANS. The government sent in 3,000 soldiers to try to restore order. More than 160 people have died in religious clashes since January.
- + Embarrassed by taking only six months to approve Viagra, an anti-impotence drug, Japanese health authorities at last agreed -- after 40 years of deliberation -- to recommend the CONTRACEPTIVE PILL can be distributed to women.
- + A South Korean government agency said that up to 800,000 people each year may have died recently in NORTH KOREA from malnutrition and related diseases.

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sidney Blumenthal (CN=Sidney Blumenthal/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:16-MAR-1999 12:12:24.00

SUBJECT: fyi

TO: jconason (jconason @ aol.com @ inet [UNKNOWN])
READ:UNKNOWN

TEXT:
from the Texas Observer

FEATURE

November, 1998

Downloading The Bush Files

BY MICHAEL KING

As we approach the holiday season, Governor George W. Bush has a lot to be thankful for.

Barring a Garry Mauro miracle, the Bush campaign for the presidency will begin in earnest on November 4. In Texas, the only electoral uncertainties appear to be the length

of Bush's coattails, and whether his party will completely take over state politics by sweeping statewide offices for the first time. By all

accounts, Bush remains the frontrunner for the Republican presidential nomination, and

according to these extremely early prognostications, among prospective voters Bush even leads Al Gore. (Of course, that may change should Gore be running as an incumbent.) With a reputation as an affable GOP "moderate" (i.e., not as xenophobic as Pat Buchanan, nor quite as stupid as Dan Quayle, nor as goofy as Steve Forbes), a complacent national press, and certainly plenty of money, Bush remains a reasonable bet to follow his father into the White House.

Should he indeed take up in residence on Pennsylvania Avenue, Dubya can also give thanks to his randy predecessor - for giving political scandal a bad name, at least for a term or two. For whatever the outcome of the Clinton impeachment hearings, chances are the federal office of independent prosecutor will not survive the endless Starr/Clinton debacle. Bush will once again thank his lucky stars - because an independent prosecutor of the second Bush presidency would have plenty of work to do.

Let us recall, then, only the highlights of what is already known about the Bush record, and consider them in light of newly established federal standards for impeachable offenses. A special prosecutor - particularly if he were recruited by the opposition party - could certainly use his limitless authority and bottomless budget to take a closer look into the following episodes.

The Texas Rangers Deal. When the Texas Rangers baseball franchise was recently sold by an ownership group of which Bush was a managing general partner, the Governor pocketed nearly \$15 million in return for an original investment of \$600,000. Bush and his partners used his name and his governorship to attract other investors, to persuade Major League Baseball to ratify the deal, and to strongarm the city of Arlington into condemning private land for a new ballpark, while soaking the taxpayers to pay for the investors' enrichment. The potential for conflicts of interest, as well as the use of public office for private gain, is considerable.

The Harken Energy/Bahrain Deal. Conflicts of interest are nothing new in the Bush financial history. In 1986, following his failure in two previous oil ventures - Arbusto Energy/Bush Exploration and Spectrum 7 Exploration - Bush was bailed out by Dallas-based Harken Energy, run by Republican funder Alan G. Quasha. Harken merged the failing Spectrum 7, where Bush was C.E.O., and took him on as a director and consultant. Bush was still at Harken when his father won the 1988 presidential election, and in January of 1990, the company acquired exclusive offshore drilling rights from the government of Bahrain. Harken acquired those rights even though, according to the Wall Street Journal, the company had "never drilled a single well overseas or in water," and had to seek out additional investors (by coincidence, Fort Worth's Bass brothers, also major GOP contributors) even to finance the exploration. Bush has insisted that the fact his father was President at the time was coincidental, and that he had no direct influence over the acquisition of the contract. Besides, he says, "the wells were dry holes." (That too is consistent with the Governor's record in the oil patch.) But the success or failure of the Bahrain contract is not an issue; the use of undue political influence is.

The Harken Energy Stock Deal. For Bush himself, the Bahrain contract was not a dry hole. By 1989, seven months before the Bahrain contract was announced, Bush had become Harken's third largest non-institutional stockholder, holding 1.5 million shares. The Bahrain contract was announced in January of 1990, and in June 1990 Bush sold 66 percent of his holdings for nearly \$850,000. It was a prescient sale, occurring shortly before the Gulf crisis, when Harken stock took a dive. Bush then failed to report the sale to the Securities and Exchange Commission until March of 1991, eight months after the legal deadline. (Bush claimed that he had indeed reported the sale, but the SEC lost the paperwork.) An SEC investigation took no action. In any event, Bush now had enough money to pay off the loans he had taken in 1989 in order to buy into the Texas Rangers deal - along with, no doubt coincidentally, William DeWitt and Mercer Reynolds, the former owners of Spectrum 7.

The Argentine Enron Overture. In 1988, while Bush was at Harken and his father was Vice-President, an Argentine official claims that Bush attempted to use his father's name to influence the Argentine government to grant a pipeline contract to Houston-based Enron Corporation, headed by Bush friend and Republican bankroller Ken Lay. According to Rodolfo Terragno, who was then the Minister of Public Works and Services under President Raúl Alfonsín, Bush called him to lobby improperly on behalf of Enron's bid to build a major natural gas pipeline to Chile. Terragno said Bush cited the prospects of his presidential-candidate father in support of the Enron deal. Bush and Enron denied Terragno's allegations; Terragno rejected the Enron project. The Enron pipeline was approved in 1990 by the Carlos Menem administration (publicly friendly with the Bushes, father and sons).

Call Me Irresponsible. By current popular consensus, financial scandals are

predictable and boring. A hard-working prosecutor needs something sexier to investigate. By his own account, after college Bush entered a decade-long "nomadic" period of hard drinking and womanizing, until 1977, when he married at the age of thirty-one. He stopped drinking ten years later. His lengthy adolescence would matter less if the Governor weren't so fond of lecturing his constituents - especially his poorer constituents - on the importance of personal morality and family values, threatening them with penury and prison should they stray from the straight and narrow. On the stump, Dubya delights in sermonizing over the failures of his own sixties generation, which believed, Bush says, "if it feels good, do it." But the Governor is uncomfortable with specific questions concerning his own past, responding only, "When I was young and irresponsible, I was young and irresponsible." That vague, Clintonesque admission suggests plenty of opportunity for revelatory depositions, as hinted in an exchange earlier this year between Bush and a former Clinton aide, Lanny Davis (a Bush classmate at Yale). When Bush told a reporter that he was "embarrassed" for the country by the Clinton scandal, Davis commented, "I went to school with Governor George Bush and he should watch the kind of sanctimonious statement that he just made about the President. People who live in glass houses shouldn't throw stones."

That short list includes only the most notorious episodes in the career of George W. Bush. A diligent prosecutor with subpoena power and a large staff might well find evidence of specific crimes or corrupt practices by investigating one or more of the above episodes. At a minimum, the Bush biography should provoke the sort of public and press scrutiny that, thus far, candidate Bush has avoided. In that distinction, he seems less like his father and more like Ronald Reagan, another affable and apparently inoffensive amateur who left the hard stuff to his aides and allies. With rare exceptions, Bush's press coverage has been timid and respectful, generally confined to starry-eyed celebrity profiles or GOP candidate handicapping.

One of those rare exceptions was an August 16 Houston Chronicle piece by R.G. Ratcliffe, which summarized the Bush business history, and also raised questions about certain more recent state government actions and proposals which just happen to provide considerable benefits, actual or potential, to several of Bush's supporters and business partners. Ratcliffe wrote, "The benefits may be the result of business deals crossing paths with a business-friendly administration.

"But a pattern emerges: When a Bush is in office, Bush's business associates benefit."

Ratcliffe raised numerous questions about state government policies that either have enriched or would enrich Bush friends and business partners, most notably his Texas Rangers partners, and especially Fort Worth billionaire Richard Rainwater, a major Bush funder.

The questionable actions include:

- * State buildings sold at substantial losses to Rainwater's real estate company;

- *University and school funds invested in Rainwater's company;

- * State medical privatization initiatives that would benefit Rainwater

interests;

- * Property tax-cut initiatives that would greatly benefit Rainwater and other real estate interests;

- * Bush-supported legislation that enabled additional sales-tax financing of sports stadiums, and will result in a \$10 million bonus payment to a company owned by Rainwater and other Bush associates.

- * Bush's opposition to Texas Indian gambling casinos, which potentially compete with Rainwater's growing casino interests.

Questioned about these and related state actions, Bush angrily denied any collusion or conflicts of interest, saying, "I didn't - I swear I didn't - get into politics to feather my nest or feather my friends' nests.... Any insinuation that I have used my office to help my friends is simply not true."

In the simplest sense, as Ratcliffe's article acknowledged, Bush's protestations of innocence are probably accurate. While specific state transactions might indeed be subject to conflict-of-interest inquiries, the state policies Ratcliffe describes - privatization; regressive taxation; state subsidies and tax abatements for corporations; the systematic use of public resources for the benefit of private power - represent not a conflict, but a confluence of interests, between the state's major business entities and the politicians they support and underwrite. The fact that among those entities are corporations and businessman with whom Bush himself has done particular deals - well, that's not corruption, exactly. It's just business as usual.

When the lobbyists come to the Capitol demanding "tort reform" (that is, diminished legal liability for corporate wrongdoing), "welfare reform" (state subsidies to private social service companies), "tax cuts" (shifting the tax burden downward and the tax benefits upward), or "deregulation" of all kinds (less democratic control of state-granted business privileges), they do so in the name of the people who employ them, and they expect the politicians they support to respond in kind. Governor Bush has been very responsive, often merely by staying out of the way. If his friends have benefited from his actions, it's just the mysterious workings of the invisible hand of the political marketplace.

But as the Ratcliffe article suggests, the ongoing connections - social, political and financial - among Bush's friends and associates are intriguing. The partners who helped Bush dig himself out of the oil patch (William DeWitt and Mercer Reynolds of Spectrum 7) are among the investors gathered into the group who made a bundle in the Texas Rangers deal. (Another noteworthy Rangers investor was Fred Malek, once a campaign manager for Bush's father, but most famous for dutifully fulfilling President Richard Nixon's demand for a list of Jews then employed at the Bureau of Labor Statistics.) Richard Rainwater and his partner Edward "Rusty" Rose were also brought into the Texas Rangers deal, to a handsome return, and under the Bush administration, their companies came to benefit from the investment policies of the Teacher Retirement System, the Permanent School Fund, and the Permanent University Fund. By the way, the

Permanent University Fund is managed by the University of Texas Investment Management Company, whose chairman is Tom Hicks, now owner of the Texas

Rangers (purchased from the Bush partnership) - also a major Republican donor and a member of the U.T. Board of Regents, whose chairman is Donald Evans, treasurer of the Bush campaign.

Funny how things work out.

There are even more curious historical footnotes. One of the particularly interesting names that recurs in the Bush history is James R. Bath, a Houston businessman whom Bush apparently first met when they were in the same Texas Air National Guard Unit. The 147th Fighter Group was a politically distinguished unit - it also boasted Treasury Secretary Lloyd Bentsen's son, Lloyd Bentsen III. A coincidence, no doubt. Bush reportedly told his friend Roland Betts that while he wasn't particularly eager to enlist, he "felt that in order not to derail his father's political career he had to be in military service of some kind." Numerous questions remain about just how the Congressman's son was able to join the Guard despite long national waiting lists, but Bush served from 1968 to 1973. He was said to be eligible for Vietnam, but - those lucky stars again - was never called.

James Bath contributed to Bush's 1978 congressional campaign, and later invested \$50,000 in Bush's first oil company, Arbusto Energy ("arbusto" is Spanish for "bush"). In 1991, Time magazine described Bath as "a deal broker whose alleged associations run from the CIA to a major shareholder and director of the Bank of Credit & Commerce International. Bath was never directly implicated in the BCCI banking scandal, but according to a book by Times reporters Jonathan Beaty and S.C. Gwynne (The Outlaw Bank, 1993), Bath originally "made his fortune by investing money for [Sheikh Kalid bin] Mahfouz and another BCCI-connected Saudi, Sheikh bin-Laden."

"Sheik bin-Laden" is otherwise unidentified, but the name may be familiar from more recent news reports; the Sheikh was most likely the father of none other than Osama bin Laden, the man accused by the United States government of ordering the terrorist bombings of the U.S. embassies in Kenya and Tanzania. Beaty and Gwynne suggest that the money Bath invested in Arbusto may have belonged to his Saudi clients, since Bath "had no substantial money of his own at the time." It would indeed be amusing to discover that the money underwriting the first business venture of George W. Bush, scion of the C.I.A. and would-be president, derived at least in part from the family fortune of bin Laden, ex-Saudi scourge of the Great Satan. There's a lesson in here somewhere, about hanging out with the wrong sort of people.

But the wrong sort of people are never presidents, governors, real estate tycoons, oil sheiks, international investment brokers, chief executive officers - by definition. Taken as a whole, the Bush biography is not about individual corruption but about class privilege, about the train that runs on a comfortable track, with varying stops but the same destination. According to the New York Times, Bush says "the fundamental difference between the two George Bushes is that his father attended Greenwich Country Day School [in Connecticut], while he went to San Jacinto Junior High School in Midland, Texas." But in fact the train returned from Midland to Houston's Kinkaid Academy, then to Massachusetts and Phillips Andover, to Yale (fraternities: DKE and Skull and Bones) to Harvard Business School. Although by his own admission George W. was an indifferent student, he was

nevertheless the deserving-by-birth beneficiary of the oldest, most illegitimate, and most sacrosanct form of affirmative action, one that will not be subject to racially-tinged political debates about "leveling the playing field" or "reverse discrimination." It's just business as usual, and therefore presumed invisible as privilege to the readers of The New York Times.

Or to readers, for that matter, of the Dallas Morning News. During Bush's last campaign, the News did not report substantial property tax exemptions (on behalf of "sporting activities") granted by the state to residents of the exclusive Henderson County "Rainbo Club" development, where the Governor has a vacation home - because, the editors said, they learned of the tax breaks too close to the election. That the millionaire owners of the Dallas Morning News enjoyed the same tax breaks at their own nearby "Koon Kreek Klub" was, no doubt, a coincidence.

"Yet at a time when Governor Bush is promising tax reform," wrote Louis Dubose in 1996 in the Observer, "Texas Senator Phil Gramm is promoting a modified flax tax, and the Gingrich Revolution is shifting larger financial burdens to the states, at least a few of the seventeen million Texas taxpayers who will never be invited to join Koon Kreek Klub might ask: why is the state giving the richest people in Dallas a substantial tax break to hunt and fish? And if the club is as white as it appears to be (as white as Highland Park and University Park after the domestic help goes home at five), could that tax break be a government subsidy of a racially exclusive social organization?"

In 1998, candidate Bush is once again promising "tax reform," soon to be a subject of comic hypocrisy in the 76th Legislature.

A few weeks ago, candidate Bush soberly began informing television viewers that he is also proposing more "welfare reform," including withholding benefits from the children of recipients if their parents are deemed unwilling to work. Held hostage under Bush's plan would be the princely \$188 a month Texas generously bestows upon a welfare mother and her two children. (There is no mention of corporate welfare, of course; that is the inalienable right of the owners of sports teams and other promoters of sporting activities.) The Governor's explanation should warm the hearts if not the stomachs of those children neglected by their parents and therefore abandoned by their government. Bush proposes these reforms, he says, because he wants to help "instill personal responsibility" in the poor people of Texas, give them "a future of opportunity, instead of dependence on government." In other words: do as the Reverend Bush says, not as he has done.

George W. Bush himself will continue to be well insulated from the consequences of his courageous moral authority. Even the most profligate of welfare queens is unlikely to purchase box seats at the Rangers' games.

