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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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CREATION DATE/TIME:16-MAY-1997 14:06:00.00

SUBJECT: Economic Team Briefing

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Message Creation Date was at 16-MAY-1997 14:06:00

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 16, 1997

PRESS BRIEFING BY

CHIEF OF STAFF ERSKINE BOWLES,

SECRETARY OF TREASURY BOB RUBIN,

DIRECTOR OF OMB FRANK RAINES

DIRECTOR OF THE NATIONAL ECONOMIC COUNCIL GENE SPERLING ,
AND CHAIR OF THE COUNCIL OF ECONOMIC ADVISORS JANET YELLIN

The Briefing Room

12:19 P.M. EDT

MR. TOIV: Welcome to the White House on this very happy day. We have briefing on the budget today. First we will have remarks from Erskine Bowles, the Chief of Staff, of course, and we'll also have available to answer questions Gene Sperling, the President's Senior Economic Adviser. We'll have Frank Raines, Director of OMB; Bob Rubin, Secretary of the Treasury; Larry Summers, Deputy Secretary of Treasury; Jack Lew, Deputy OMB Director; Janet Yellin, Chair of the CEA; and Chris Jennings will be able to answer health-related questions. And I'll get out of the way.

MR. BOWLES: Thank you very much, Barry. Clearly, as the President said a few minutes ago, this is a very proud day for America. It's especially a proud day for this President and for those folks who made that very tough vote back in 1993 that has enabled us to reduce the deficit by 77 percent, from \$290 billion all the way down to \$67 billion.

It's also a very proud day for all of us who have had a chance to work on this bipartisan agreement. Without a real spirit of cooperation and a very positive attitude, it clearly would not have happened. The team that's up here with me now -- Bob Rubin, Frank Raines, Gene Sperling, Janet Yellin, John Hilley, Jack Lew -- have all done a magnificent job in trying to move this forward in a very positive manner.

I also have nothing but the highest admiration and respect for all of the people, both the principals and the staff, in the Congress who worked on this -- Senator Daschle, Senator Lautenberg, Congressman Spratt, Tom Keane, Bruce King on the Democratic side. On the Republican side, the Majority Leader, Mr. Lott, Speaker Gingrich, John Kasich, Chairman Domenici, Bill Hoagland and Rick May all just could not have been more cooperative. It really was the positive attitude of these people that made this happen.

What I think that we in the White House are happiest about is that we have finally now had the chance to really drive a stake into the heart of fiscal irresponsibility. We will now be able to balance the budget by the year 2002, but we'll also not just balance the budget, but we will balance the budget in the right way, by protecting the values of the American people.

This balanced budget will continue to do those things that are necessary to grow the economy. It will continue to invest in education, in training, so our kids will have the skills they need

to compete for those high-wage-paying jobs in the global marketplace. It will continue to invest in early childhood programs, so our kids are prepared to enter school ready to learn. And the President will definitely, because of the firm commitments in this budget, be able to deliver on his promise that every 8-year-old will be able to read, every 12-year-old will be able to log on to the Internet, and every 18-year-old will be able to graduate from high school with a diploma that means something and have the opportunity to go on for two additional years of education.

This balanced budget agreement also allows us to extend the life of the Medicare trust fund, out to the year 2008, solving the short and intermediate-term problems associated with Medicare. It will also provide health care insurance for five million additional kids. It will help us move a large number of folks from welfare to work, to implement the welfare reform legislation that was passed last year. It will restore disability and health care benefits to legal immigrants. It will protect our environment by cleaning up 500 toxic waste dumps and by allowing us to implement the Brownfields initiative. And, lastly, it will provide tax relief to hard-working Americans while ensuring that the cost of these tax cuts will not explode in the out-years, causing fiscal irresponsibility to return.

I truly believe this has been a great day for this

country, a great day for America. I'm very proud to have had a chance to be a part of the team. And now I'd like to bring on Frank Raines, who will answer any questions that you might have.

Frank.

MR. RAINES: I don't have anything to add to what Erskine has said. Why don't we just go to any questions you've got and each of us will answer them.

Q When you gentlemen and lady stood before us two weeks ago, you insisted that the bulk of these tax cuts would go to the middle class. Now, many of your Democrats are saying one of two things -- either that's not going to happen and it's going to be a disproportionate tax cut for the wealthy, or, number two, you simply cannot deliver on all the tax cuts that have been promised, and thus, what's going to happen is that in the budget committee -- or in the tax-writing committees, that's where the real work is going to get hashed out, and the Republicans control those. Number one, can you assure us that the bulk of this goes to the middle class? And, number two, can you assure us of anything at this point?

SECRETARY RUBIN: Yes, I think -- you have the document.

I think one thing we can certainly assure you of is that there is a very good framework now to create a tax cut that's good for the American people. In terms of the distribution, we've got a \$35 billion education tax credit. There surely is going to be a large

child tax credit -- I shouldn't say "surely," but it would seem very likely given that the President has strongly proposed a child tax credit and the Republicans -- the majority of Congress has proposed a child tax credit. So if you put the expenditures on tax cuts together in the budget, far the greater part of those expenditures will be on tax cuts that are directed toward middle income people.

Q What's the value of those two tax cuts?

SECRETARY RUBIN: Wolf, nobody -- the only provision with respect to the specifics of the tax cut that exists right now in the agreement is roughly \$35 billion for the education tax cut. The rest is going to have to be worked out in the committees and the administration working with the committee. So nobody knows what the numbers are. But if you look at what the President's proposal was with respect to child tax credit, and you look at the majority in

Congress, and you take those numbers -- anything on that spectrum --and you add it together with the education tax credit, that is going to be the predominant portion of the total tax cut.

Q And what will be the value, approximately, ballpark, of the estate tax relief and the capital gains tax cut?

SECRETARY RUBIN: Wolf, there are no specifics that have been agreed to beyond the agreement, as Erskine said, that we've had

an affordable tax cut for the first five years with a net of \$85 billion, and that we would have a total tax cut on a net basis of \$250 billion -- that's on a net basis -- and that within the context of the first five years there would be roughly \$35 billion for the education tax cut. Those are the only specifics with respect to the tax cuts that have been agreed upon.