Last Issue's feature articles

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Note:

12 of 13 DOCUMENTS

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Country Reports

LAST-UPDATE: April 27, 1999

LENGTH: 20426 words

COUNTRY-NAME:

Argentina

OFFICIAL NAME

Republica Argentina (Argentine Republic)

TYPE OF STATE

Republic

HEAD OF STATE AND HEAD OF GOVERNMENT

President Carlos Saul Menem (second term from July 1995)

RULING PARTY

Partido Justicialista (PJ) (Peronist Party)

MAIN OPPOSITION

Alliance coalition between the Union Civica Radical (UCR) and Frente del Pais
Solidario (Frepasso)

SIZE

2,766,889 square kilometres (1,068,295.8 square miles)

POPULATION

35.67 million (1997 estimate).

Annual population growth rate 1.3 per cent (1990-96). Infant mortality
22 per
1,000 live births (1996). The population density was 12.8 inhabitants per
sq km
(30 June 1997); urban population 88.8 per cent. Life expectancy estimated
at
73.1 years in (1995-2000), as compared to 72.1 years (1990-95).

ETHNIC MAKEUP

Mid-nineteenth century immigrants from Italy, Wales, the Basque country,
England and the Ukraine have maintained a distinctive cultural identity in
Argentina. Prominent examples include Buenos Aires' Jewish community and
the
large number of Anglo-Argentines throughout the country. Many Paraguayans
and
Uruguayans are permanent residents in Argentina, while labourers from
Bolivia
and Chile can be found on many estancias. The major indigenous nations
are the
Quechua of the north west, the Mapuche of northern Patagonia and the
Matacos,
Tobas and others who inhabit the Chaco and north eastern cities like
Resistencia
and Santa Fe.

CAPITAL CITY

Buenos Aires, estimated population 13.7 million, 30 June 1997.

RELIGIONS

Roman Catholicism is the state religion in Argentina (91.5 per cent of the total population). Spiritualism and veneration of the dead are widespread while evangelical Protestantism is growing.

The unemployment rate was 11.6 per cent in 1997. Government initiatives to reduce high unemployment by abolishing the existing labour laws have met with fierce resistance from trades unions. Argentina has one of the most highly skilled and literate labour forces in Latin America. Adult literacy rate 95 per cent. Approximately 31 per cent of the workforce is female.

GMT/LOCAL TIME DIFFERENCE

GMT -3 hours

LANGUAGES SPOKEN

Spanish is the official language.

CURRENCY

Peso (P)

EXCHANGE RATE

P1.00 per US\$ (November 1998) (pegged to US\$)

GROSS DOMESTIC PRODUCT (GDP)

US\$314.9 billion (1997)

GDP PER CAPITA

US\$8,828 (1997)

GDP REAL GROWTH

6.9 per cent (second quarter of 1998, year-on-year); 8.6 per cent (1997)

GROSS NATIONAL PRODUCT (GNP)

US\$295.1 billion (1996)

GNP PER CAPITA

US\$8,380 (1996)

GNP REAL GROWTH

4 per cent (1996)

INFLATION

1.1 per cent (September 1998, percentage change on year earlier); 0.5 per cent (1997)

INTEREST RATES

Short-term: 14.70 per cent per annum (November 1998)

Deposit: 6.71 per cent per annum (July 1998)

Lending: 8.02 per cent (July 1998)

EXPORTS (GOODS FOB)

US\$25.2 billion (1997)

IMPORTS (GOODS FOB)

US\$28.4 billion (1997)

TRADE BALANCE

-US\$6.2 billion (12 months to September 1998); -US\$3.2 billion (1997)

CURRENT ACCOUNT

-US\$10.1 billion (1997)

FOREIGN DEBT

US\$118.7 billion (1997)

TOTAL RESERVES MINUS GOLD

US\$22.50 billion (July 1998)

FOREIGN EXCHANGE

US\$22.36 billion (July 1998)

OIL RESERVES

2.6 billion barrels (end-1997)

OIL PRODUCTION

845,000 barrels per day (bpd) (1997)

NATURAL GAS RESERVES

24.3 trillion cubic feet (end-1997)

NATURAL GAS PRODUCTION

31.5 billion cubic metres (1997)

VISITOR NUMBERS

4.5 million (1997)

KEY INDICATORS

Unit 1993 1994 1995 1996 1997

Population m 33.67 34.18 34.60 35.01 35.67

Gross national product (GNP) US\$bn 255.3 278.2 277.9 291.0 314.4

GNP per capita US\$ 7,600 8,130 8,060 8,380 8,926

Gross domestic product (GDP) real growth % 5.8 7.4 -4.6 4.8 8.6

Inflation % 7.4 4.2 3.4 0.2 0.5

Consumer prices 1990=100 375 391 404 405 407

Unemployment % 9.1 11.7 15.9 16.3 12.5

Agricultural output

1989-91=100 101.9 109.6 116.2 118.8 120.2

Total cereals m tonnes 25.1 25.7 24.2 30.5 35.6

Sugar-cane m tonnes 17.0 17.5 17.4 17.6 -

Soybeans m tonnes 11.1 11.3 12.2 12.7 -

Beef & veal '000 tonnes 2,508 2,484 2,466 2,471 -

Mining production

Zinc '000 tonnes - 0.027 0.026 0.031 0.032

Oil '000 bpd 630 695 750 815 845

Natural gas bn cu m 21.6 22.3 25.1 28.9 31.7

Exports US\$bn 13.12 15.84 20.96 23.81 25.22

Imports US\$bn 15.54 20.08 18.73 22.19 28.42

Balance of trade U S\$bn -2.4 -4.2 2.2 1.6 -3.2

Current account US\$bn -7.7 -10.1 -2.8 -3.8 -10.1

Current account (as % of GDP) % -2.9 -3.5 -0.8 -1.6 *-2. 0

Foreign debt US\$bn 76.2 88.1 93.60 103.4 118.7

Total reserves minus gold US\$m 13,791 14,327 14,288 18,104 22,320

Foreign exchange US\$m 13,339 13,764 13,749 17,705 22,153

Lending rate % 6 10 18 11 9

Deposit rate % 11 8 12 7 7

Fiscal balance (% of GDP) % 0.5 -0.1 -0.6 -2.1 *-1.9

Exchange rate (average) P per US\$ 1.00 1.00 1.00 1.00 1.00

* estimated figure

INTRODUCTION

Argentina emerged battered but not broken from the effects of the Mexican peso crisis which persisted throughout 1995 and which was still noticeable during 1996. A sharp recession during 1995 - when GDP fell 4.4 per cent - was reversed in 1996; the year ending with positive growth of 5.3 per cent. However, it was mainly the export-based manufacturing industries that returned to a semblance of normality and retail sales remained stagnant. By the beginning of 1997 the wider economy was showing signs of greater activity and industrial production forecasts, put initially at between 6-6.4 per cent for the year, were revised upwards to between 6.5-7 per cent. The amended figures were due to a surge in manufacturing activity, with car production surging 44 per cent to 109,000 units in the first quarter compared to the same period in the previous year. Cement shipments were also up 33 per cent to 2.03 million tonnes while domestic steel sales were up by 19 per cent and aluminium sales shot up 34 per cent. Growth remained strongly positive in 1997 and 1998 (GDP real growth was 8.6 per cent in 1997 and stood at 6.9 per cent year on year in the first quarter of 1998).

Back on the growth path

The rate of inflation continued to converge with that in the United

States as

Argentina's convertibility programme (which pegs the peso to the dollar at parity) remained unaffected. The Argentine rate of inflation was one of the lowest in the world by the end of 1997 at 0.5 per cent and remained low in 1998 (1.1 per cent).

Unemployment has traditionally been a problem in Argentina, fluctuating between 16-17 per cent in 1996 with much higher indices in many areas of the country. According to some figures the rate fell to 11.6 per cent in 1997, although the size of the fall indicates that the figures should be treated with caution. The recession was blamed as the prime cause of the 1996 rise although its persistence is being attributed to the extensive structural changes that have taken place in Argentina during the 1990s as well as outdated labour legislation still being applied. Government efforts to push new laws through Congress were bogged down due to industry and labour's inability to agree on a common formula, despite obligatory mediation imposed by the government. Industrial sectors continue to insist on a productivity-based programme while the unions have become entrenched on a formula where job creation and security are the prime tenets.

Developments in April 1997 indicated that both sides were easing their hard-line approach to the divisive issues and certain compromises seem to have been tentatively agreed. The problem had become a key issue for the government as it approached mid-term congressional elections - without an agreement between both sides it was unlikely that it would be able to implement any form of vote-catching job creation schemes.

There are some indications that employers have sidestepped the flexibility issue by offering temporary contracts of employment, which are not bound by the same rigid legislation.

The government also had to overcome the initial shock of the dismissal of former Economy Minister Domingo Cavallo, who had become increasingly vociferous over the issue of corruption and had alienated himself from the government's power base through his verbal tirades against highly placed members of the government, the Supreme Court and Congress. After heavy lobbying abroad,

Cavallo

was replaced by the president of the Central Bank, Roque Fernandez, a Chicago trained economist, and somebody who preferred a low profile.

Corruption

Much of 1996 was tainted by scandals of one nature or another. Cavallo continued to launch a barrage of accusations at key government figures and business tycoons, alleging they were either inefficient or in cahoots over certain government contracts. One scandal involved a contract between IBM and

Argentina's largest state-run bank, the Banco de la Nacion Argentina, which

allegedly involved IBM Argentina bribing bank officials in order to win a US\$249

million contract. The exposure caused the downfall of both the presidents of the

computer giant and the bank. With investigations continuing into 1997, the affair halted government efforts to modernise the state infrastructure as

no government official wanted to get involved with any form of public tender, particularly if it had anything to do with the computer industry.

Fernandez also had to deal with a massive customs scam, in which billions of

dollars-worth of goods were slipped into the country, bypassing all checks and

controls and losing the country millions in import duties and other tax revenue.

The issue was blown up beyond its natural scale and was used by unscrupulous

companies in an attempt to gain an edge over their competitors. The smuggling

resulted in customs being put under the control of the Tax Bureau which embarked

on the task of completely overhauling the organisation's working practices and controls.

Cavallo continued to snipe at the government from the sidelines over the corruption issue and his allegations effectively froze government attempts to

push through the privatisation of remaining government assets, such as the post office.

Although three years away, the first signs of the internal power play in the

ruling Justicialista Party began to surface during 1996 over who will be the

presidential candidate for the party in the 1999 general elections. Menem is

constitutionally barred from standing - though there were indications

that he
would attempt to have this stipulation reversed - and ruled himself out
of the
contest in July 1998. This prompted manoeuvring between potential
successors and
the most likely is the current governor of the province of Buenos Aires,
Eduardo
Duhalde, who already has substantial support in Congress.

Foreign investments

As a member of Mercosur (along with Brazil, Uruguay and Paraguay)
Argentina
has attracted sizeable investments in most industrial sectors. Fiat set
up a US\$
600 million plant in the province of Cordoba and other auto manufacturers
such
as Toyota and Chrysler are setting up production units, all of them aimed
at
taking advantage of synergies in Mercosur.

Other sectors where markets are predominantly export oriented also grew
substantially. The dairy sector continued to attract foreign investors
and a
number of new dairy processing plants have been built. Most of the added
capacity is taken up with exports, mainly to Brazil although new markets
in Asia
and the Middle East have also been broached.

Sectors such as steel manufacturing, oil and natural gas production and
electricity generation also did well and continued to invest heavily in
modernising their structures and processes.

Mining

Although Argentina has never been known as a mining country, changes to
its
mining legislation in 1994 began to bear fruit and substantial prospecting
activity has been underway since then. By 1996 there were two world-class
mines
under construction, Bajo de la Alumbrera which will be among the top 15
copper
producers in the world, and Cerro Vanguardia in the southern province of
Santa
Cruz which will produce gold and silver. A number of other major projects
are at
the feasibility study stage, while others are awaiting an agreement with
Chile
to develop cross-border deposits that are part of mineral belts common to
both
countries. Investment in the mining sector totals nearly US\$1 billion and
it is
forecast that this could increase to as much as US\$3 billion by 2000.
Investments have been attracted by preferential import duties.

Gross fixed investments began to recover in the second quarter, rising by 7.4 per cent. This trend continued for the rest of the year which ended with an average growth of 7 per cent.

Foreign trade

Argentine exports increased in 1997, growing by 9 per cent to a record US\$ 25.2 billion. The main destination continued to be its Mercosur trading partner, Brazil, followed by the European Union and the USA. Imports also increased by about 10 per cent, to US\$22 billion, with the main growth experienced in the second half of the year as the effects of recession faded away. Main imports were machinery and equipment for the manufacturing sector to overhaul its outdated equipment, while exports were mainly primary products and agriculture-based manufactures. Exports of the latter have almost doubled since 1989.

Developments in Brazil, which imposed import financing restrictions on orders worth over US\$40,000, looked liked having a negative effect on Argentine exports in the latter part of 1997. Although the measure was suspended for a 90-day period while discussions were held at government level, the possibility remains that exports to the neighbouring country could be affected.

Brazil also imposed restrictions on car imports. A vehement protest by Argentina, the only other country in Mercosur with a sizeable car manufacturing sector, forced Brazil to exclude its Mercosur partners but not before it had gained certain concessions.

Negotiations commenced with Chile and Bolivia over their interest in linking up with the Mercosur customs union. After protracted talks Chile finally became an associate member, although certain products, especially from the agricultural sector, are excluded from the zero-rate internal tariff.

Talks with Bolivia were more extended as difficulties arose over the exception list of products that was drawn up by the government in La Paz.

Fiscal situation

The government continues to be burdened by a huge foreign debt which had escalated to US\$118 billion by the end of 1997, equivalent to nearly 38 per cent of Argentina's GDP. In this regard, the government has committed itself to reducing the public sector deficit and at the end of 1997 it stood at 1.9 per cent of GDP, down from 3.3 per cent in 1996. The main factors militating against further reductions are difficulties in raising revenue and lowering public spending. Tax evasion was estimated to be running at around 60 per cent in 1996 and is particularly rife in sectors such as meat and grain trading.

Tax rates and social security contributions were raised by Fernandez in 1996 and a new appointment at the head of the Tax Bureau has done much to modernise the tax collection system and crack down on evasion. Even so, the lack of an efficient court system stymies any rapid improvement in the short-term. As yet there have been no convictions of major tax evaders and the few cases that the Tax Bureau has managed to prosecute have netted only minor offenders or become bogged down in the courts.

The measures implemented by the government have however enabled it to improve its revenue with gross VAT receipts up by 7.9 per cent in 1996. This allowed the government to close the year with a deficit that was lower than the US\$6 billion ceiling agreed to in the stand-by agreement reached with the International Monetary Fund.

Banking sector

The banking sector recovered very quickly from the estimated withdrawal of some US\$8.5 billion in the months immediately after the Mexican crisis. During 1996, bank deposits returned to and exceeded their pre-Mexican crisis level of some US\$50 billion. However, the trend has been an increase in dollar deposits and a switch to larger banking organisations. The number of banks in the sector continued to decrease as those worst affected by the 1995 banking crisis were taken over or wound up.

The banking system had substantial liquidity in 1996 as deposits

increased
and the economy slowly recovered from the recession, with the added
benefit that
due to the reduced demand for funds interest rates soon began to decline.

Pension Funds

Argentina's pension funds continued to attract finance during 1996
although a
number of the smaller funds were taken over or merged with those unable
to get
over the hefty start-up costs that the companies had in 1994.

The 21 pension funds remaining out of the original 24 made an average
return
of 20 per cent on investments during 1996. Since they started, the funds
have
achieved an average return of 17.5 per cent a year. Almost half the funds
were
invested in government securities while around 18 per cent were invested
in
stocks. Around 14 per cent of funds were placed in fixed term investments
while
the rest went into debt securities of companies, provincial governments
and
state organisations.