Q What kind of capital gains tax cut do you imagine?

What sort of road-based capital gains tax cut would you look for?

SECRETARY RUBIN: I don't know -- I think it is likely there will be a capital gains tax cut because that is something that the majorities in Congress have wanted to have from the very beginning. What its specifics will be, it seems to me, is something we need to work together with the committees on and get a capital gains tax cut as well as a total tax cut program that's good for the American people.

I think what's happened here, though, is really very positive, because what you have is a framework that is affordable. You have a framework that prevents an explosion in the outer years, and, therefore, protects the fiscal responsibility of this program. And you have specifically set forth the commitment to include roughly \$35 billion in education tax credit. And then there are additional savings with respect to the list of relatively small tax cuts, such as the Brownsfield, that people said they would work to create. And those are the only specifics in the agreement, but you have a very

good framework and now we need to work together to get a tax cut for the American people.

Q I just don't see how the numbers quite add up to produce the kind of -- I mean, you have all these things that they say will be part of it and I don't quite see how you get a broad-based capital gains tax cut as part of that deal. Doesn't it kind of put the Republicans in a box, they have to make a choice --

SECRETARY RUBIN: I think we all need to work -- you've got a lot of proposal that have been advocated by a lot of people. They can't all be fully accommodated, and I think what we need to do is all work together to get a tax cut that meets the interests of the American people, and most importantly, it's got to fit within this context.

Frank, did you want to add something?

MR. RAINES: Remember, this is a budget agreement, it's not a detailed tax bill. And the budget has done what a budget is supposed to do -- it's provided the parameters. We know how big the tax cut will be in the first five years, and over 10 years. The items that we know will be in there are the President's education tax credits, and we're working on the additional items that we've proposed. The committee is obviously going to have to fill in the rest, but that's usual -- is that the committees have work to do here and they have far more demand than they've got room to deal with, and

they're going to have to work that out. But that's traditional in every tax bill.

Q Right, except the difference is that what you're doing, though, is you're telling us and you're telling the American people, this is a tax cut, the bulk of which, or a lot of which, will go to the middle class, and, in fact, you can't really say that, can you?

SECRETARY RUBIN: It seems to me all you can say at this point is what is likely to happen, but when you consider that the President has advocated, and has included in his budget, a substantial child tax credit, the congressional majority proposed a child tax credit that was larger, it seems to me likely -- though, as you say, no specifics are set yet -- that you're going to have a substantial child tax credit, which the President believes you should have. If you take a substantial child tax credit and you add together the education tax credit, that will be -- if it works out that way that will be the bulk of the money that's spent on tax cuts, and that does go to middle-income Americans.

Q Could you tell us, Mr. Secretary, what the administration's position is on the estate tax relief? It's \$600,000 per estate now. What would you be willing to see it go up to? And on capital gains it's 28 percent; how low would you, the administration, like to see that capital gains tax rate go?

SECRETARY RUBIN: Wolf, I think it is likely that you will have both capital gains and estate tax provisions in this legislation. Beyond that, I think that the only thing that I can tell you is that we're going to work with the committees to develop proposal that are in the interests of the American people. And beyond that, I don't think anybody can say what the specifics will be. This is the beginning of a process.

Q But you said in the past, you and the President have both said that you believe in targeted capital gains tax cuts, not a broad capital gains tax cut. Is there any condition placed on the capital gains tax cut?

SECRETARY RUBIN: There was no condition placed on capital gains. I'll just repeat what I said before, Mike. There are no conditions with respect to the capital gains tax cut. Clearly, there are going to be a lot of different views as to what its content ought to be and we all need to work together, and that's what we are committed to doing.

Q Mr. Bowles, you mentioned that the Medicare trust fund would remain viable through 2008 under this agreement. There are critics who feel that the outcoming baby boomer generation will not be adequately protected, that decisions on them, on that generation have been postponed. What assurances, if any, are there that they will be taken care of?

MR. BOWLES: I think the answer to that is the same answer we have given all along. Within the context of a balanced budget agreement we wanted to solve the short and intermediate-term problems associated with the Medicare trust fund and extend the life of it out at least for a decade. We have done that.

We do need, and we have said all along, it should be a two-step process, and we need a bipartisan process now to address the long-term needs associated with both Medicare and Social Security.

Q What is the President going to do to address that?

MR. BOWLES: He'll be announcing that at the appropriate time.

Q This is a non-budget question. Could you explain why so few Democrats voted for the abortion alternative that the President supported?

MR. BOWLES: I cannot, but I'm sure that when Mike comes out he'll be prepared to answer that.

Q Mr. Bowles, on the legal immigrants, did both sides agree to restore everything that was there before, or are these still some things missing?

MR. RAINES: On legal immigrants, the President had said

last year when he signed the welfare bill that he thought the bill had gone too far and it dealt with legal immigrants unfairly. What the agreement is is to restore benefits to disabled immigrants who were in the country as of the date when the President signed the bill, which is a restoration for the most needy that we believed was an unfair provision of the welfare reform bill. And so it is a movement in the right direction. It does not have restoration for everyone who were excluded in this agreement. But it picks up everyone from that time or anyone who has become eligible and is currently receiving benefits who are disabled legal immigrants.

There are a couple other provisions that we -- just to focus your attention on -- which will just give you the framework of this. We've got in gross savings in this agreement \$320 billion, \$1.2 trillion over 10 in gross savings. The net savings are \$204 billion, \$906 billion over 10 years, after taking into account the tax cuts. But also some numbers that I think you've shown interest in before, those immigrant provisions that we just talked about, the five-year total is \$9.7 billion to restore those benefits. We have \$1.5 billion to restore benefits under the food stamp program. All \$3 billion that we requested for welfare to work is included in this agreement. Children's health, \$16 billion for the new children's health program to cover up to five million new kids. We've got \$1.7 billion of environmental efforts for Superfund and land acquisition and another \$1.5 billion offsetting the impact of any premium increases on low income elderly.