POLITICS

POLITICAL STRUCTURE

Under the 1853 constitution, power is separated into executive,
legislative
and judicial branches at federal and state level. Each of the 22 states
has its
own subordinated constitution, elects its own executive and legislature,
and
establishes its own judiciary. Argentina is a republic with executive
power
vested in the President, who is elected by an electoral college for six
years
(second term of four years approved by constituent assembly in 1994).
Until
1994, outgoing Presidents could not run for re-election and they are now
limited
to two terms. Legislative power is held by the bicameral Congress,
consisting of
the Chamber of Deputies (257 members elected by universal suffrage for
four
years, half the Chamber standing for re-election every two years) and the
Senate
(72 members). President Carlos Menem was sworn in for his second term of
office
in July 1995. The Peronist party lost its majority in the Lower House,

forfeiting a total of 12 seats to the Alliance (a coalition party representing the UCR and Frepaso). Women are at the top of several party ballots and there are more female legislators in Argentina than in any other country in the hemisphere, including the USA.

POLITICAL SITUATION

In October 1997, the ruling Partido Justicialista (PJ) (Peronist Party) sustained its worst defeat since its inception in 1946. The election was for half the seats in the lower house (127 representatives). The Alliance opposition coalition between the Union Civica Radical (UCR) and Frente del Pais Solidario (Frepaso) garnered 45.7 per cent of the national vote compared to 36.1 per cent cast for the ruling party. In the province of Buenos Aires, a bastion of Peronist support, the PJ received 41 per cent of the vote versus 48 per cent for the Alliance and won only 18 per cent of the vote in the Federal Capital while the Alliance won 57 per cent. Accusations of corruption within the government, high unemployment and a sense of reform fatigue, contributed to the government's defeat as did voter dissatisfaction with Menem. As a result, the mid-terms have placed a new and important emphasis on the presidential elections, with Menem expected to face strong competition from Alliance candidate Graciela Fernandez Meijide and her anti-corruption platform.

For many, the election results prove that Argentinians are looking for political change. But despite wins by the Alliance, the Peronists remain the single largest block in Congress, still capable of forming important alliances with smaller parties. From an international prospective, the Alliance has acted responsibly, underlining a commitment to the current government's economic model, despite criticising economic reforms they claim are responsible for unemployment.

From one perspective, Menem and his government could see the results of the mid-term elections as a low risk protest vote, which to have any real effect must rely on the coalition's ability to remain unified, something that might prove difficult as the 1999 elections draw near and rival presidential bids

start to emerge. However, Menem faced an approval rating of only 17 per cent in mid 1997, compared to 40 per cent in 1995.

In April 1998 the National Electoral Chamber and the Federal Chamber of Mar del Plata both ruled that a second re-election of Menem would break constitutional rules. Despite this setback, Menem did attempt to garner support for a re-election bid and only withdrew finally in July 1998. The succession is now unclear and the Peronists are not expected to name their presidential candidate until April 1999.

The labour reform bill that was sent to Congress did not have the support of the industrial sector and eventually the Ministry of Labour recognised that it would neither increase employment nor reduce labour costs. This follows concessions made to the trade unions who successfully fought against provisions intended to increase flexibility in the labour market and continues to be an area of major concern for the IMF.

The altogether more robust tax reform bill, aimed to compensate for the weak labour bill by lowering taxes through cuts in employer contributions, to be compensated by a range of other taxes. The bill lacked the support of the provincial leaders however as the reduction in the levels of employer contribution would force the government to redraw its rules of co-participation to make up for the net loss in the government's income. Consequently, the tax reform bill failed to gain the support of many Peronist's leaders as well as industrialists throughout the country who feared the effect on provincial and sectoral interests.

The UCR officially selected mayor De La Rúa of Buenos Aires as its candidate for the 1999 general election. The Frepaso party has Graciela Fernandez Meijide as its candidate and open primaries are expected to choose who will represent the Alliance party against the Peronist nominee.

Menem's choice of Ramon 'Palito' Ortega (former pop singer and governor of Tucuman province) as Secretary of Community Services is seen by many as an indication of the President's support for Ortega's candidacy if he cannot proceed with his own.

The biggest division in the current government lies between the President and the Finance Ministry. Finance Minister Roque Fernandez is unhappy with Menem's intention to go ahead with infrastructure plans to build 10,000 km in new highways to be financed by an increase in VAT taxes. This populist election stance is expected to create further tensions between Fernandez and Menem.

In late March 1998, Argentina's lower house of Congress voted to repeal laws granting amnesty to those responsible for the human rights abuses during the military dictatorship of 1976-1983, which is thought to have killed as many 30,000 people. Deputies from the ruling Peronists and the opposition Alliance voted to strike down the laws. However, the repeal must still be approved by the Senate and could yet be vetoed by President Menem. The Full Stop and Due Obedience laws were passed by the civilian government of President Raul Alfonsin in 1986 and 1987 in an effort to cool military unrest and halt prosecutions against the military and shield junior officers from prosecution on the grounds they were following orders.

GOVERNMENT

Head of state and head of government: President Carlos Saul Menem

Ruling party: Partido Justicialista (PJ) (Peronist Party)

Main opposition: Alliance between Union Civica Radical (UCR) and Frente del Pais Solidario (Frepasso)

Last elections: Mid-term (127 seats out of a total 257 in Congress October 1997)

Next elections: 1999 (presidential)

Cabinet ministers (as at 15 December 1997)

Vice President: Carlos Federico Ruckauf

Minister of Defence: Jorge Dominguez

Minister of Economy and Public Works: Roque Fernandez

Minister of Education and Culture: Susana Decibe

Minister of Finance: Roque Fernandez

Minister of Foreign Affairs: Guido Di Tella

Minister of Health and Social Welfare: Alberto Jose1 Mazza

Minister of the Interior: Carlos Corach

Minister of Justice: Paul Granillo Ocampo

Minister of Labour and Social Security: Erman Gonzalez

N.B. For addresses of Ministries see USEFUL ADDRESSES at end of report

MEMBERSHIP OF INTERNATIONAL ORGANISATIONS

Argentina is a member of a number of international organisations, including:

Economic Commission for Latin America and the Caribbean (ECLAC)

Food and Agriculture Organisation (FAO)

Group of the Seventy Seven (G-77)

Inter-American Development Bank (IDB)

International Atomic Energy Agency (IAEA)

International Cotton Advisory Committee (ICAC)

International Civil Aviation Organisation (ICAO)

International Development Association (IDA)

International Fund for Agricultural Development (IFAD)

International Finance Corporation (IFC)

International Labour Organisation (ILO)

International Maritime Organisation (IMO)

International Monetary Fund (IMF)

International Telecommunications Satellite Organisation (INTELSAT)

Interpol

International Telecommunication Union (ITU)

International Whaling Commission (IWC)

International Wheat Commission (IWC)

Latin American Integration Association

MERCOSUR

Latin American Economic System (Sistema Economico Latinoamericana - SELA)

Organisation of American States (OAS) and its agencies, including:

Pan-American Health Organisation (PAHO)

United Nations (UN) and its agencies, including:

UN Educational, Scientific and Cultural Organisation (UNESCO)

UN Industrial Development Organisation (UNIDO)

Universal Postal Union (UPU)

World Health Organisation (WHO)

World Intellectual Property Organisation (WIPO)

World Meteorological Organisation (WMO)

World Bank

World Trade Organisation (WTO)

ECONOMY

BACKGROUND

Between 1991 and 1994, dramatic falls in inflation (resulting from the Convertibility Plan) led to strong recovery in the demand for finance in Argentina, promoting an increase in bank loans to the private sector.

During

this period, consumption grew on average 10 per cent per year despite Argentina's gross income levels remaining practically unchanged. Consumer demand

in this period was largely financed by severance pay following several privatisations and the restructuring of companies in the private sector, although it was also assisted by new credit and the liquidation of family savings due to the return of a stable economic and political environment.

Argentina was deeply affected by the December 1994 Peso crisis in Mexico. The country went into recession and by May 1995 unemployment had reached 18.4 per cent compared to 12 per cent in October 1994. Real salaries fell by 1.1

per cent
year on year in May 1995 and consumption declined by 6.1 per cent in 1995.
Credit was scarce, tax revenues were well below expectations and consumer demand
was depressed. The 'tequila' effect triggered the flight of US\$7.5 billion from
Argentina's financial system, putting a strain on the economy and confidence
returned only as a result of the government's commitment to the convertibility
rule. Since then, a programme of austerity, privatisation, deregulation as well
as trade and investment liberalisation has put the economy back on track with 8
per cent growth estimated for 1997.

CURRENT SITUATION

The Asian crisis has been a huge blow to Argentina. Since October 1997 Argentina's fiscal and trade deficits have been put under the spotlight, as
worried investors have questioned the country's ability to fund the gaps in its
accounts without foreign capital. Other observers hoped that the Asian crisis
would remove some of the complacency that many believed was affecting Argentina's policy makers; since November 1997 the government has had to focus
on improving its accounts and continues to manage them prudently and efficiently.

Despite the fears generated by the Asian crisis, Argentina showed no signs of
slowing economic growth during the early part of 1998. GDP growth continued to enhance the fiscal accounts and employment levels were maintained; although weak
commodity prices began to lead to a widening of the trade deficit and, as a
result, an overshooting of IMF trade deficit targets. Some observers believe
that IMF conditions are too strict as Argentina remains one of the most robust
economies in the Latin American region and has fared well considering the deterioration in the terms of trade for its export products. Some economists in
Argentina are predicting an economic slowdown in the second half of 1998, although seasonal export levels are expected to improve, helping to reduce the
trade gap and ease IMF pressure. If the Argentine authorities are put under
increasing pressure from the IMF, reserve requirements are expected to increase.
IMF wishes for tax and labour reforms have already been thwarted and are unlikely to be back on any immediate agenda leading up to elections in

1999.

A trade deficit of US\$6.2 billion (12 months to September 1998)

concerns most

observers. Lower commodity prices have begun to squeeze Argentina's earnings

while slower growth and falling levels of purchasing power in Brazil, Argentina's biggest trading partner, are contributing to the widening trade gap.

Argentina should have few problems financing the deficit having already secured

US\$5 billion external debt financing, although the consequences of a global

slowdown will likely have a negative impact on forecasts. the IMF targets which

the Argentine government agreed on in January 1998 included a fiscal deficit of

US\$3.5 billion (1 per cent of GDP) compared to 1.3 per cent of GDP in 1997, a

trade account deficit for a twelve month period not exceeding US\$5 billion and a

current account deficit of 3.8 per cent of GDP. In 1997, Argentina's current

account deficit as a percentage of GDP was 3 per cent and is expected to be in

the region of 4.2 per cent at the end of 1998.

As a result of the trade deficit exceeding IMF targets, reserve requirements

for Argentine banks were increased from 20 per cent to 25 per cent. The IMF has

been urging the Argentine government to slow the economy down for some time,

despite claims that with unemployment running at 14 per cent the economy cannot

be overheating. Observers are concerned that an economy growing at an estimated

8.4 per cent in 1997 with 14 per cent unemployment must be in need of some serious structural changes.

For many observers, it is external shocks rather than internal structural

problems which could have the most detrimental effect on the Argentine economy.

If the levels of growth continue at current levels (GDP growth in 1998 is expected to come in at between 4.5 and 5.5 per cent) and the foreign deficit

continues to widen, Argentina could become vulnerable to any sudden credit crunch and a consequent reversal in capital flows into Argentina. During the

first quarter of 1998 there were few signs to suggest that the economy was slowing down; the industrial production index was up 7.2 per cent year on year

during the first two months of 1998 while supermarket sales were up 13.8

per cent year on year during the same period. At the same time commodity prices during the first two months of 1998 continued to fall, in particular oil, wheat, copper and soymeal, which by May 1998 had fallen by 22 per cent, 15 per cent, 23 per cent and 28 per cent respectively due to the Asian crisis.

In January 1997, Argentina and the IMF had worked out an economic programme aimed at improving government spending. It was the first IMF plan to incorporate issues of good government. While IMF programmes normally target measurable economic indicators such as inflation, budget deficits and levels of foreign reserves, this IMF plan included targets on qualitative issues. Of key importance is the quality of government spending and budget control as well as improvements to existing tax structures.

MACRO-ECONOMIC PERFORMANCE

GDP growth during the first quarter of 1998 was approximately 7.5 per cent, slightly below the estimated 1997 figure of 8.4 per cent. Consumer prices fell 0.1 per cent in March 1998 month on month, with entertainment falling 3.7 per cent month on month. Health care prices increased 0.1 per cent while food and beverage prices increased 0.6 per cent month on month.

Economic indicators

% unless otherwise indicated

1993 1994 1995 1996 **1997

GDP growth 5.8 7.1 -4.4 5.3 8.4

Consumer price index 7.4 3.8 1.6 1.4 0.5

External debt (US\$ billion) 76.2 88.1 93.6 103.4 114.3

** preliminary figures

MONETARY POLICY

Following the Mexican peso crisis in December 1994, Argentina's monetary base shrank by 36 per cent during 1995 and one fifth of all bank deposits fled the banking system. The fall in money supply provoked a severe recession,

with GDP
falling 4.4 per cent. However, prices adjusted domestically, making
exports very
competitive and helping to push GDP up by 5.3 per cent in 1996.

The crisis in Asia in October 1997 provoked worries that Argentina
might have
to abandon the Convertibility Plan if Hong Kong abandoned its currency
board
system. As a result, the call money rate went over 20 per cent on October
28th
1997. However, the Argentine system remained solid, with deposits still
over US\$
70 billion (with the majority in foreign-owned banks) at the end of 1997
and
international reserves estimated to be in the region of US\$20.7 billion.

Under the Convertibility Law, the Argentine government has to keep the
peso
at par with the US\$ and back the money supply with foreign exchange
reserves.
Improved liquidity a result of higher bank deposits has improved lending
rates
which fell from 18 per cent in 1996 to just over 9 per cent at the end of
1997.
Total domestic credit in Argentina also grew strongly during 1997, as a
result
of mortgages, consumer borrowing and lending to small businesses.

During April 1998, bank deposits rose 1.8 per cent month on month led
by peso
deposits. Bank deposits increased 24 per cent year on year during April
1998
while credit to the private sector during the same month also resumed,
growing
1.8 per cent year on year.

EXTERNAL AID

Distribution of net aid by Development Assistance Committee countries

US\$ million 1996

Canada 1.1

France 7.8

Germany 10.3

Japan 19.0

Netherlands 1.3

Sweden 1.6

UK 0.3

Denmark 0.7

USA 0.0

Norway 0.0

Others 42.9

Total 85.0

Net financial flows from multilateral institutions

1996 US\$ millions

World Bank (IBRD*) 794.8

IMF (non concessional) 365.3

Regional development banks (non concessional) 312.1

Regional development banks (concessional) -1.9

United Nations** 155.0

*International Bank for Reconstruction and Development **includes the World Food Programme (WFP), United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), United Nations Childrens Fund (UNICEF) and other United Nations agencies.

BUDGET

Until October 1997, the Argentine government's priority was to reduce its fiscal deficit to meet levels agreed with the IMF earlier in the year. However, towards the end of 1997, investors had become increasingly concerned at the country's growing trade deficit, although Argentina's government argued that weak prices rather than actual volume levels were the cause of a poor export account. Indeed, capital goods represented 30 per cent of total imports, suggesting that Argentina was laying down important foundations for efficient production in the future. Nevertheless, the current account deficit rose to US\$ 10.1 billion (3.2 per cent of GDP) in 1997 compared to US\$4.1 billion in 1996.

Total government revenues during the first quarter of 1998 reached US\$12.4 billion, slightly less than the US\$12.75 billion target set by the IMF. However during March 1998 fiscal revenue was US\$3.88 billion, US\$340 million more than the same period in 1997. As a result, the treasury deficit dropped to US\$228.2 million in March 1998 from US\$550.2 million in March 1997. The government's operating income grew by 20 per cent year on year in March 1998 to US\$1.68 billion, operating expenses increased 0.5 per cent year on year to US\$1.91 billion and tax revenue increased 17 per cent over the same period.

ECONOMIC OUTLOOK

The state of Argentina's fiscal and trade accounts continues to be a problem, with falling exports, a strong US dollar and declining commodity prices all contributing to gaps in Argentina's trade and current accounts. Observers will be watching domestic demand in Argentina which, during the first quarter of 1998, was responsible for fuelling import growth, while the quality of the country's current account is also expected to come under the spotlight. Argentina's current account does not have as high a level of investment and saving ratios as Chile for example. With government saving levels in the latter as high as 5 per cent of GDP compared to negligible levels in Argentina. Chile's investment rate in terms of GDP is also 5 percentage points higher.

The collapse of the Asian currencies in October 1997 forced investors to focus on Argentina's trade and current account deficits. To reduce the trade gap the Argentine authorities are keen to maintain growth, contrary to the IMF position which is to slow the economy down before it starts to overheat. The Argentine government is also aware that internal demand needs to be offset with an increase in export levels. Most observers tend to agree that improved export levels are dependent on politically sensitive structural reforms which would alleviate Argentina's vulnerability to external shocks, in particular external capital flows.

INDUSTRY, MANUFACTURING AND SERVICES

Despite events in Asia during October and November 1997, industrial production grew 10.8 per cent year on year in December 1997, compared to

9.7 per cent in 1996. In March 1998 industrial production grew 8 per cent year on year, with investment and consumer durable goods being the main engine of growth. During the first quarter of 1998 vehicle production was up 35.6 per cent year on year, while cement output grew by 28 per cent year on year. Steel, chemical and petrochemical production grew 17.8, 14.2 and 19.5 per cent respectively year on year during the first quarter of 1998. Construction activity rose 21 per cent year on year during March 1998.

Prior to the Asian crisis, Argentina had only recently recovered from the effect of the Mexican devaluation in early 1995, when the Argentine economy contracted by 4.4 per cent. In an attempt to pre-empt problems arising from the Asian collapse, the government put up interest rates to protect valuable foreign reserves. At the same time, consumer spending which had only just been recovering since 1995 was in danger of tapering off again.

Background

Traditionally, Argentina has favoured protectionist policies, choosing to abandon the idea of integrating its economy with the rest of the world and avoid the trend of developing international trade. However, with the advent of the MERCOSUR trade agreement and the prospect of ever increasing levels of trade integration within the region, Argentina has begun to abandon this policy.

Insurance

In mid April 1998, Carlos Rodriguez, deputy economy minister announced government plans to open up the insurance sector from October 1998, ending curbs

on new entrants. Previously, insurance companies wishing to operate in the Argentine market had to buy or form partnerships with existing operators.

The Argentine insurance sector consists of approximately 300 companies and the opening up of the sector is expected to attract much needed foreign capital.

Also, new capital requirements for the industry are expected to be phased by the end of 2000 and general insurers' minimum requirements will rise from US\$550,000 to US\$3 million. In November 1997, Royal and Sun Alliance (UK), Britain's

largest insurance group announced a US\$40 million investment in its local subsidiary to finance a move into shipping and personal risk. Newbridge (USA) has also spent US\$45 million in Argentina buying a number of small insurance companies.

Menem's government has been intent on introducing a new labour reform plan which would ease the bottleneck of unemployment partly caused by Argentina's restrictive labour laws. Changes and reforms to the country's labour laws are an important part of the government's overall economic policy, but moves to implement them have been met with resistance from opposition parties and the still powerful unions. However, strikes and protest marches called for August 1997 attracted weak support from the opposition Alliance, which on the whole accepts and recognises the benefits of economic reform. The main umbrella union, the CGT also refused to back the strike as a result of its strong links with the Peronist party. In the end, only 10 per cent of the total workforce went on strike.

Despite the obvious problems faced by the government, recent surveys released by the authorities point to a slight improvement in the labour market. 541,000 new jobs were created between May 1996 and May 1997 with the activity rate (economically active population over total population) rising to 42.1 per cent in May 1997 from 41.9 per cent in October 1996 and 41 per cent in May 1996. Until the crisis in Asia, most observers were predicting falls in Argentine unemployment to between 10-12 per cent by the end of 2000.

Unemployment rate in Argentina

Millions unless otherwise stated

Oct 1995 Oct 1996

Total Population 34.8 35.3

Economically active population 14.4 14.8

Unemployed population 2.4 2.6

Employed population 12.0 12.1

Unemployment rate (%) 16.7 17.6

Recent studies carried out by the International Labour Organization reveal that Argentina's labour costs are similar to those in Brazil and Chile and are considerably lower than those in industrialised countries. An industrial worker in Argentina can expect to earn an average US\$5.20 an hour, compared to US\$5.00 in Brazil, US\$4.00 in Chile and US\$3.00 in Mexico. In Germany, industrial workers earn in the region of US\$32.00 per hour, compared to US\$20.00 and US\$18.00 in France and the US respectively. Productivity however remains Argentina's main problem; an Argentine worker's productivity level has been calculated to be one sixth of that of an American industrial worker. The IMF blames the country's rigid labour laws and high unemployment levels, both of which need addressing if salaries in Argentina are to rise and unemployment to fall.

Background

The strong political power of the unions (often connected with the state-owned companies) was a major factor which prevented Argentina from sustaining economic growth and increasing its competitiveness at the corporation level in recent years. Over the last seven years however there have been drastic changes in Argentina's labour market, helping labour productivity grow to 5.4 per cent per year from 1991 to 1996. Average growth until the year 2000 is expected to be 3.7 per cent per year.

Welfare policies introduced in the 1940s after General Juan Peron came to power made the Argentine labour force expensive and have aggravated low per capita GDP figures which have been weak throughout the century. Since 1989 changes have been made to the regulatory framework which, together with a growing labour force, have caused unemployment to increase from 6.3 per cent in October 1990 to a peak of 18.4 per cent in May 1995. One of the main reasons for these increases in unemployment is the redundancies made in the public sector as a result of privatisation and restructuring. The government faces a difficult task in trying to reduce current levels of unemployment, since the majority of

unemployed workers require re-training and the government has little flexibility at a fiscal level to introduce extensive back to work programmes. As a result of the excess labour force, labour costs have been falling since 1995.

EXTERNAL TRADE

Argentina's foreign trade balance will be seriously affected if Brazil's fiscal and trade deficits continue to deteriorate and the Brazilian real devalues. Brazil is Argentina's main trading partner, receiving 31 per cent of

Argentine exports and the level of Brazilian income in US\$ is crucial. If the

real devalues by 30 per cent, economists calculate a 20 per cent fall in earnings for Brazilians in US dollar terms. This could cause a 20 per cent fall

in Argentine exports to Brazil, or a 3 per cent fall in total exports. The industries most affected would be the automobile and manufacturing sectors.

Inflation in Brazil could also affect Argentine exports. Any fall in Brazilian

earnings and purchasing power would have a negative impact on exports from Argentina.

Argentina is caught in a classic catch-22 situation. If the peso is unpegged

from the US\$, it would lose a great chunk of the Brazilian market; if Argentina

devalued along with Brazil, it would risk re-igniting inflation and consequently

throw away the costly gains of five years of economic restructuring.

Moreover,

if Argentine exporters cannot place goods abroad, especially in Brazil, they

might start looking for domestic buyers, prompting a short term economic boom

until the problem of the country's twin deficits was faced again.

Following the Asian crisis in October 1997, many observers were expecting an

influx of cheap products. Currency devaluations in Asia have made some products

(for example cement) highly competitive. However, international trade between

Asia and Latin America, and in particular Argentina, is minimal.

Argentina does

not rank in the top ten export markets of Indonesia, Malaysia, Philippines,

Thailand or Singapore. During 1997 Argentine imports from Asia rose 0.6 per cent

to 3.6 per cent of total imports compared to 3 per cent in 1996. Exports from

Argentina to Asia fell 0.6 per cent to 3.4 per cent of total exports

compared to
4.0 per cent in 1996.

Imports

Argentina mainly imports machinery and equipment, with capital goods making up 30 per cent of total imports. Chemicals, rubber, mineral products and basic metals account for the rest. Imports come mainly from the European Union (29 per cent), USA (28 per cent) and Brazil (10 per cent). During January and February 1998, Imports of capital goods into Argentina grew by 23 per cent year on year, while autos and industrial inputs grew by 13 per cent and 14 per cent respectively year on year during the same period.

Breakdown of Argentine imports

% of total imports unless otherwise indicated

1993 1994 1995 1996 **1997

Capital goods 24.5 37.9 23.2 23.5 25.4

Intermediate goods 30.2 39.4 34.4 35.3 33.0

Fuel 2.3 3.8 3.5 3.5 3.1

Capital goods 16.7 21.4 15.4 17.3 18.2

Consumer goods 21.0 18.1 15.9 15.1 15.0

Passenger vehicles 5.1 6.5 3.9 5.0 5.2

Other 0.2 0.1 0.1 0.1 0.1

Total (US\$ billion) 16.5 21.5 19.9 22.0 30.2

** preliminary figures (INDEC)

Exports

Despite criticism that the Convertibility rule limits export growth, total exports have increased 11.5 per cent on average per year since 1990 and 21 per cent between 1993 and 1996. However, during January and February 1998, Argentine exports were down 10.7 per cent year on year while imports were up 9.6 per cent year on year during the same period. Exports have been affected by weak prices

for oil and other primary products. Between early October 1997 and early May 1998, the oil price has fallen 22 per cent, soymeal 28 per cent, wheat 15 per cent, corn 19 per cent, copper 23 per cent, cotton 23 per cent and soybean 12 per cent. These products represented 32 per cent of total Argentine exports in 1997.

Breakdown of principal Argentine exports

% annual growth

1993 1994 1995 1996 **1997

Primary products -6.3 14.1 28.3 21.2 -3.1

Industrial manufactured goods 30.3 26.3 39.6 -0.3 20.4

Agricultural manufactured goods 2.0 17.8 28.4 13.3 6.6

Fuel and energy 14.1 33.6 30.8 43.0 -4.7

Total 7.2 20.7 31.9 14.0 6.5

** preliminary figures

Main export partners

Brazil is Argentina's main trading partner, receiving 31 per cent of total Argentine exports in 1997 compared to 28 per cent in 1996. The USA is Argentina's second biggest market with 8 per cent of total exports, followed by Chile (7 per cent), Netherlands (4 per cent), China (3 per cent), Italy (3 per cent), and Uruguay (3 per cent).

Deregulation of the oil sector has meant an increase in oil exports which account for 10.9 per cent of total exports, while improving levels of efficiency and productivity in the manufacturing sector contributed to an increase in exports of automobiles and auto parts which now make up in the region of 10.4 per cent of total exports. Grain is Argentina's most important export, accounting for 11.8 per cent of total exports.

Argentina is expected to benefit from the liberalisation of the international agricultural market following the GATT talks in Uruguay. At the talks it was agreed that agricultural subsidies would be removed, an example of which

is the
seven-year programme to reduce farm incentives in the United States.

Balance of trade

Argentina's trade deficit was -US\$6.2 billion for the twelve months to September 1998, with analysts predicting that this will rise to -US\$8 billion for the 12 months to December 1998. The trade balance has been deteriorating due to four reasons; a sharp increase in imports as a result of the economic recovery, falling energy and agricultural prices helping to widen the gap between exports and imports, falling industrial exports as domestic demand absorbs domestic production and the appreciation of the US dollar which has hurt the competitiveness of Argentine exports to Europe.

Despite various structural reforms initiated by Menem and his government, the role of international trade in Argentina's economy is minimal compared to other emerging economies. Argentina's participation in world trade is 0.3 per cent. In many ways Argentina is seen by many as still being an isolated economy, hindering the possibility of international trade fuelling GDP growth.

International trade as a % of GDP

%

	1993	1994	1995	1996
Argentina	5.8	6.5	7.2	7.9
Chile	21.2	21.5	22.9	22.1
Brazil	7.3	6.8	6.7	6.6
Mexico	14.5	16.7	26.5	27.7
Venezuela	22.0	20.9	20.0	24.5
China	16.3	21.8	20.1	17.8
Indonesia	20.6	20.4	21.4	20.5
Philippines	27.7	28.2	31.0	33.1
Thailand	33.2	34.8	38.0	34.8

Trade figures

US\$ billion

1993 1994 1995 1996 **1997

Imports 15.5 20.0 18.7 22.1 28.4

Exports 13.1 15.8 21.0 23.8 25.2

Trade balance -2.4 -4.2 2.2 1.6 -3.2

** preliminary figures

PRIVATISATION

Background

Argentina's privatisation programme has been central to the government's economic policy. The sale of assets assures the government of valuable long term

capital needed to fund its trade deficit and gives the ageing

infrastructure the

investment it needs and which the government alone would not be able to afford.

At the end of September 1997 however, a presidential decree to privatise

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airports was declared unconstitutional putting on hold what is already a very

controversial issue in Argentina. The government's argument for the decree was

the urgent need for infrastructure improvements to the country's

airports. The

government claims it was compromised by the weakened executive leading up to the

mid-term elections in October. If the privatisations do go ahead, the government

expects to raise US\$2.1 billion and already six consortia have expressed an

interest, amongst them, AENA (Spain), Assaeroporti (Italy), Frankfurt Airport (

Germany) and Aeroports de Paris (France).

Major privatised companies

US\$ million

Company Sector Market capitalisation

TGS (Trans Gas del Sur) Gas 1,851.2

Metrogas Gas 563.5

Central Costanera Electricity 451.2

Central Puerto Electricity 222.2

Telefonica de Argentina Telecommunications 9,052.8

Telecom Telecommunications 7,107.4

Banco Galicia Banks 2,149.6

Banco Rio Banks 2,040.0

Irsa Real Estate 695.5

In the late 1990s, Argentina is one of the most developed and diversified economies in the Latin American region. Since coming to power, the Menem administration has focused on fiscal reform, fuelled by an extensive privatisation programme which has included the sale of oil and gas monopolies, telecommunications, airlines, ports and railways. Privatisation has attracted much needed foreign capital and investment, helping to improve existing levels of technology and productivity. At the same time, investment as a percentage of GDP has risen from 14.6 per cent in 1991 to over 21 per cent at the end of 1997.

In early May 1998 investors, both Argentine and foreign, began to complain about the high level of management fees paid to controlling shareholders in privatised companies. The fees are a leftover of Argentina's early privatisation programme when high management fees were offered as a sweetener for foreign buyers, and although most of the contracts are due for renewal in 2000, some current management contracts can exceed 20 per cent of market capitalisation. The fees are based on pretax profits, as opposed to market capitalisation, and as a result, newly privatised companies have been pushing for growth at any price. Analysts are predicting a positive impact on company valuations in Argentina once these management contracts are renegotiated, since most expect the current levels paid to controlling shareholders to fall significantly.

At the end of 1997, the opposition parties accused Menem's government of preventing the privatisation of the airports to suit Alfredo Yabran, the controversial businessman who was found dead in May 1998. The opposition parties claimed that Yabran controlled the duty-free shopping and ramp services as well as the fiscal deposit services of the airports, estimated to account for 40 per cent of the airports' total turnover. If any new airport owners were to

try and
end Yabran's grip on those businesses, the latter would be entitled to
compensation in the region of US\$500 million.