So these are numbers that we talked to you before about and I just wanted to reiterate to you that these have been achieved in the agreement.

Q Has the President decided when he wants to submit fast track legislation to Congress? This may not actually a question for you, but maybe for Mr. Bowles or Mr. Sperling, Mr. Rubin.

MR. BOWLES: We have not made that decision yet. As the President has said, we do want to do it this year, but we have not made a decision on the timing. The President is -- we have a recommendation that we are preparing to submit to the President; he has not received it yet. He will probably receive it today and will make a decision in the not-too-distant future.

Q Does that recommendation call for submission of this legislation in either June or September?

MR. BOWLES: It calls for submitting it this year, absolutely.

Q Erskine, while we have you up there, maybe you could explain so we -- there seems to be a little controversy in Tuskegee that the President didn't go to Tuskegee to make this formal apology on behalf of the federal government, but instead forcing the survivors to come up here. And that was, supposedly, at least some of the critics have been suggesting, that was a sign of disrespect.

Was there consideration of the President going to Tuskegee, and if so, why didn't he go there instead of inviting everybody up here?

MR. BOWLES: Wolf, I believe that we felt that people would really be honored to have a chance to come to the White House. Most people in America really look forward to the chance to come to a Rose Garden ceremony, and we thought this was a way we could really honor these people in the highest and best way. And that was the reason we decided to do it here.

Q But it's in the East Room, not the Rose Garden.

MR. BOWLES: The East Room, too.

Q But part of their concern, I think, was due to the extreme age of some of the survivors, whether it would be a hardship on them to make the trip.

MR. BOWLES: Our hope is that they will be honored. This is a chance for us to honor them. It's a chance for us to issue an apology. It's something that we wanted to do in the best way we possibly could, and we thought doing it here at the White House would honor that kind of commitment.

Q Just going back to the fast track issue, the President repeatedly called in public for fast track authority. What

is the delay? Why not submit the legislation, just go ahead and do it? Can you enlighten us on that?

MR. BOWLES: We may submit to legislation -- we will submit to legislation this year. We have not made a decision as to when we will submit it. We will make a recommendation to the President. That recommendation will probably go in today, and I don't want to guess when we will make -- what the outcome of that recommendation will be.

Q What is holding it up, is my question. Why is there a delay? Because he's been saying for months --

MR. BOWLES: We've been consulting with members of Congress; there are a number of very difficult issues involved with it, as you well know. We want to make sure that when we go we have the best opportunity of getting it passed.

Q Can you tell us what the issues are? (Laughter.)

MR. BOWLES: I'm not going to get into it until after the President has a chance to review the legislation.

Q I just want to get back on capital gains with Secretary Rubin. You know the politics of tax cuts as well as anyone, and the \$35 billion for the President's education tax cut kind of puts the Republicans in a box if they want to deliver both a

child tax credit for the social conservatives and a capital gains tax cut for their business backers. And if they decided that they would rather go with a broad-based capital gains tax cut and -- on the child tax credit, as long as it kept the President's \$35 billion for education tax cuts, would that be acceptable to the administration? Mostly a capital gains --

SECRETARY RUBIN: I hear you. Let me respond this way if I may. I don't think anybody has put anybody in a box. I think that Frank said it very well -- this is a budget process; there are a lot of views as to what the rest of the tax cut ought to be over and above the \$35 billion. The letter itself says that the House and Senate leadership will seek to include various proposals. This is distinguishable from the language on the education, which was "it was agreed that the package must include," and then it goes on to say "we'll seek to include various proposals in the administration's '98 budget as well as various pending congressional tax proposals."

We've all got to work together now to come up with a sensible tax package, and you're trying to take us much further down the road than we are at the present time. Do I think it's likely there will be a capital gains tax cut proposal in the agreement? Yes, I do think so.

Q But what if it became mostly the President's --

SECRETARY RUBIN: You can raise a zillion hypotheticals;

I'm not going to respond to them at this point because I truly think -- we all want to work together. We are entering this in a very -- just the same spirit this thing has gone on so far, a bipartisan spirit of getting to a tax package that is good for the American people.

MR. SPERLING: Can I just -- just one reason why it would be logical to infer what the Secretary of Treasury said is that if you look at what Senator Lott put out for their initial tax package proposal, which was \$193 billion over five years, \$109 billion of their proposal when they were choosing themselves was the child tax credit. The fact that the child tax credit was a core part of the contract, a core part of S-2, and that not only has the President supported it, but many major leading Democrats in Congress have supported it -- actually, -- was probably the first proposal; Congressman Gephardt has proposed it -- I'm just saying that it would be very, very unlikely that the tax credit that has the broadest impact on American families and they've supported they would want to pull back. So that's just very logical to infer that everybody would have an interest in having that kind of tax credit.

I just wanted to mention just one or two numbers that we might not have gotten on our domestic discretionary. One of the most important things in it is on the Pell Grants, which goes to nearly 4 million low-income people going to college. We are very happy that there is an agreement to take our expansion which goes from \$5.9 billion in fiscal year '97 to \$7.6 billion in fiscal year '98, a \$1.7

billion -- or 29 percent increase in a single year.

And this will mean that over a two-year period, over 3, nearly 4 million low-income people going to college will be getting \$500 more per year. And, as part of our plan, we would bring on a few hundred thousand new people who are older students who previously had not been eligible. Other things that were agreed to were our levels in Head Start, which was an 8 percent increase of \$324 million, a nearly 10 percent increase in the EPA operating budget, which would be \$293 million, and a doubling of our Technology Literacy Challenge, which is the new initiative that the President has, which is designed to be part of our goal to make every 12-year-old technologically literate.

Q The Lott-Gingrich letter still uses the figure of \$500 per child. I assume, Mr. Secretary, from your comments, your not comfortable seeing that kind of figure just yet.

SECRETARY RUBIN: No, that was our child tax cut proposal, too.