YPF, the privatised Argentina oil and gas company increased net
earnings in
1997 by 7 per cent to US\$877 million compared to 1996. Although YPF has
managed
to overcome lower international oil prices, company earnings during the
last
quarter of 1997 were down to US\$380 million compared to US\$413 million
during
the same period in 1996.

BANKING

Background

Despite having a per capita GDP of more than US\$8,600 (the highest in
the
region) bank deposits in Argentina are only 18.9 per cent of GDP compared
to
40.3 per cent in Chile. Sector analysts believe that banking has huge
potential
in Argentina, illustrated by the waves of foreign investment seen in the
sector
since the 1995 Mexican crisis. This has generated a new era of
advertising for
bank products and services as banks respond to the tougher competition.
Government plans to make companies pay all employees salaries through bank
accounts will open up the financial sector to a totally new class of
customer.
This strengthening of the banking sector in Argentina has already proved
important following the crisis in Asia, and will act as a valuable defence
against future external shocks. Recent deals in the banking sector have
left
five out of Argentina's six largest private banks in foreign hands,
reducing the
sector's vulnerability considerably.

Role of the central bank

The Central Bank's main role is to keep the peso at par with the US
dollar
and ensure that the money supply is backed with foreign reserves. Over the
period 1996-1997 capital returns to Argentina have grown, which has led
to an
increase in the country's overall money supply. At the time of the Asian
currency crisis in October 1997, Argentina managed to maintain the peso's
one-for-one peg with the US dollar. Foreign reserves of US\$18.1 billion
as at
the end of 1996 rose to US\$20.4 billion at the end of September 1997, to
ensure
government control of a strong currency while covering import costs.

Before the falls in the markets at the end of October 1997, observers believed that Argentina's financial system was sound and capable of resisting to many international shocks. Consequently, Argentina weathered the storm well, although by the end of the first quarter in 1998, the high interest rates and increased country risk factor have not cooled down Argentina's economy as some observers had predicted.

Supervision and regulation of Argentina's banking system has improved significantly as a result of higher levels of liquidity and improved confidence.

The Central Bank demands that 11.5 per cent of capital is adjusted for risk under the Basle standards (instead of the usual 8 per cent) with extra capital provided for high interest loans. The Central Bank can call on a US\$6 billion syndicated commercial loan to support the banking system should the need arise.

However, since the crisis in Asia, there has been a growing tendency in Argentina to hold accounts in US\$ rather than pesos. The crisis did not provoke the level of capital flight some observers in Argentina had predicted.

In May 1998 Argentina announced that it was considering an increase in bank liquidity requirements in advance of a possible rise in US interest rates. Current liquidity requirements stand at 20 per cent and many observers believe that a rise in US rates would add to IMF pressure to raise liquidity requirements in an effort to slow down the economy which they believe is vulnerable to any external change of sentiment.

Foreign banks

The following include some of the more important deals that have taken place recently in the banking sector. Hong Kong Shanghai Banking Corporation (HSBC) bought Banco Roberts, a financial services group and the tenth largest bank in Argentina for US\$600 million. Banco Santander bought 35.1 per cent and control of Banco Rio de la Plata for US\$700 million, which will be merged with Banco Santander Argentina to create one of the country's biggest private sector banks. Banco Frances del Rio de la Plata (30 per cent of which is held by Banco Bilbao Vizcaya (BBV) is buying 72 per cent of Banco de Credito Argentino which would give BBV management control. The takeover will double BBV's deposit base

in
 Argentina to US\$4.21 billion and give it a market share of 6.5 per cent.
 Banco
 Boston plans to acquire Deutsche Bank Argentina, a retail subsidiary of
 the
 Frankfurt based group for US\$250 million. Banco Boston is keen to invest
 throughout Latin America, having already achieved considerable
 consolidation in
 the US market. BBV, Santander and Banco de Galicia y Buenos Aires are
 vying to
 be the dominant bank in Argentina. The three banks will eventually
 account for
 20 per cent of the market, with 160 branches each and assets in the
 region of
 US\$9 billion each. Currently total bank deposits in Argentina number US\$60
 billion, the top ten banks in the country have deposits of US\$31.08
 billion and
 the top 50 banks have deposits of US\$49.09 billion.

Top ten Argentinean banks

Peso million (1)

Total Pre-tax Employees Branches

assets profits

Banco de la Nacion Argentina 16,144 77 n/a n/a

Banco de la Provincia de Buenos Aires 10,143 147 12,500 309

Banco Rio de la Plata 6,804 146 n/a n/a

Banco de Galicia y Buenos Aires 7,765 112 n/a n/a

Banco Frances del Rio de la Plata 3,744 29 n/a n/a

Banco Bansud 2,774 17 2,018 105

Banco Credito Argentino 2,754 16 2,367 128

Banco Roberts 2,913 28 1,764 50

Banco de la Provincia de Cordoba * 2,006 5 4,250 176

Banco de la Ciudad de Buenos Aires 2,604 -93 2,250 33

(1) US\$=0.99 pesos

* figures for 31.12.94

Market share of banks in Argentina

%

Banco de Galicia y Buenos Aires 6.7

Banco de la Provincia de Buenos Aires 11.7

Banco Nacion Argentina 13.8

Banco Roberts 2.9

Banco Rio de la Plata 5.0

Citibank 5.0

Banco Boston 3.9

Banco Frances del Rio de la Plata 3.5

Banco de Credito Argentino 2.7

Banco de la Ciudad de Buenos Aires 3.2

Others 41.6

At the end of April 1998, it was announced that Banco Central Hispano (BCH) was considering the acquisition of a 20 per cent stake in Banco de Galicia of Argentina.

In early April 1998, Argentaria (Spain) announced a US\$280 million investment in an Argentine pension fund group. Argentaria will share ownership of Grupo Siembra with Citibank (USA) by buying a 50 per cent stake. Argentina's private pension funds have grown rapidly since they were created in 1994, with US\$9.6 billion under management as at February 1998. Siembra is one of four funds with a market share of 4 per cent. In 1997, HSBC Holdings acquired 35 per cent of Maxima, the second largest pension fund manager by market share. Santander has a stake of almost 50 per cent in Origenes, the market leader in pension fund management, while Banco Boston has a majority stake in Argentina's fifth largest pension fund manager Previnter.

FINANCIAL MARKETS

The growth of the pension fund market in Argentina has added considerable liquidity to the Argentine stock market. Pension funds have been growing at an average of US\$250 million a month and are permitted to invest in the

region of

40 per cent of funds in the market or US\$1.2 billion per year. This makes Argentine pension funds significant net buyers of the Argentine market.

As at November 27th 1998 the Merval index stood at 517.54. Due to the problems that have plagued the global financial markets in 1998, the value of the stock exchange has fluctuated widely in the preceding twelve months with a low of 299.51 and a high of 721.09. Capitalisation of the Argentine market is in the region of US\$56 billion with an average daily trading volume of US\$79 million.

FOREIGN INVESTMENT ACTIVITY

During 1995 global (world-wide) Foreign Direct Investment (FDI) reached a peak of US\$315 billion, an increase of 40 per cent year on year. Thirty per cent of the total was invested into emerging markets, one-fourth of which was invested in Latin America. More than 16 per cent of total FDI invested in Latin America was invested in Argentina. Between 1991 and 1995 Argentina received an average of US\$3.3 billion per year in FDI. During the latter half of the 1990s, (up until the Asian currency crisis in October 1997) Argentina enjoyed 309 new FDI projects from 200 different foreign corporations involving US\$25 billion, an increase of 50 per cent compared to the early half of the 1990s.

Mining is one of the non-traditional sectors receiving the most FDI. By the end of the century, mining exports are expected to increase to US\$1.2 billion from US\$300 million in 1997.

FDI was expected to reach US\$6.5 billion by the end of 1997 and many observers expect a minimum of 6 per cent growth in FDI in 1998. Some of the most important deals include an announcement by Repsol(Spain) that it plans to invest up to US\$345 million on a series of holdings in Argentina. Repsol is already affiliated with Argentine company Astra (energy group) through which it hopes to eventually control over 700 service stations; 15 per cent of the Argentine market or equivalent to one fifth of its retail network in Spain.

Emerald Energy of the Isle of Man (UK) is looking to spend US\$0.8 million exploring potential oil and gas reserves on a block of land in the

west-central
part of Argentina.

It is the financial sector which has been most targeted by foreign banks looking to establish a presence in Latin America and in particular Argentina.

TAXATION

The failure of the government's tax reform bill amidst strong opposition from several quarters, caused concern since the tax reform packages were a cornerstone of the government's structural reform programme, to which Argentina is committed under a three year US\$2.8 billion extended fund facility agreed with the IMF in February 1998. the tax reforms had three main aims: (1) to cut unemployment and improve productivity by cutting the 22 per cent tax on labour by 6.5 per cent (2) eliminate tax distortions which subsidise corporate indebtedness (3) reduce tax evasion which has been estimated at between 40 and 50 per cent. However, government proposals to place higher taxes on tobacco and alcohol while implementing VAT on cable television, health insurance and advertising while halving VAT on essential foods caused an outcry. The government had also proposed raising corporate tax levels to 35 per cent from 33 per cent while imposing a 15 per cent tax on interest payments on borrowings through the bond market. The tax reforms failed to get through the lower house.

The government has for some time examined at the possibility of raising taxes in a bid to reduce its outstanding fiscal deficit, but it was not until the Asian induced crisis of October 1997 that the Menem administration raised taxes as part of an emergency budget aimed at reducing the fiscal deficit. Tax revenues in September 1997 were US\$4.1 billion, up 24.4 per cent year on year and 2.2 per cent month on month. VAT revenue for the month was US\$1.92 billion, up 33.1% year on year and 9.9 per cent month on month, while income tax receipts rose 18.7 per cent year on year in September to US\$575 million, a fall of 14 per cent compared to August. Total tax revenues, including pension fund contributions reached US\$4.4 billion in September 1997. The cost of the government's borrowing has risen considerably as interest rates have gone up; Argentina is unlikely to get an investment grade from Moody's or Standard

and

Poors unless IMF deficit targets are met.

At the end of September 1997, the head of the opposition alliance's economics team, Jose Machinea, announced that he and his party were in favour of reducing labour taxes for new employees as well as reducing VAT. He favours increasing the income tax base by reducing non-taxable income (currently at US\$25,000 per annum) and providing incentives to companies that decide to reinvest earnings by marginally increasing the tax rate on dividend distribution.

General guide to taxation

%

Corporate income tax rate 33

Capital gains tax rate 33

Branch tax rate 33

Withholding tax 33

Value added tax standard rate 21

Value added tax other rates 10.5 / 27

Social security taxes paid by employer 33

Social security taxes paid by employee 17

Social security taxes paid by self-employed 32

HYDROCARBONS AND ELECTRICITY

In 1997 Argentina produced 0.85 million barrels of oil per day (bpd), just below the International Energy Agency's forecast of 0.89 million bpd. All oil production in Argentina is derived from onshore fields and accounts for nearly all domestic oil consumption. Crude oil imports ceased in 1983 with only a few lighter oil products imported in small amounts. Yacimientos Petroliferos Fiscales (YPF) controls about 7 per cent of the oil market in Argentina but a recent relaxation of regulations is expected to open up the market to foreign investment.

Several natural gas deposits (0.69 trillion cubic metres in 1997) have been found in Argentina, although these are not yet sufficient to meet domestic demand. Gas is imported from Bolivia, although it is hoped that with the sector opening up, reserves will increase and Argentina will actually have an exportable surplus of gas.

In March 1998 Uruguay announced plans to build a US\$135 million pipeline to carry natural gas from Buenos Aires to Montevideo. A consortium of British Gas and Pan American Energy (a joint venture between Bids of Argentina and Amoco of the USA) was expecting to get the go ahead to build and operate the pipeline. An eventual extension of the pipeline into south-east Brazil is also seen as a distinct possibility. The Uruguayan government is expected to use the Argentine gas for electricity production.

Coal is mined in the Rio Turbio area of Argentina and the government has invested heavily in improving and developing the area, which has suffered poor infrastructure development in the past.

Proved oil reserves

Thousand million barrels

1976 1986 1995 1996

Argentina 2.3 2.3 2.2 2.4

Brazil 0.8 2.3 4.2 4.8

Colombia 0.8 1.3 3.5 2.8

Venezuela 15.3 25.0 64.5 64.9

Oil production

Thousand barrels daily

1994 1995 1996 Change '96 over '95 (%)

Argentina 695 750 805 +7.3

Brazil 680 705 800 +13.5

Colombia 460 590 635 +7.6

Venezuela 2,750 2,960 3,145 +6.3

Oil consumption

Thousand barrels daily

1994 1995 1996 Change '96 over '95 (%)

Argentina 425 425 445 +4.7

Brazil 1,420 1,500 1,600 +6.7

Colombia 255 265 275 +3.8

Venezuela 435 445 425 -4.5

Gas and coal

Million tonnes oil equivalent unless otherwise stated

1995 1996

Gas reserves (trillion cubic metres) 0.53 0.62

Gas production 22.6 26.1

Gas consumption 24.4 27.9

Coal consumption 1.3 1.4

ELECTRICITY

Hydroelectricity consumption

Million tonnes oil equivalent

1994 1995 1996 Change '96 over '95 (%)

Argentina 2.4 2.3 2.4 +4.3

Brazil 20.9 21.8 22.7 +4.1

Colombia 2.8 2.8 3.0 +7.1

Venezuela 4.4 4.4 4.6 +4.5

TRANSPORT

ROAD

Argentina's road network provides access to all major towns and cities throughout the country. The system is best developed in the north and central regions of Argentina, while in Patagonia, a main highway links the principal

ports along the coast. Road communications in the Andes are less well established although some routes connect through the mountains with Santiago and cities in central Chile.

Twenty-nine per cent of Argentina's total road network of around 250,000 km is paved. Four branches of the Pan-American Highway run from Buenos Aires to the borders of Bolivia, Brazil, Chile and Paraguay. Entry from Uruguay is possible via bridges over the River Uruguay at Puerto Colon, Puerto Unzue and the Salto Grandedam.

In 1996 there were 127 motor vehicles per 1,000 people in Argentina.

RAIL

A comprehensive rail system links Argentina's main towns. Private operators now control most of Argentina's freight services and passenger services are mainly limited to commuter lines in and around Buenos Aires. The provinces of Buenos Aires, Rio Negro, Chubut, Tucuman and La Pampa also provide a much reduced passenger service. Train trips in Argentina are often subject to delays, breakdowns and strikes.

WATER

Main ports in Argentina are; Buenos Aires, Ensenada (La Plata), Rosario and Bahia Blanca. There are a number of smaller ports and some specialised terminals for oil, cereals, raw materials etc. Ferry and hydrofoil services on the Rio de la Plata link Colonia and Montevideo (Uruguay) with Buenos Aires. Also ferries operate from Paraguay on the Parana river.

In 1994 the government sold concessions to run six terminals of Puerto Nuevo, the main port in Buenos Aires. The international private port operators who bought the concessions are unhappy, claiming that Dock Sud, the home of Exolgan, the Argentine owned container port operator is undercutting them and receiving different tax treatment because of the port being in the province and not in the city. Court proceedings to resolve this dispute were due to begin in 1998.

In early 1998, Peninsular and Oriental Steam Navigation's subsidiary announced it was selling its 37.5 per cent stake in its container terminal business in Argentina for US\$38.8 million. The holding in the terminal was going to be bought by a Latin American infrastructure fund controlled by GE Capital, the finance arm of General Electric (US) and AIG, the largest US insurer. Terminales Rio de la Plata handled 405,000 standard 20 foot containers in 1997, making it the largest container terminal in Buenos Aires.

AIR

There are extensive air services in Argentina operated by Aerolineas Argentinas, Austral and LADE. Demand for services is very high. Aerolineas Argentinas is the national airline, privatised in 1991. Other airlines operating international services to Argentina include; Aeroflot, Aeroperu, Air France, Alitalia, American Airlines, Avianca, British Airways, Canadian Airlines, Iberia, KLM, Korean Air, LAB, LADE, LADECO, LAN-Chile, Lufthansa, Swissair, United Airlines and Varig. There are international airports in Buenos Aires (Ministro Pistarini Ezeiza), Cordoba (Pajas Blancas), Jujuy (El Cadillal) and Rosario (Fisherton).

In 1996 there were 132 thousand aircraft departures from Argentina, with 7.7 million passengers carried.

Aerolineas Argentinas Fleet

Airbus A310-320 3

Boeing 727-200 8

Boeing 737-200 Adv 10

Boeing 747-200B 6

McDonnell Douglas MD-88 6

MEDIA

Both in Argentina's federal capital and the provinces there is a thriving daily press. The most important Porteno (Buenos Aires) dailies are La Prensa and La Nacion and the tabloid Clarin.

Major daily newspapers in Argentina

Ambito Financiero: national financial and current affairs

Argentinisches Tageblatt: German language national newspaper

El Atlantico: regional newspaper

Buenos Aires Herald: English, national news and world affairs

Cronica: national popular tabloid for news and current affairs

Diario Popular: popular regional tabloid

La Nacion: national daily independent broadsheet paper

Pagina Doce: national newspaper for news and current affairs

La Prensa: international politics, economy and general interest

La Razon: national popular broadsheet

El Sol: local regional news

Clarín: middle of the road tabloid

RADIO AND TELEVISION

The most popular radio station in Argentina is the nationwide Radio Rivadavia

although in Buenos Aires alone at least a dozen FM stations operate.

There are

in the region of 21 million radios in Argentina, serving 90 per cent of the

country's population. Legalisation of non state television and the cable revolution have brought a wider variety of programming to the small screen.

There are at least 7 million television sets in Argentina serving 80 per cent of

the population.

Grupo Clarín, the number one media owner in Argentina and the third largest

media owner in the Spanish speaking world has come under pressure from a new

partnership forged between Telefonica (Spain) and Citicorp Equity Investment

(CEI) (USA). CEI bought 66.5 per cent of Argentina's third largest cable generator Cablevision for US\$760 million and sold 50 per cent of its holding to

Telefonica. The two are already partners in Cointel which owns 60 per cent of

Telefonica de Argentina. CEI and Telefonica still own 30 per cent of Multicanal,

in what is left of the joint ownership with Clarín, but are expected to

pull out
by the end of 1998. Through Cablevision, CEI have built up a cable empire
almost
equal to that of Clarin in a country with the third largest cable
penetration in
the world after the USA and Canada.

ADVERTISING

Press advertising accounts for approximately 45 per cent of total
advertising
expenditure in Argentina, with commercial television taking between 25
and 30
per cent.

TELECOMMUNICATIONS

Telecom and Telefonica de Argentina share a monopoly over Argentina's
basic
telephone service. Plans to sell the concessions for two personal
communication
system bands in greater Buenos Aires have been delayed in the
Argentine
courts. Telesystem (Canada) paid US\$1 million to the Argentine courts in
April
1998 to guarantee that its successful appeal against the terms of the
telephone
tender would freeze the sale process. Telesystem was unhappy with the
modification to the terms of the offering which allowed Telefonica de
Argentina
and Telecom along with provincial cellular telephone company Compania de
Telecomunicaciones del Interior (CTI) to better any other offer in a
second
round of bidding. The Argentine government announced it would appeal
against the
latest court decision.

Telefonica de Argentina paid its technical operator, Telefonica de
Espana
(Spain), an annual management fee of US\$145.3 million or 31.4 per cent of
company earnings in 1997. The current contract expires in 1999, ending
exclusivity.

France Telecom (France) and Stet (Italy) receive an equivalent of 3.5
per
cent of Telecom Argentina's sales, 32 per cent of earnings in 1997. As
with
Telefonica, this contract ends in 1999, although observers are concerned
that
both contracts will be renewed under the same terms.

NATURAL RESOURCES

Argentina does not have a tradition of mining, and exploration for

deposits
along the Chilean border has been hindered by economic instability, social upheaval and an unfavourable tax regime. Until the 1990s, any mining activities
were usually funded and controlled by the state and the industry's prospects
look much improved since government agreements at the end of 1997 between Chile
and Argentina changed much of the restrictive laws surrounding the sector. Mineral deposits in the border zone include gold, copper and iron and investment
in the sector is expected to grow on the back of the bilateral agreement which
governs all mining activities from exploration to refining. Products will also
be able to be transported through either country. Compared to Chile, Argentina's
mining industry is in its infancy but since 1993 when reform of the restrictive
rules governing the sector commenced, prospects have been transformed. The government expects investment in the sector to exceed US\$3 billion between 1997
and 2000, while mining exports are expected to grow by 200 per cent or more to
reach US\$1.3 billion in 2000. Exports at the end of 1997 were expected to outstrip imports by US\$100 million.

Background

The most important change in the sector has been a more stable tax regime,
which guarantees that the tax prevailing at the time remains in place for thirty
years. The government has also introduced faster depreciation on mining equipment and rebates on tax paid for goods and services by many companies. All
these changes have made Argentina highly competitive and able to compete on a
global level. Foreign companies, in particular from Australia and Canada are
keen to explore Argentina's mining potential, given its favourable legislation
and regulations.

Production

Argentina's biggest mining project is the Alumbrera copper and gold mine in
Catamarca province which at a cost of US\$1.1 billion was expected to come on
line at the end of 1997. By 2000, Alumbrera could be the ninth largest copper
mine in the world producing 190,000 tonnes. Although owned by an agency of the

provincial government, the deposits are being developed by MIM Holdings (Australia), Rio Algom (Canada), and North Mining (Australia). Other major projects currently under way include the Cerro Vanguardia silver and gold mine being developed by Minera Mincorp (owned by Anglo American Corporation of South Africa in association with local company Perez Companac) scheduled to come on line late in 1997 to produce 5,000 kg of gold per year. Altogether, there are 70 companies with established projects in Argentina and a further 46 companies actively seeking mining opportunities in the country. Other investors may be attracted to Argentina once the Alumbrera mine comes on line and when Chile and Argentina finally agree upon how to explore the border area between the two countries.

Mineral production

'000 tonnes unless otherwise stated

1993 1994 1995

Gold (tonnes) 0.9 0.9 1.2

Silver (tonnes) 42.7 38.1 38.4

Lead 11.8 10.0 10.5

Zinc 31.4 26.9 48.8

Uranium (tonnes) 126 78 78

FARMING, FORESTRY AND FISHING

AGRICULTURE

The government has introduced structural reforms and deregulation measures in the agricultural sector aimed at improving total yields and the amount and quality of land under cultivation. The reforms have so far been successful, and the Agricultural Secretary estimated a 22 per cent increase in total production for the 1996/1997 harvest compared to 1995/1996. Some of the measures introduced include the disbanding of ten government funded bodies responsible for regulating various agricultural activities and eliminating some regulations on dairy production. Export taxes have been removed and taxes paid on fallow land

have been reduced. The agricultural sector has also benefited from tax cuts on diesel fuel. Argentina's farmers have also benefited from the ending of three years of drought.

Agricultural production

Agricultural output has not only improved as a result of increases in the overall planted area but also because of increased investment in machinery and equipment. Sales of tractors and harvesters grew again during 1997, while usage of fertilisers and grain storage capacity also increased during the year. Argentina ranks as the third, fourth and fifth largest exporter in the world for soybean, corn and wheat respectively. If Argentina's Agricultural Secretary is correct, yields per hectare for wheat, corn, soybean and sunflower have risen by 16 per cent, 28 per cent, 6 per cent and 30 per cent respectively during the 1996/1997 harvest compared to the year before.

Agricultural production

'000 tonnes

1994 1995 1996 1997 **1998

Wheat 11,306 9,445 15,914 14,500 11,700

Total cereals 25,270 24,207 30,498 35,343 37,704

Coarse grain primary 13,356 13,836 13,610 19,638 24,820

Maize 10,360 11,404 10,518 15,536 19,600

Rice, paddy 608 926 974 1,205 1,184

Seed cotton 706 1,123 1,347 1,030 1,587

Sugar-cane 15,200 17,700 17,600 19,450 19,400

Sorghum 2,148 1,649 2,132 2,499 3,840

Soybean 11,720 12,134 12,448 10,800 15,780

** provisional figures

External trade

Although Argentina's agricultural yields still rank approximately 10

per cent

below yields in the USA, arable land in Argentina is about one third the price

of land in the USA. The recent liberalisation of international markets for agricultural products will also help Argentina increase exports and attract

foreign investment and other capital into the sector. The gradual removal of

agricultural subsidies in line with the Uruguay round of the WTO will also push

agricultural prices up by an expected 14 per cent over the next eight years. In

1996, agricultural exports reached US\$8.8 billion, 80 per cent higher than in

1990. At the same time prospects for the beef industry, once the mainstay of the

economy, look brighter. In May 1997, Argentine herds were declared free of foot-and-mouth disease and the US Congress is considering opening up the American market to some Argentine beef for the first time in sixty years.

If beef sales to the US are approved, other markets could also open up.

During the first quarter of 1998, Argentina faced falling exports as a result

of declining commodity prices. A record harvest in 1997/1998 of soybean and

maize together with gradually falling Brazilian interest rates could help Argentina overcome falling agricultural prices. Some analysts are expecting

further decreases in commodity prices during 1998, up to 9 per cent overall,

although at the same time volumes are expected to grow by 13 per cent, to give a

US\$300 million increase in agricultural exports by the end of 1998. the 1997/1998 harvest is expected to be a record 61 million tonnes, 7 million tonnes

more than in 1996/1997. If correct the improved harvest would mean an extra US\$

43 million tonnes of agricultural exports at the end of 1998, a 13 per cent

increase compared to 1996. Total export revenue on a net basis at the end of

1998 is expected to be up by 1 per cent compared to 1997.

Patagonia, the traditional home of sheep farming in Argentina, is suffering

from the world slump in wool prices. There were only 14 million sheep in Patagonia in 1997 compared to 60 million in the 1950s. Slowly, money is being

injected into the agricultural sector and recently George Soros, the Hungarian

investor, bought 30 per cent of Cresud, the Argentine agricultural company. The

company was taken over by a group of Argentine and international

investors in
 1994 when it comprised seven farms and 20,000 hectares. The company now
 owns
 340,000 hectares of which about a fifth is under exploitation. Cresud
 plans to
 buy or lease land in different areas of the country thereby spreading the
 risk
 of adverse weather conditions. It also uses new technology and economies
 of
 scale to increase margins. The average size of a Cresud farm today is
 2,000
 hectares compared to an average of 500 hectares in the past. The company
 believes that future growth will depend on changing demographics and
 rising
 incomes in areas like south-east Asia where changing eating habits are
 expected
 to generate demand for Argentine produce. The sector also benefits from
 Argentina's good land title records as well as a pool of well-trained
 agricultural specialists and a strong tradition in research and
 development.

Livestock production

'000 tonnes

1994 1995 1996 1997 **1998

Beef and veal 2,484 2,453 2,374 2,336 2,250

Mutton and lamb 85 81 64 52 46

Pigmeat 181 163 129 119 119

Other 676 1,118 698 667 727

Total meat production 3,426 3,415 3,265 3,234 3,142

** provisional figures

FORESTRY

Most of Argentina's forestry land is in the north of the country and
 recently
 there has been a lot of investor interest in Argentina's forests, in
 particular
 from Chileans able to meet the long term investment requirements of the
 sector.

FISHING

Argentina has recently increased its fishing production and exports of
 surplus stock are increasingly becoming a valuable export earner. There
 are
 worries of over-fishing however and in early 1998 the government

announced that
it would be introducing plans to protect hake from overfishing. Most
fishermen
seem to be in favour of limiting the hake catch to 395,000 tonnes. In the
first
nine months of 1997, 408,000 tonnes were caught.

Total Fishery production

'000 tonnes

1993 1994 1995 1996 1997

Total 920 939 1,137 1,226 1,340

Export 40 510 557 671 760

ARMED FORCES

During the 1990s the armed forces in Argentina underwent a certain
amount of
modernisation following years of cut-backs. As a result, existing
aircraft have
been updated and ageing equipment replaced. The army have also begun to
look to
domestic sources for ground forces equipment. Argentina is the leading
Latin
American supplier of troops to the UN and has played a significant role in
several peacekeeping operations. There have also been efforts to improve
the
transparency of defence spending in Latin America as reporting on defence
expenditure varies enormously from country to country; for example
Argentina
includes pension payments to ex-military personnel whereas Mexico does
not. In
1995 Argentina reported its military expenditure to the UN and declared
arms
imports to the UN Register of Conventional Arms. Since 1995 Argentina has
been a
member of the Missile Technology Control Regime (MTCR) as well as being
the
founder member of the Wassenaar Arrangement.

Military expenditures reported to the UN

1995 US\$ million

Argentina Brazil

By function

Personnel 3,044 5,560

Operations and maintenance 449 918

Procurement 82 690

Research and development 13 33

Infrastructure 14 144

Total 3,602 7,354

By service

Army 734 3,178

Navy 493 2,133

Air force 498 1,864

Central command 1,377 64

Paramilitary 499 n/a Institute for Strategic Studies)

Total armed forces

1996

Army 41,000

Navy 20,000

Air force 12,000

Total 73,000

(including 375,000 reserves) Institute for Strategic Studies

EDUCATION AND HEALTH

In April 1998, US-based Medical Management of America (MMA) announced plans to invest US\$100 million in private healthcare in Argentina over the next five years. MMA plans to form alliances with existing companies in the managed care and hospital administration sectors. Observers predict a rapid concentration of interests in Argentina's healthcare sector which is currently characterised by several small care providers and union controlled health insurance schemes. The healthcare sector has yet to undergo the transformations seen in other parts of the Argentine economy.

Education indicators

% of relevant age group

1980 1995

Access to Primary school* 106 108

Access to Secondary school 56 72

Access to Tertiary education 22 38

* includes repetition rates

Health personnel

1994

Physicians per 1,000 people 2.7

Hospital beds per 1,000 people 4.6

Health expenditure

1990-1995

Total health spending as a % of GDP 10.6

Public health spending as a % of GDP 4.3

Private health spending as a % of GDP 6.3

Health expenditure per capita (US\$) 877

Health access

% of population with access

1995

Access to safe water 64

Access to sanitation 89

Access to child immunisation (measles) 76

Access to child immunisation (diphtheria, pertussis and tetanus) 82

Low weight babies (% of births) 19

Mortality

1980 1996

Life expectancy at birth 70 73

Infant mortality (per 1,000 live births) 35 22

Adult male mortality (per 1,000) 205 176

Adult female mortality (per 1,000) 102 84

GEOGRAPHY AND CLIMATE

Excluding the South Atlantic islands and the Antarctic quadrant, Argentina has a total land area of about 2.8 million square km. There are four main geographic provinces, the Andes, the lowland North, the Pampas and Patagonia.

The Andean chain of mountains runs the length of Argentina. Rainfall can be erratic, with perennial streams running from the Andes providing most of the necessary irrigation. East of the Andes and its foothills the country is tropical and sub-tropical. Open savannas alternate with almost impenetrable thorn forests in the western part of the region. Between the Parana and Uruguay rivers rainfall is sufficient to support swampy lowland forests as well as upland savanna. Bordering the Atlantic ocean and stretching nearly to Cordoba and the central Andean foothills, the Pampas are the political and economic heartland of modern Argentina. This is where Argentine industry and agriculture are concentrated. More than a third of the country's population lives in and around Buenos Aires. The Pampas are an almost completely level plain of wind-borne loess and river deposited sediments, once covered by lush grasses and now occupied by grain farms and cattle and sheep estancias. Patagonia is the region south of the Rio Colorado. It is separated from Chilean Patagonia by the Andes. East of the Andean foothills, the cool, arid Patagonian steppes support flocks of sheep, the wool of which is exported to Europe. The southernmost inhabited territory 'Tierra del Fuego' (Land of Fire) consists of various islands with the northern areas used for sheep farming while the southern islands are mountainous and covered in glaciers and forests.