Q But are you certain it's going to be \$500 per child? You're not comfortable saying that, are you?

SECRETARY RUBIN: I'm very comfortable -- that was our proposal, and it was also their proposal. I agree with Gene. It seems to me, if both sides have proposed it, it's very likely to

happen.

Q Except there was one significant difference --

SECRETARY RUBIN: Unless you get some third party --

Q But yours phased in in a while and also kind of --

SECRETARY RUBIN: No, you all are trying to get -- with all due respect -- we have a budget agreement, we have a very good framework. It got bipartisan agreement. It is fiscally responsible. It precludes an explosion in the out-years. It has a specific with respect to the education tax credit. Then it says, people will work together to do a bunch of things, and we have now got to work on the specifics. That all has to work out as a result of the process of the committees and the administration working together.

Q What will be the cap on the \$500 per child tax credit, as far as income per family?

SECRETARY RUBIN: Wolf, I can honestly say that I do not know. (Laughter.)

Q Let me put this another way, with the tax cuts --

MR. RAINES: You're not going to get us to write the tax bill standing before you. The Congress of the United States has a legislative process. This is a budget agreement. It is the most

far-reaching and the most detailed budget agreement in history, but it is not legislation. Congress has to enact legislation, and on the tax bill there are lots of details that they will be filling in and that you will have more than enough opportunities to look at those, and we will be participating with them, with our ideas as to how they should be filled in.

Q With respect to these specific cuts, is everything in this document agreed upon, for example the student loans? You say you're going to save \$1.7 billion and \$1 billion will come from the guarantee agencies. Has that been agreed upon by the Republican leadership?

MR. RAINES: I can comfortably say, everything in this document -- (laughter) -- every word, every number has been agreed upon as part of the agreement. This is the specifics you were looking for; they are right here, 26 pages of specifics that lay out what the budget agreement is.

Q Let me posit this a different way. Obviously, if the White House didn't have some concerns about how this tax portion of the legislation is going to get written, it would not have insisted on a two-tiered approach, whereby you do the tax cuts separate from the budget process. That assures you some level -- for example, the veto threat. So my question is, is it not accurate to say that it was because you were worried about how the tax cut portion gets written that you want to do it separately? And number

two, if you are to a degree concerned about that, what are your concerns? I mean, what would cause the President to veto a tax cut bill? Or if not -- I mean, at some level you have to have some concerns.

MR. RAINES: Let me put it this way. Actually, I believe the first person to suggest separating the tax bill was the Speaker, and so I don't think it's accurate to say that this is either a Democratic or a Republican idea. It is what both sides agreed to as the appropriate way to go, and I think they have very good reasons to support and we have very good reasons to support it.

The President has already said that he will sign a bill that comports with the parameters of the agreement, he will not sign a bill that doesn't comport. And when he sees the bill, he will know whether or not it comports with the agreement or not.

But this is not -- there is no mystery here. This is an area in which it's clear both Democrats and Republicans on the Ways and Means Committee and the Finance Committee have said that it is their job to fill in the details of the tax bill. We respect that and the agreement respects that. And we expect to work with them, both Democrats and Republicans, to put together a tax bill that meets the aspirations of the American people. And I think that that's -- the important thing here is that what is often the most contentious part of a tax bill, which is how big will it be, how will it be paid

for, and whether or not the President's priorities will be respected -- that's all in this agreement. There is a lot more to be done, but from our perspective this is an outstanding agreement on taxes and sets a framework for us to move forward in a fiscally responsible way.

The one thing we know won't happen this time is what happened in 1981, where a tax bill grew and grew and grew and people -- their compromises came from adding to the tax cuts. Here, people are going to have to make tough decisions because they've only got so much allowed to them. And so I think we're going to see probably one of the most responsible efforts at cutting taxes that we've seen in recent years.

Q One non-budget question, Mr. Bowles, I just wanted to follow up on the question I asked you earlier. Are you saying that the President's spokesman has some information about this abortion initiative that you as the Chief of Staff do not?
(Laughter.)

MR. BOWLES: What I am saying, Mara, is I spent all day yesterday, until around midnight, in conferences with people going over this budget. I haven't talked to the President about the vote this morning. Michael has and I'm sure Michael can answer your question with a little bit more specificity than I can.

Q Mr. Raines, one other subject you're working on is

the District bailout package and memorandum of understanding is to be signed today by the Mayor. What are you going to do to navigate that through the Congress and are there any hurdles that you foresee, you know, bringing it to fruition?

SECRETARY RAINES: Well, I'm going to be meeting with the Mayor and the head of the City Council and Dr. Brimmer this afternoon. They have, in fact, already signed the MOU. I will sign it this afternoon in a meeting with them. And we will plot strategy for going forward and having this enacted.

One of the things I think we're particularly proud of is that this agreement specifically protects the elements of the President's plan relating to the District of Columbia -- in taxes, in Medicaid. And, therefore, we have, included in the agreement, the room for the President's proposal. We now have to work to move as rapidly as we can to get that enacted into law. And the fact that we've got this agreement I think is very good, because it provides a framework and support around the President's proposal to ensure that we don't have this proposal lost among the competing demands that face Congress.

Q Councilman Norton was very disappointed in what she called the public spat between you and the City Council. Are you going to avoid that as you go down the road?

SECRETARY RAINES: I don't think there was a public spat between me and --

Q Well, over the memorandum of understanding, there was, because they rejected it initially and then they had to come around.

SECRETARY RAINES: Well, I don't think I had a spat -- if they took a little longer to come around to agreeing than might have otherwise been the case. I would have preferred that we had an agreement earlier. It would have given us more weeks to work the legislation through the process. But this is a democracy and we support home rule and these are elected officials and they have to have the right to work through a very complicated proposal and make up their mind. They took that time and they now agreed to the MOU and we are all working hand in hand. So it would be surprising on something this complicated if everybody agreed on every detail. But I think what's really surprising to many is that we now have this agreement, after all of the concerns were expressed and worked through. And now we can move forward in a united way to get the President's plan enacted.