Argentina's diverse environments have created a number of different ecological challenges from heavy pollution in Buenos Aires, to deforestation in subtropical provinces and overgrazing in Patagonia.

VISITORS' GUIDE

DRESS CODES

Dress codes are fairly formal in Buenos Aires. Suits are worn for business appointments and, for men, jackets and ties are required for dining out and other social occasions. Lightweight clothing is appropriate in Buenos Aires and the coast. Casual clothing is acceptable on the coast, but shorts and beachwear should be worn only at the beach or pool.

SOCIAL NICETIES, TRADITIONS AND TABOOS

The normal form of greeting is a handshake or an abrazo, a cross between a handshake and a hug.

USEFUL TIPS

Argentines communicate in close proximity. In general, European practices are followed. Standards on punctuality differ and you may be kept waiting. Commercial quotations should be in US dollars.

In their public behaviour, Argentines are very conscious of civilities, sometimes to the point of ceremoniousness. Never approach a stranger for information without extending a greeting like buenos dias or buenas tardes.

EATING HABITS

Drinking mate or Paraguayan tea is an important ritual throughout the River Plate countries, especially in Argentina. In the south it is drunk bitter while in the north of Argentina, people take it with sugar. The opportunity to tomar un mate (drink mate) should not be refused.

Although the Argentine diet relies heavily on meat, there is a substantial Italian influence noticeable in the varied pasta dishes and noquis (gnocchi in Italian) available. The parillada, a mixed grill of steaks and other cuts is very typical, often containing various offal such as tripa gorda (large intestine), chinchulines (small intestine), ubre (udder), rinones (kidneys) and morcilla (blood sausage). Outside Buenos Aires and other major cities vegetarian

restaurants are hard to find.

Rotiserias (delis) sell dairy products, roast chickens and fiambres (processed meats). The common comedor often have fixed menus at lunchtime as well as serving minutas (short orders) such as steak, eggs and salad. Confiterias serve sandwiches including lomito (steak), panchos (hot dogs) and hamburgers. Restaurantes have much larger menus including pasta dishes, parillada and fish.

Bife de chorizo is a thick tender juicy steak, bife de lomo is short loin, bife de costilla or chuleta is T-bone steak, asado de tira is a narrow strip of roast rib, vacio is sirloin and matambre relleno is stuffed and rolled flank steak. Empanadas are turnovers filled with a variety of things including vegetables, chicken, hard boiled egg ham and cheese.

Meals in Argentina are generally relaxed affairs; breakfasts are negligible but other meals can last for hours. Lunch starts at midday and dinner starts at the earliest 9 pm and often much later.

UNUSUAL/STRICT LAWS

Visitors are advised to carry identification at all times as the military retains considerable influence even under civilian government. Avoid approaching military installations.

SECURITY

Although street crime is increasing in Argentina, personal security is a minor problem compared to other Latin American countries. Violent crime is rare in Buenos Aires. Travellers should take precaution against petty theft such as bag snatching, especially on trains. Argentines (men and women) have few qualms about walking in the city at night, even in busy areas.

HEALTH FOR VISITORS

No mandatory inoculations. Typhoid and polio vaccinations recommended. Yellow fever vaccinations advised for visitors to the north-east forest area. Malaria prophylaxis advisable for visits to some lowland tropical areas. Water precautions should be taken outside main towns.

BANKING AND BUSINESS HOURS

Business: 0900-1800 (Mon-Fri).

Government: 0900-1800 (Mon-Fri).

Banking: 1000-1500 (Mon-Fri) (with regional variations).

Shops: shopping centres 1000-2200 (Mon-Sun); supermarkets 0830-2030 (Mon-Sat), 1000-2000 (Sun).

Post offices: 0800-2000 (Mon-Fri); 0800-1400 (Sat).

PUBLIC HOLIDAYS

1999 2000

New Year's Day 1 Jan 1 Jan

Labour Day 1 May 1 May

Good Friday* 2 Apr 21 Apr

Anniversary of the 1810 Revolution 25 May 25 May

Occupation of the Islas Malvinas 10 Jun 10 Jun

Flag Day 20 Jun 20 Jun

Independence Day 10 Jul 10 Jul

Death of General Jose San Martin 17 Aug 17 Aug

Discovery of America 12 Oct 12 Oct

Christmas Day 25 Dec 25 Dec

* variable date

GETTING ABOUT

National transport

Air: Extensive services operated by Aerolineas Argentinas, Austral (particularly in southern part of country) and LADE (serves smaller centres).

Demand for services is high and it is advisable to book flights in advance.

Monthly unlimited travel tickets available.

Road: Total network around 250,000 km, a quarter of which is paved.

Roads

linking major centres are in good condition. off major routes, gravel and dirt

roads are well-maintained. Automovil Club Argentino (ACA) is useful for information and advice on driving conditions.

Buses: Long-distance bus services are operated by a number of companies, mostly centred on Buenos Aires (e.g. routes to Mar del Plata, Cordoba, San Martin de Los Andes, Mendoza).

Rail: A comprehensive rail system links main towns. Long-distance Pullman services, with air-conditioning, sleeping facilities and restaurants, are recommended. It is advisable to book well in advance. Information/booking facilities are good in Buenos Aires. Generally services have improved in the last few years. Unlimited travel tickets are available.

Water: Regular sailings to Rosario and Corrientes via Parana River.

Flota
Fluvial operates services on the Plate, Parana, Paraguay and Uruguay Rivers.

Patagonian ports also served but sailings irregular - check locally.

City transport

Taxis: Generally have yellow roofs. They can be hailed or found on ranks and are metered within cities.

For calls in the Buenos Aires centre which are less than six blocks apart, it is usually faster to walk than to take a taxi.

Tips not necessary, though generally expected from tourists.

Buses: Major towns have good local services. Within Buenos Aires there is a comprehensive 'pay as you board' service, operating 24 hrs/day; buses often crowded.

Metro: Known as Subte. Operates within Buenos Aires from early morning to late at night. Tokens can be purchased at booking offices. There is a fixed fare system.

Car hire: Available in Buenos Aires and most main centres. International driving licence required - which must be validated by Automovil Club Argentino (ACA) or a driving permit can be obtained from the Direccion General de Transito (Crnel. Roca 5252 - 0700 to 1300).

USEFUL ADDRESSES

HOTELS

Buenos Aires (area code 1)

Albatross Quality, Tierra del Fuego, Ushuaia

Tel: 313-0883/4010; fax: 313-6159

Alvear Palace, Av Alvear 1891 @TXT-BODYFIRST = Tel: 804-4031/45; fax: 804-0031

Bauen, 360 Callao 1022 (downtown)

Tel: 804-1700; fax: 111-1334

Bisonte, Paraguay 1207 (business district)

Tel: 393-8041; fax: 393-9086

Bisonte Palace, M T de Alvear 902 (financial and commercial area)

Tel: 311-3228; fax: 311-6476

Bristol, Cerrito 286

Tel: 355-400; fax: 350-061

Carsson, Viamonte 650 (30 minutes from airport)

Tel: 322-3601; fax: 322-3551

City, Bolivar 160

Tel: 342-6481/4; fax: 331-5342

Claridge, Tucuman 535, 1049 (financial and theatre district)

Tel: 322-7700; fax: 322-8022

Continental, Av Pte R Saenz Pena 725

Tel: 326-3251/53/60; fax: 322-1421

De Las Americas, Libertad 1020 (downtown)

Tel: 393-3432; fax: 393-3532

El Conquistador, Suipacha 948

Tel: 313-3152; fax: 313-3711

Elevage, Maipu 960, 1006

Tel and fax: 313-2082

Gran, Tucuman 570

Tel: 393-4073; fax: 393-4786

Gran Buenos Aires, Marcelo T. de Alvear 797, 1058

Tel: 311-6220; fax: 11-1347

Gran Colon, C Pellegrini 507

Tel: 325-1117/1417; fax: 325-4567

Gran Dora, Maipu 963

Tel: 312-7391/5; fax: 313-8134

Lancaster, Avenida Cordoba 405

Tel: 311-3022; fax: 311-3021

Libertado Kempinsi, Avenida Cordoba y Maipe 1054

Tel: 322-2095; fax: 322-9703

Nogaro, Av Pte J A Roca 562

Tel: 331-0091/9; fax: 331-6791

Panamericano, Carlos Pellegrini 525, 1009

Tel: 393-6017; fax: 393-6570

Park Hyatt, Cerrito 1433/55

Tel: 222-541; fax: 223-738

Plaza, Florida 105

Tel: 311-5011; fax: 313-2912

Principado, Paraguay 481

Tel: 313-3022; fax: 313-3952

Recoleta Plaza, Posadas 1557

Tel: 804-3471/5; fax: 804-3476

Regente Palace, Suipacha 964

Tel: 313-6628; fax: 313-7460

Republica, Cerrito 370

Tel: 355-058; fax: 354-050

Rochester, Esmeralda 542

Tel: 393-9939; fax: 322-4689

Salles, Cerrito 308

Tel: 350-091/9; fax: 360-754

Savoy, Callao 181

Tel: 400-151/8; fax: 325-9589

Sheraton, Av San Martin 1225 (1104)

Tel: 311-6311; fax: 311-6353

Torre, Corrientes y Olleros

Tel: 552-6126; fax: 552-6034

Wilton Palace, Callao 1162

Tel: 812-4993; fax: 111-2160

Cordoba (area code 51)

Crillon, Rivadavia 85, 5000

Tel: 46-093

Gran Dora, Entre Rios 70, 5000

Tel: 42-031; fax: 240-167

Mediterraneo, Ave Marcelo T de Alvear 10,5000

Tel: 240-086; fax: 240-111

Nogaro, San Jeronimo 137, 5000

Tel: 24-001

Sussex, San Jeronimo 125, 5000

Tel: 229-071

Mendoza (area code 61)

Plaza, Chile 1124

Tel: 233-000

Rosario (area code 586)

Rivera, San Lorenzo 1460, 2000

Tel: 44-460

CAR HIRE

Buenos Aires

Avis:

Tel: 326-5542; fax: 326-5541

Budget: Carlos Pellegrini 977

Tel: 313-8169); Sante Fe 869, 1069

Tel: 311-9870; fax: 315-3814

Europcar National: Esmeralda 1084

Tel: 311-3583

Hertz: Sheraton Hotel

Tel: 313-2525

Localiza:

Tel: 816-2690/2799; fax: 815-6899

International airport

Avis:

Tel: 481-9387, 480-0362

Hertz:

Tel: 312-1317

CHAMBERS OF COMMERCE

Argentine-British Chamber of Commerce, Corrientes 457, Piso 10, 1043
Buenos
Aires

Tel: 394-2872/2318/2762; fax: 394-2282

Camara Argentina de Comercio (Argentine Chamber of Commerce), Avda
Leandro N
Alem 36, 1003 Buenos Aires

Tel: 331-8051; fax: 331-2924

Camara Argentina de Comercio, Industria y Produccion de la Republica Argentina (Chamber of Commerce, Industry and Production), Florida 1, Piso 4,
1005 Buenos Aires

Tel: 331-0813; fax: 331-9116

Camara de Comercio Exterior del Centro de la Republica (Chamber of Foreign Trade of Central Argentina), Av. Callao 332 P.B., 1022 Buenos Aires

Tel: 466-912

Camara de Consorelos y Co-operativas de Exportacion de la Republica Argentina (Chamber of Consortiums and Export Cooperative), Tte. Grat. Peron 2630, Piso 6,
1040 Buenos Aires

Tel: 953-8445, 953-8266, 951-3916; fax: 953-8445

Camara de Exportadores de la Republica Argentina (Chamber of Exporters), Diag. Roque Saenz Pena 740, Piso 1, 1035 Buenos Aires

Tel: 320-9583, 320-5944, 320-8556; fax: 328-1003

Camara de Importadores de la Republica Argentina (Chamber of Importers), Av. Belgrano 427, Piso 7, 1092 Buenos Aires

Tel: 342-1101, 342-0523; fax: 331-9342

Consejo Argentino de la Industria (Argentine Council of Industry), Pledras 83, Piso 3, Of. E, 1070 Buenos Aires

Tel: 343-9977, 208-1032; fax: 331-2809

Co-ordinadora de Camaras de Comercio Exterior del Interior del Pais (CICATEX) (Co-ordinator of Foreign Trade Chambers of the Provinces), Callao 332 P B, 1002
Buenos Aires

Tel/fax: 466-912

Foro de Comercio Exterior de la Republica Argentina (Forum of Foreign Trade of the Argentine Republic), Maipu 671, Piso 4, 1006 Buenos Aires

Tel: 322-8468; fax: 322-7813

BANKING

Asociacion de Bancos Argentinos (ADEBA), San Martin 1229, 10 Piso, 1004
Buenos Aires

Tel: 394-1430; fax: 394-6340

Banco Central de la Republica Argentina (BCRA) (central bank),
Reconquista
266, 1003 Buenos Aires

Tel: 394-8111, 394-8119, 393-0021; fax: 334-6489, 334-6468, 325-4860

Banco Credico-op Co-operativo Ltda, Reconquista 484, Zona postal 1003,
Buenos Aires, CF

Tel: 394-0105/0122; fax: 325-9104

Banco de Credito Argentino, Reconquista 2, Zona postal 1092, Buenos
Aires, CF

Tel: 334-1181/89; fax: 334-5618

Banco de Galicia y Buenos Aires, Tte Gral Juan D Peron 407, Zona postal
1038,
Buenos Aires, CF

Tel: 394-7080/7291; fax: 393-7435

Banco de la Ciudad de Buenos Aires, Florida 302, Zona postal 1313,
Buenos
Aires, CF

Tel: 325-5881/89; fax: 2098

Banco de la Nacion Argentina (BNA), Bartolome Mitre 326, Zona postal
1036,
Buenos Aires, CF

Tel: 343-1011/21; fax: 331-8745, 112-067

Banco de la Pampa, Reconquista 319, Zona postal 1003, Buenos Aires, CF

Tel: 325-3410; fax: 325-8750

Banco de la Provincia de Buenos Aires, San Martin 137, Zona postal 1004,
Buenos Aires, CF

Tel: 331-2561/3584; fax: 331-5154

Banco del Buen Ayre, Cerrito 740, Zona postal 1309, Buenos Aires, CF

Tel: 350-020/054; fax: 837-890

Banco del Sud, Maipu 277, Zona postal 1084, Buenos Aires, CF

Tel: 326-3313, 326-2965; fax: 325-3177

Banco Frances del Riio de la Plata, Reconquista 165, Zona postal 1003,
Buenos
Aires, CF