MR. TOIV: Thank you, everybody.

MR. SPERLING: There's one point -- I'm sorry, we just --

Q You've got a few more numbers? (Laughter.)

MR. SPERLING: Yes, there's one thing -- because this was, I think, misreported repeatedly over the last two weeks and I think it's an important point to make, which is that of the \$225 billion in the assumptions that were changed at the end by CBO, about \$120 billion had already been assumed in the budget negotiations. In other words, Chairman Kasich and Chairman Domenici had already assumed the revenues would be about \$120 billion higher.

Of the remaining \$105 billion, perhaps around \$40 billion was used to relieve various provisions to increase bipartisan support. But the main point is that about 80 percent, or over 80 percent of the \$225 billion had already been assumed or was used for deficit reduction -- over 80 percent. It was a very small portion that was used at the end for highways, to get rid of the Medicaid per capita cap, to make this bill a little more popular and increase its bipartisan support. But, again, it was only a small fraction of the \$225 billion that was used at the end. The overwhelming majority was already incorporated in the balanced budget plan.

Q Could you just talk about the minimum wage for work

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MR. SPERLING: Actually, Mike is going to address that

when he gets out. Thank you.

Q When is Mike coming out?

MR. TOIV: Mike will be out very shortly, very shortly.

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Ua-Content-Id: MBLINKAA

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Subject: 1997-5-19 Young Presidents Organization remarks of Pres.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 19, 1997

REMARKS BY THE PRESIDENT
TO THE YOUNG PRESIDENTS ORGANIZATIONS

Room 450

The Old Executive Office Building

2:48 P.M. EDT

THE PRESIDENT: Thank you very much. Please be seated.

First of all, welcome back to Washington. I'm delighted to see you.

I always enjoy meeting with this group. I think a lot of you know that at least -- I've identified at least three errant members of my

administration who have been associated with YPO -- Erskine Bowles, Mack McLarty, and Phil Lader. There may be more, and if there are, they'd probably like to be back with you instead of over here with me. (Laughter.)

I will try to be succinct about what I want to say. I know that the Treasury Secretary and others are coming on in a few moments to talk about the details of our budget agreement and some of the other issues that are cooking around here in Washington today. But I'd like to use this opportunity to make an official announcement about China. And let me just sort of set the stage by saying I think that our country has three huge questions that we are in the process of answering as we move into a new century and a very different time.

One is, how are we going to preserve a structure of opportunity for the next generation to keep the country going and growing? The second is, what kind of society are we going to be? Is this country going to work as a whole? Can we deal with problems of crime and welfare and the intergenerational responsibilities as the baby boom generation retires? And can we learn to live in what is rapidly becoming the world's most rapidly multiracial multireligious, multiethnic democracy? There are four school districts in America now where the children come from more than 100 different ethnic groups in one school district.

And the third great question is, are we prepared to do what it takes to see the United States continue to be the world's

leading force for peace and freedom and prosperity? Because, ironically, at the end of the Cold War, because we are not in two armed camps in the world, all of our economic and military strength can only be brought to bear if we're willing to become more interdependent with the rest of the world and recognize our linkages.

In some ways, the decision that we have to make every year about China reflects elements of all three of those great questions -- our prosperity, the kind of society we are, and how we're going to deal with the rest of the world. The United States has a huge stake in the continued emergence of China in a way that is open economically and stable politically. Of course, we hope it will come to respect human rights more and the rule of law more, and that China will work with us to secure an international order that is lawful and decent.

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I have decided, as all my predecessors have since 1980, to extend Most Favored Nation status to China for the coming year. Every Republican and Democratic President since 1980 has made the same decision. This simply means that we extend to China the same

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normal trade treatment that virtually every other country on Earth receives from the United States. We believe it's the best way to integrate China further into the family of nations, and to secure our

interests and our ideals.

But as we have had controversies and differences with China over the years, this decision itself has become more controversial, because there are those in both parties in the Congress who believe that if we hold our trade relationship hostage to China because of our differences on human rights, our weapons technology, or the future of Hong Kong, we will have more influence since we buy about 30 percent of China's exports every year -- sometimes we buy even more.

But I believe if we were to revoke normal trade status it would cut off our contact with the Chinese people and undermine our influence with the Chinese government. This is a big issue this year because, as many of you know, under the agreement signed more than a decade ago between Great Britain and China, Hong Kong is reverting to China shortly.

I think it's interesting that Hong Kong, which has the world's most open trading system, has vociferously argued to the United States that we should extend Most Favored Nation status. Even those people in Hong Kong that have been most passionately identified with the cause of freedom and human rights and have been most in conflict with the Chinese have argued that we have to maintain an open trading relationship with them so that we can continue to work with them. I might also say that if we were to revoke their normal trading status it would close one of the world's most rapidly

growing, emerging markets, one that already supports 170,000 American jobs and doubtless will support more in the years ahead.

So our broad policy is engagement. That doesn't mean that we win every point, but it means we work together when we can and we're honest in our disagreements when they exist. For example -- and I think it's important to point this out -- we actually work together with China quite a lot. We worked with them to extend the Nonproliferation Treaty indefinitely. That means that we've got over 170 countries in the world that say they will never develop any kind of capacity to proliferate nuclear weapons around the world in other countries, and they agreed to be tested for it.

We worked with China to get a historic accord on the comprehensive ban of nuclear testing. We worked with them to freeze North Korea's nuclear weapons program, which, when I became President four years and four months ago, I was told was the most immediate major security concern of the nation at the time. We work them now to advance the possibilities that there will actually be a lasting peace on the Korean Peninsula, which is the last frontier of the Cold War.

We also work with them on drug-trafficking, terrorism, alien smuggling, environmental decay. And when we don't agree with them, we have found ways to say so without cutting off all of our contacts. We pressed them to stop assistance to unsafeguarded nuclear facilities in other countries. We insisted that they protect

the intellectual property rights of American videotape and compact disc makers. That's a huge economic issue for America. And so far China has done what they said they would do in closing down its facilities that were essentially stealing money and jobs from America's businesses. That's still an ongoing problem; it will continue to be one, as it has been in every emerging country a long way from the United States that can copy things that we do here. But we have certainly fought to reduce the problem.

We also took action to show our displeasure with provocative military actions in the Taiwan Straits last year, and we /,

stood up for human rights at the Human Rights Commission meeting of the United Nations.

So we have ways to deal with our differences. There are those who believe that our differences are so profound they would --we would get our way more, if you will, or our position would be more likely to prevail, if we cut off all trade contact. I believe that is wrong. And we're going to have a big debate about it in the Congress. But today, in front of you, I thought I would make this formal announcement that I do intend to extend Most Favored Nation status. The way it works under the law is, now Congress has a chance to try to undo this, and we will have a big debate in the Congress. While you're here, if you have an opinion on it, I hope you'll express it to your senator or member of Congress.

But how we deal with this goes back to the larger question: What is our role in the world? Do you believe we should continue to be the world's leading force for peace and freedom and prosperity? If so, how? What kind of society are we going to create? Are we going to be one nation or are we going to become more divided by race, by generation, by income? And how are we going to preserve a structure of opportunity?

Now, let me say when I came here I felt very strongly that we would have to change the economic policy, the social policy of the country, the way the government worked -- the federal government worked -- and we would have to have a much more aggressive and comprehensive approach to the world. On the economic policy, when I came here we had a \$290 billion annual deficit with no end in sight. I was told it would be way over \$300 billion by this year. It's going to be \$67 billion this year -- 77 percent less than it was the day I took office.

And we also have been very aggressive about trade. Again, there are people in both parties who seem to believe that America is disadvantaged by open trading systems because we pay higher wages than other countries; and because many other countries, especially developing countries, have more closed economies than ours. Well, now we have some evidence to judge which theory is right.

I've always believed that open trading was good for us because it kept us on our toes, it also helps to keep inflation down and productivity up. We've got some evidence now, because in the last four years we've had 200 new trade agreements as well as the NAFTA agreement and the World Trade Organization being set up, and an agreement in principle with the Asian Pacific countries to go to a free trade area there by early in the next century, and an agreement with the Latin American countries to go to a free trade area of the Americas early in the next century.

In the midst of the welter of all that activity, we can see what the consequences were. We also downsized the government and increased our investment in education, technology and science and medical research.

Now, after four and a half years, the deficit's come down by 77 percent, we have the lowest unemployment rate in 24 years, the lowest inflation rate in 30 years, the highest business investment in 35 years, the smallest federal government in 35 years and as a percentage of the civilian work force, it is the same size it was in 1933 when President Roosevelt took office before the New Deal.

So I think it's hard to argue that we're not moving in the right direction. We've also, parenthetically, had the biggest decline in inequality among classes of working people in over 30 years. So America does not have to be afraid of competition.

America can balance the budget and increase investment where we need to increase investment, and we can do this in a disciplined way.

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In the area of social policy, we've passed a new crime bill, took a different approach to welfare, basically tried to put the family back at the center of social policy and reconcile a lot of the emerging conflicts between family and work, which is bedeviling most working families throughout the country, including people in rather high income brackets. It is a general problem of our society. And we have had the biggest drop in welfare rolls in 50 years in America in the last four years, before the impact of the new welfare reform law. And I'll say more about that in a minute.

The crime rate has gone down five years in a row in America for the first time in 22 years. And we now know exactly what to do about it. It's just a question of whether we will. Not only that, on the more troubling problem of youth and gang violence, the city of Boston, the city of Houston, and a few other big cities in America have seen big declines in youth crime. And in Boston, Massachusetts, not a single child under the age of 18 has been killed with a gun in a year and a half now.

So there is a lot of confidence in this country now that we can actually make sense out of our common life, that we can actually deal with these problems. And that's very important. And

for the rest of us, it's great because we don't have to think up something to do. We've got a road map out there; we can just try to replicate it, community by community, to make it work.

In the area of our relationships with each other and our diversity, I would say that we have made some significant progress. We now -- I think as a country we're still debating a lot of these things, like affirmative action, and I have my own views about that. But I would hope that the American people at least understand that if you look at how big the world is getting, and the fact that our population is relatively smaller as a percentage of the whole than it used to be, less than 5 percent, and our economy is not as big as it once was a percentage of the whole, although still over 20 percent, the fact that we have people in the United States from everywhere else is an enormous asset to us in a global economy.

But we have to learn to find a way to respect our differences and be bound together by our shared values. And it sounds so simple it may sound almost trite, but when you consider what people do with their differences in Bosnia, in Northern Ireland, in the Middle East and in countless other places around the world, you sometimes wonder whether there is not some primitive urge in all of us that unless it's constantly tended to can cause enormous difficulties. And so I think that we cannot spend enough time on figuring out a way to make sure that we're a very different country, but we're still one America.

Finally, let me say I'm quite determined that we have got to fight through all these successive issues here about America's role in the world. I've tried to be very careful not to send our troops into harm's way and in an indiscreet way; not to pretend that we could solve all the problems of the world. But I know that we have an opportunity here and a responsibility unlike any ever imposed on a nation in history. Because of the way the Cold War ended with a victory for freedom and for free markets, because other countries are willing to work with us and even give higher percentages of their income than we do to the work of development and expanding the capacity of people in other countries, we have a significant responsibility here to try to fulfill these incredible opportunities.

And every one of you needs to spend some time thinking about this. Because, historically, our country -- historically -- has been relatively isolationist. If you go through the whole history of America -- George Washington told us that we should beware of foreign entanglements, and all of our -- we've always been somewhat reluctant to get involved in the world.