Tel: 331-7071; fax: 954-8009

Banco General de Negocios, Esmeralda 120, Zona postal 1035, Buenos
Aires, CF

Tel: 394-3003, 394-2879; fax: 394-2698

Banco Hipotecario Nacional, Balcarce 167, Zona postal 1064, Buenos
Aires, CF

Tel: 342-9732; fax: 331-0620

Banco Holandes Unido, Florida 361, Zona postal 1005,

Banco Medefin, 25 de Mayo 489, Zona postal 1339, Buenos Aires, CF

Tel: 313-4125; fax: 312-9450

Banco Quilmes, Tte Gral Juan D Peron 564, Zona postal 1038, Buenos
Aires, CF

Tel: 331-8111/9; fax: 334-5235

Banco Republica, Sarmiento 336, Zona postal 1041, Buenos Aires, CF

Tel: 331-8385/87; fax: 331-2130

Banco Rio de la Plata, Bartolome Mitre 480, Zona postal 1036, Buenos
Aires,
CF

Tel: 331-7551, 331-8361; fax: 331-7551

Banco Roberts, 25 de Mayo 258, Zona postal 1002, Buenos Aires, CF

Tel: 334-1723, 334-6682; fax: 334-6679

Banco Social de Cordoba, 27 de Abril 185, Zona postal 5000, Buenos
Aires, CF

Tel: 239-639; fax: 237-339

Banco Sudameris, Tte Gral Juan D Peron 500, Zona postal 1038, Buenos
Aires, F

Tel: 331-4061/9; fax: 331-2793

Banco Supervielle Societe Generale, Reconquista 330, Zona postal 1003,
Buenos
Aires, CF

Tel: 394-4051/9

Banco Tornquist, Bartolome Mitre 531, Zona postal 1036, Buenos Aires, CF

Tel: 343-784/49; fax: 342-6090

Banco Union Comercial e Industrial Co-operativo Ltda, Av Espana 1342,
Zona
Postal 5500, Buenos Aires, CF

Tel: 250-400; fax: 250-729

Banco Velox, San Martiin 298, Zona postal 1004, Buenos Aires, CF

Tel: 394-0115/0665; fax: 394-8255

Banesto Banco Shaw, Sarmiento 355, Zona postal 1041, Buenos Aires, CF

Tel: 325-6500; fax: 312-4743

Caja Nacional de Ahorro y Seguro, Hipolito Yrigoyen 1750, Zona postal
1308,
Buenos Aires, CF

Tel: 476-4216; fax: 111-568

Deutsche Bank, Bartolome Mitre 401, Zona postal 1036, Buenos Aires, CF

Tel: 343-2511/9; fax: 343-3536

The First National Bank of Boston, Florida 99, Zona postal 1005, Buenos
Aires, CF

Tel: 342-3051/61; fax: 343-7303

Lloyds Bank, Reconquista 101, Zona postal 1003, Buenos Aires, CF

Tel: 331-3551/9; fax: 342-7487

PRINCIPAL NEWSPAPERS

Ambito Financiero, Paseo Colon 1196, 1063 Buenos Aires

Tel: 349-1500; fax: 349-1505

Argentinisches Tageblatt, 25 de Mayo 626, 1002 Buenos Aires

Tel: 319-561

El Atlantico, Bolivar 2975, Mar del Plata, 7600 Buenos Aires

Tel: 145-462

Buenos Aires Herald, Azopardo 455, 1107 Buenos Aires

Tel: 342-8470; fax: 334-7917

Clarín Daily, Clarín SA, Piedras 1743, 1140 Buenos Aires

Tel: 307-0340/49; fax: 307-0311

Cronica, Garay 130, 1063 Buenos Aires

Tel: 361-1001; fax: 361-4237

El Cronista, Honduras 5663, 1087 Buenos Aires

Tel: 777-1717

Diario Popular, Beguerestain 182, Avellaneda, 1872 Buenos Aires

Tel: 203-8091; fax: 203-2517

La Nacion, Bouchard 557, 1106 Buenos Aires

Tel: 319-1600; fax: 319-1611

Pagina Doce, La Pagina SA, Avenue Belgrano 671-77, 1092 Buenos Aires

Tel: 334-7203

La Prensa, Azopardo 715, 1107 Buenos Aires

Tel: 331-1001; fax: 343-3151

La Razon, Rio Cuarto 1242, 1168 Buenos Aires

Tel: 303-2270/3; fax: 303-1233

El Sol, H Yrigoyen 122, Quilmes, 1878 Buenos Aires

Tel: 253-4595

TRAVEL INFORMATION

Aerolineas Argentinas, Paseo Colon 185, Buenos Aires 1063

Tel: 317-3000, 317-3562; fax: 317-3585

Asociacion Argentina de Agencias de Viaje y Turismo (Travel Agents' Association), Viamonte 640, 10 Piso, 1053 Buenos Aires

Tel: 322-2804

Austral Lineas Aereas (ALA), Avda Corrientes 485, 9 Piso, Buenos Aires 1398

Tel: 340-7800, 317-3605; fax: 317-3992

Direccion de Turismo Municipalidad Buenos Aires, Sarmiento 1551, Buenos Aires

Tel: 461-251

National Tourism Office, Sante Fe 88, Ground Floor, Buenos Aires

Tel: 312-2232, 312-5550

Secretariat of Tourism, Presidencia de la Nacion, Suipacha 1111, 20th Floor,
1368 Buenos Aires

Tel: 311-4819, 312-5624, 311-2089; fax: 313-6834

OTHER USEFUL ADDRESSES

Administration of Agriculture and Agroindustrial Markets, Paseo Colon 922,
Piso 1, Of 131, 1063 Buenos Aires

Tel: 349-2272/4; fax: 349-2272

Administration of Fish and Marine Resources, San Martin 459, Piso 2, 1004
Buenos Aires

Tel: 394-1869, 394-5961

Administration of Forestry Production, Av Paseo Colon 982, Piso 1, 1063
Buenos Aires

Tel: 349-2101, 349-2103; fax: 349-2108

Administration of Geological and Mining Resources, Julio A Roca 651, Piso 8,
1322 Buenos Aires

Tel: 349-3131

Administration of Livestock Markets, Paseo Colon 922, 1063 Buenos Aires

Tel: 349-2287, 349-2294; fax: 362-5144

Administration of Markets of Non-Traditional Products, Paseo Colon 922,
Buenos Aires

Tel: 362-1738, 349-2280/2; fax: 349-2280

Administration of Mining Development, Av Julio A Roca 561, Piso 8, 1322
Buenos Aires

Tel: 349-3133

Administration of Native Forestry Resources, San Martin 459, Piso 2,
1004
Buenos Aires

Tel: 394-1869, 394-5961 x8189

Argentine Industry Association, Av L N 1067, Piso 10, 1001 Buenos Aires

Tel: 313-2012, 313-2512, 313-2561; fax: 313-2413

Argentine Institute of Plant Sanitation and Quality, Av Paseo Colon
982, 1063
Buenos Aires

Tel: 313-8311

Argentine Petrochemical Institute, Av Santa Fe 1480, Piso 5, Buenos
Aires

Tel: 813-3436; fax: 813-3436

Argentine Petroleum Institute, Maipo 645, Piso 3, Primer Cuerpo, Buenos
Aires

Tel: 322-3233, 322-3652, 322-3244; fax: 322-3233

Asociacion Argentina de Companias de Seguros, 25 de Mayo 565, 1002
Buenos
Aires

Tel: 313-6974; fax: 312-6300

Asociacion de Aseguradores Extranjeros en la Argentina (Association of
Foreign Insurance Companies in Argentina), San Mart(01(10n 201, 7 Piso,
1004
Buenos Aires

Tel: 394-3881

Association of Importers and Exporters, Av Belgrano 124, Piso 1, 1092
Buenos
Aires

Tel: 342-0010/9; fax: 342-1312'

British Embassy, Dr Luis Agote 2412/52, Casilla de Correo 2050, 1425
Buenos
Aires

Tel: 803-7070/1; fax: 803-1731

Bolsa de Comercio de Buenos Aires (Stock Exchange), Sarmiento 299, 1st
Floor,
AR 1353 Buenos Aires

Tel: 311-1174, 311-5231, 311-5235; fax: 312-9332, 312-6636

Bureau of Export Promotion, Av Julio A Roca 651, Piso

Centre for Business Promotion, Buenos Aires Stock Exchange, Sarmlento
299,
Piso 1, 1353 Buenos Aires

Tel: 311-5231/4; fax: 312-9332

Customs Authority, Hipolite Yrigoyen 250 Of 606, 1310 Buenos Aires

Tel: 331-7330; fax: 331-9839

Encotesa (Argentine Postal Company), Central Post Office, 2nd Floor,
Presidency Secretary's Office, 1000 Buenos Aires

Tel: 312-8323; fax: 315-1249

Federal Board of Investment, San Martin 871, 1004 Buenos Aires

Tel: 313-5557; fax: 313-1486

General Administration of Ports, Av Julio A Roca 734/42, 1067 Buenos
Aires

Tel: 345-744, 345-334

Geological Service, Av Julio A Roca 651, 1322 Buenos Aires

Tel: 541-3160/2

Instituto Nacional de Planificacion Economica, Hipolito Yrigoyen 250,
Buenos
Aires.

Junta Nacional de Carnes (National Meat Board), San Martin 459, 104
Buenos
Aires

Tel: 394-5161; fax: 322-9357

Junta Nacional de Granos (National Grains Board), Paseo Colon 359, 1063 Buenos Aires

Tel: 300-641

Ministry of Culture and Education, Pizzurno 935, 1020 Buenos Aires

Tel: 424-1551/9, 445-666, 448-110

Ministry of Defence, Av. Paseo Colon 255, 1063 Buenos Aires

Tel: 343-1561

Ministry of Economy, Public Works and Services, Hipolito Yrigoyen 250, 1310 Buenos Aires

Tel: 342-6411, 342-6421/9, 349-8814, 349-8810/2; fax: 331-0292, 331-2619, 331,2090

Ministry of Foreign Affairs and International Trade, Reconquista 1088, 1003 Buenos Aires

Tel: 331-0071, 312-1775, 312-3434; fax: 312-3593, 312-3423

Ministry of the Interior, Balear 50, 1064 Buenos Aires

Tel: 342-6081, 343-0880

Ministry of Justice, Av Gral Gelly y Obes 2289, Piso 7, 1425 Buenos Aires

Tel: 803-1051/3, 803-5453; fax: 803-3955

Ministry of Labour and Social Security, Av L N Alem 650, 1001 Buenos Aires

Tel: 311-3303, 311-2945

Ministry of Public Health and Social Action, Av 9 de Julio 1925, 1332 Buenos Aires

Tel: 381-8911, 381-8919

National Administration of Customs, Azopardo 350, 1328 Buenos Aires

Tel: 343-0661/9, 343-0101/9

National Administration of Fishing and Aquaculture, Av Paseo Colon 982, Anexo

Jardin, Piso 1, 1063 Buenos Aires

Tel: 349-2330/1; fax: 349-2332

National Administration of Fuels, Av Paseo Colon 171, Piso 6, Of. 620,
1063
Buenos Aires

Tel: 319-8030/1

National Commission of Telecommunications, Sarmiento 151, Piso 4, Of
435,
1041 Buenos Aires

Tel: 331-1203, 499-481

National Forestry Institute, Julio A Roca 651, Piso 7,

National Grain Board, Av Paseo Colon 359, 1063 Buenos Aires

Tel: 300-611; tx: 21-793

National Institute of Industrial Technology, Av L N Alem 1067, Piso 7,
1001
Buenos Aires

Tel: 313-3013

National Institute of Mining Technology, Parque Tecnologico Migueletes,
Casilla de Correo 327, 1650 San Martin

Tel: 754-5151, 754-4141; fax: 754-4070, 754-8307

National Institute of Statistics and Census, Direccion de Difusion
Estadisticas, Centro de Servicios Estadisticos, Av Julio A Roca 615, 1067
Buenos
Aires

Tel: 349-9651

National Viticulture Institute, Av Julio A Roca 651, Piso 5, Of 22, 1067
Buenos Aires

Tel/fax: 343-3816

Office of the President, Balearce 50, 1064 Buenos Aires

Tel: 331-5041, 303-608, 331-3183

Secretariat of Agriculture, Livestock and Fisheries, Av Paseo Colon
982, 1063
Buenos Aires

Tel: 362-2365, 362-5091, 362-5946; fax: 349-2504

Secretariat of Energy, Av Paseo Colon 171, Piso 8 Of 803, 1063 Buenos Aires

Tel: 349-8003/5; fax: 343-6404

Secretariat of Finance, Hipolito Yrigoyen 250, 1310 Buenos Aires

Tel: 331-0731, 342-2937, 341-8900; fax: 331-0292

Secretariat of Industry, Av Junio A Roca 651, 1322 Buenos Aires

Tel: 334-5065, 342-7822; fax: 331-3218

Secretariat of International Economic Relations, Reconquista 1088, 1003 Buenos Aires

Tel: 331-7281, 331-1073; fax: 312-0965

Secretariat of Mining, Av Junio A Roca 561, Sector 9, 1322 Buenos Aires

Tel: 349-3212, 349-3232; fax: 343-3525

Secretariat of Public Works and Communications, Sarmiento 151, 1041 Buenos Aires

Tel: 499-481; fax: 312-1283

Secretariat of Transportation, Av. 9 de Julio 1925, 1332 Buenos Aires

Tel: 381-1435, 381-4007

Secretariat of Trade and Investment, Hipolito Yrigoyen 250, 1310 Buenos Aires

Tel: 331-2208

Sociedad Rural Argentina (one of the main associations of big landowners),
Florida 460, 1005 Buenos Aires

Tel: 392-2030, 322-2111

Subsecretariat of Economic Planning, Hipolito Yrigoyen 250, Of 843, 1310 Buenos Aires

Tel: 349-5079; fax: 349-5730

Superintendencia de Seguros de la Nacion (Insurance Superintendency), Av Julio A Roca 721, 1067 Buenos Aires

Tel: 306-653

Supreme Court, Talcahauno 550, Piso 4, 1013 Buenos Aires

Tel: 401-540; fax: 402-270

Telecom Argentina Stet-France Telecom SA, Maipu 1210, 9th Floor, Buenos Aires

Tel: 968-3604, 968-3606

Trade Information and Opportunities, Reconquista 1098, 1003 Buenos Aires

Tel: 315-1125; fax: 311-1331

US Embassy, Avenida Colombia 4300, Palermo 1425 Buenos Aires

Tel: 774-7611; fax: 775-4205

Undersecretariat of Air, River and Maritime Transport, Hipolito Yrigoyen 250,
1310 Buenos Aires

Tel: 349-7205; fax: 342-6365

Undersecretariat of Interior Security, Balear 50 Post box 1064, Buenos Aires

Tel: 342-9440 Ext 579; fax: 331-7051

Undersecretariat of Investments, Hipolito Yrigoyen 250, Piso 10 Of 1010, 1310
Buenos Aires

Tel: 349-8515/6, 349-5037; fax: 349-8522

Undersecretariat of Medical and Sanitary Inspection, 9 de Julio 1925, Piso
10, Of 1003, 1332 Buenos Aires

Tel: 383-1811; fax: 381-8912

Undersecretariat of Ports, Espana 2221, Espana 2221, Buenos Aires.

Union Industrial Argentina (main private sector industrial association),
Avenida Leandro N Alem 1067, 11 Piso, 1001 Buenos Aires

Tel: 313-2762

US Embassy, 4300 Colombia, 1425 Buenos Aires

Tel: 777-4533; fax: 777-0197

World Trade Centre Buenos Aires, Moreno 584, Piso 6, 1091 Buenos Aires

Tel: 331-3432, 331-2604; fax: 343-4270

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Newspapers:

<http://www.lanacion.com.ar>

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<http://www.pagina12.com.ar>

Investment opportunities:

<http://www.invertir.com>

<http://www.externa.com.ar>

Agricultural and economic information:

<http://www.inta.gov.ar>

Economic information:

<http://www.stat-usa.gov/bems/bemsarg/bemsarg.html>

Secretariat of Commerce, Industry and Mining (investment opportunities):

<http://www.mecon.ar/invest/invest.htm>

INDEC (National Statistics Agency):

<http://www.indec.mecon.ar>

Information on Mercosur:

<http://www.ar/SECEC/index.htm>

Argentine wines:

<http://www.topwines.com.ar>

Ministry of Economy and Public Works:

<http://www.mecon.ar/> ENGLISH