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I think the only reason we did it after World War II is the Soviet Union was there, there was a Cold War, the threat was clear and apparent. And now sometimes I think we don't see our own best interests. We're going to have another big trade issue coming up after MFN, and that's the question about whether the President

should be given what is called fast track authority. And for those of you who aren't familiar with the trade lingo, all that means is that we can negotiate a trade agreement with another country and present it to Congress, and they have to vote it up or down instead of, in effect, being able to amend it 100 times so that, in effect, it would not longer be the agreement that we made with another country -- treats is almost like a treaty, except it just requires a majority vote.

I can't see why we wouldn't want to do that when we got 4.9 percent unemployment. And another statistic I didn't give you is for the last two years, more than half of the new jobs in this country have paid above average wages. So I think we should feel good about these things. And I certainly do, and I want you to.

Now, let me just say in closing, they're going to come on and tell you a little about the budget agreement. But in the last four and a half months, in the categories I gave you, if you look, it's creating a structure of opportunity for America. We've agreed to the first balanced budget in over three decades. And it is a compromise agreement between the Republicans and the administration and the Democrats in Congress and the leadership; it is a principled one. Does it solve all of America's problems? No. Will it get us to a balanced budget? Yes, it will.

And I might say when I got here, a lot of times there were overly optimistic economic assumptions used in putting these

budgets together, especially by the Executive Branch, in both parties. Every year I've been here, the deficit's been lower by several billion dollars than we estimated it would -- every single year. So I want to assure you that we didn't cook up a bunch of numbers. Now, if we have a horrible recession, will the deficit be bigger? Yes, it will. But at least we've been quite responsible in the numbers that we've used here to try to make sure we were not misleading the American people about this.

So we got a budget agreement, which is important. We had a new telecommunications agreement, which will open 90 percent of the world's markets to American producers of telecommunications services and create hundreds of thousands of good jobs in this country over the next several years. We have had -- we got the Chemical Weapons Convention ratified, which is a huge problem because we've got to stop the proliferation of chemical weapons and it could affect you and your life and your community.

The guy that blew up the federal building in Oklahoma City, in that truck was fertilizer, a chemical weapon. But in Japan, a lot of people died in the subway because they had a laboratory that made sarin gas. So this is a major issue. Can we guarantee that there will never be anybody in a laboratory making chemical weapons? No. But we can dramatically reduce the chances that terrorists can get them in ways that make Americans safer all across the country.

We have reached this historic agreement between NATO and

Russia to expand NATO and have a partnership with Russia which will enable us to have a unified Europe and, hopefully, avoid what destroyed millions and millions of people in the last century, in the 20th century, which was all these fights in Europe.

So the country is in good shape. We're moving in the right direction. We're dealing with all these issues. Are there things that still have to be done? Yes. Have we made adequate provision for the retirement of the baby boomers and not imposing undue burdens on our children? Not yet. Will we do so? I'm absolutely convinced we will.

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But you have to understand this system will only accommodate so much change at one time. I've thought about that a lot in the last four years. And the fact that we have a budget that will balance the budget, meet our national security needs, have the biggest increase and investment in education in a generation, continue our progress in the environment and medical research and technology, I think is a very significant thing, and, parenthetically, provide health care coverage to 5 million kids that don't have it is very encouraging.

The last point I want to make is this: The biggest near term problem we have in the country is that 20 percent of the kids who are born in this country are born below the poverty line and many

of them are still living in completely dysfunctional environments.

When the Presidents, all of us, the living Presidents, and General Powell sponsored that Summit of Service in Philadelphia, it was about more than trying to get everybody to do more community service. It was about trying to focus attention on having every community in the country develop a strategy to make sure every child has a healthy start, a decent education, a safe place to live, a mentor and a place to serve the community and feel worthwhile. That is the biggest near-term problem of the country.

You live in a nation where drug use is dropping dramatically among young adults and still going up among juveniles; where crime is going down dramatically around the country, but still going up among juveniles, except in the instances that I cited and others like that.

So as you look ahead to your own responsibilities I would just mention two things: number one, every community needs to develop a system of dealing with the children of the community. Number two, the welfare reform bill in the budget that we just agreed to will include tax incentives that are very tightly targeted to move people from welfare to work. And states have the power actually to give employers what used to be the welfare check as an employment and training subsidy.

I would hope that the members of the YPO would consider whether or not there is a role for you to play in your states and

your communities, because under the welfare reform law, we have to move almost 1 million people from welfare to work in the next four years. We moved a million people from welfare to work in the last four years, but over 40 percent of that was the growth of the economy, and we produced 12.5 million new jobs. Maybe we can do it again. It's never happened in the history of the country before that we've had eight years that good, back to back. Maybe we can do it again.

But under the law, we have to move that many people from welfare to work, whether the private economy produces 40 percent of those jobs, or not, in the ordinary course of growth. There will be incentives there, but we had to do this -- I would argue we had to do something like this to break the cycle of dependency that so many people were trapped in. But having now told people, most of whom are single mothers with very small children, that there is a limit to how much public assistance you can have, and you have to go to work at the end of a certain amount of time, period, we have to make sure that there are jobs there for them.

The communities of our country are going to get about \$3 billion that will go into the high unemployment areas to do community service work when there's no way the private sector could do it. But

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for the rest, it will have to be done by the private sector. So I

hope that while you're here and after you go home, you will be willing to consider whether there's something you could do to help us deal with this problem. Because if we can break the cycle of dependency and all people who are out of work who are adult, able-bodied and otherwise have the capacity to work, begin to be treated the same instead of having some people disaggregated over here as being on welfare as if they couldn't work, we will have gone a long way toward changing the future of children in America and, therefore, changing the future of the country.

Thank you very much. (Applause.)

END

3:12 P.M. EDT

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*** Senate clears balanced budget, tax cut plan

*** Tobacco deal not imminent, attorneys general say

*** Discharged woman bomber pilot mulling options

*** No plans to extend U.S. Bosnia presence - Albright

Crime and Catastrophe

- *** Oregon abortion clinic damaged by fire
- *** Two teens questioned after Central Park killing

The U.S. Political Scene

- *** Clinton, Democrats rap Republicans on disaster aid
- *** CIA discloses previously secret assassination plots
- *** Clinton delays seeking fast track trade powers
- *** Congresswoman calls for military policy review

The Courts

- *** Don Tyson testifies for second day before grand jury
- *** Florida court will back electric chair - governor

U.S. Business and Financial News

- *** Dow hits record before holiday weekend
- *** CBS-TV exec quits over network control changes
- *** Price Communications to buy Palmer Wireless
- *** Apple spinning off Newton unit

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- *** Kabila troops break up anti-government protest
- *** Rival Koreas reach basic agreement on food aid
- *** More Turk soldiers enter Iraq to hunt down rebels
- *** Iran in close election battle for new president
- *** Ex-Nazi Priebke was sadistic torturer, trial hears

The World Political Scene

- *** Britain's Portillo hopes to replace Bildt in Bosnia job
- *** Russian minister fails to sway Duma on NATO deal
- *** Israel, Jordan reach interim water accord
- *** IRA's Sinn Fein sharply increases share of vote
- *** Europe marks 50th anniversary of Marshall Plan

World Business and Financial News

- *** Asian-Pacific markets rise; Hong Kong red chips climb
- *** European stocks end higher ahead of Monday's holiday
- *** British PM warns EU leaders to concentrate on creating jobs
- *** Daimler-Benz may abandon China deal
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Sports

- *** Jazz seek 3-0 series lead over Rockets in Western finals
- *** Rangers host Flyers in NHL playoffs
- *** Japanese baseball seeks Irabu tampering investigation
- *** Yankees' Gooden faces charges for fight with cab driver
- *** Maryland, Syracuse, Princeton, Duke in NCAA Lacrosse final four

Science and Medicine

- *** Pregnancy doesn't increase osteoporosis risk - study
- *** U.S. astronaut determined to walk off shuttle

Technology

- *** NEC builds first multi-level, multi-vendor hierarchical ATM network
- *** AccuWeather creates chat forum web site

Human Interest

- *** New Mexico grandmother 'holds up' bank by mistake
- *** Argentine transsexual to run as municipal candidate

*** Russian government beats parliament on soccer field

*** Berlin? Germans wouldn't want to live there

U.S. Front Page Stories

*** Senate clears balanced budget, tax cut plan

The Republican-led Senate approved a five-year plan Friday to balance the federal budget and cut taxes. The Senate approved the budget on a 78-22 vote, drawing on the broad middle political ground with 41 Republicans and 37 Democrats voting for it. Those voting against it, 14 Republicans and eight Democrats, were among the Senate's most liberal and most conservative members. The House had passed its version, 333-99, Wednesday. Before the budget deal can be sealed, differences in the two versions must be worked out. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3089562-9af>

*** Tobacco deal not imminent, attorneys general say

Mississippi Attorney General Mike Moore said Friday that a settlement of tobacco litigation was not imminent, although he said he hoped to know within two weeks whether a deal could be reached. Moore said news reports that the settlement was near were incorrect. "We've completed some of our work, but have a long way to go," he said. Moore is the

lead negotiator for Mississippi and the 28 other states that have sued the tobacco industry to recoup Medicaid costs of smokers.

Mississippi's trial is scheduled to begin July 7. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088232-250>

*** Discharged woman bomber pilot mulling options

The first woman B-52 bomber pilot was considering her options Friday, a day after she accepted a deal allowing her to resign from the Air Force to avoid being court-martialed. Lt. Kelly Flinn's father said she will now be able to get on with her life. Air Force Secretary Sheila Widnall announced Thursday that Flinn was given a general discharge and will leave the service in lieu of being court-martialed on charges she committed adultery, lied during an official investigation and disobeyed a direct order. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088703-a03>

*** No plans to extend U.S. Bosnia presence - Albright

Secretary of State Madeleine Albright insisted Friday there were no plans to keep U.S. troops in Bosnia after June 1998 and denied she disagreed with the Pentagon on the question. But her carefully formulated language left open the possibility the administration could decide at a later date that a military presence was still required to secure the hard-won but ragged Bosnia peace. Defense Secretary William Cohen has repeatedly said American troops would be out of Bosnia by June 1998. For the full text story, see

Crime and Catastrophe

*** Oregon abortion clinic damaged by fire

An early-morning fire caused heavy damage Friday to a busy Portland, Ore., abortion clinic that has been the target of arson in the past. The cause of the fire was undetermined, but FBI agents and officials from the Bureau of Alcohol, Tobacco and Firearms were called in to investigate, said a Portland Fire Bureau official. The fire broke out shortly before 6 a.m. ET at the Lovejoy Surgicenter. He said the two-alarm fire was put out within an hour but caused obvious damage to the two-story building. There were no injuries, he said. For the full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088079-fae>

*** Two teens questioned after Central Park killing

Police arrested two 15-year-olds Friday after the body of a man was found floating in a Central Park lake with his throat slashed. Police said they believed the teens, a boy and a girl, had been rollerblading in the park after midnight when they met the man and started drinking with him. The teen-agers and the victim, a man in his 40s, all knew each other, police said. They said an argument broke out after the older man put his arm around the girl. The man hasn't been identified.

The teens were arrested, but have not been charged. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088190-c85>

The U.S. Political Scene

*** Clinton, Democrats rap Republicans on disaster aid

The White House Friday blasted the Republican Congress for failing to approve emergency disaster aid for 33 states before leaving for the Memorial Day holiday weekend. President Clinton "is extremely disappointed that those ... that need access to disaster assistance ... will see some of their assistance jeopardized," White House Press Secretary Mike McCurry said. House Republican leaders Thursday allowed members to take a week's break after blocking efforts to provide disaster aid for the flooded Midwest. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088277-5d1>

*** CIA discloses previously secret assassination plots

Senior CIA officials mulled plots to assassinate scores of Guatemalan leaders as part of a 1954 coup against the elected government in the Central American country but no killings were ever approved or carried out, the spy agency disclosed Friday. In a memo accompanying the first major release of records on one of its Cold War covert actions, the CIA said State Department officials also played a role in weighing

possible assassinations in Guatemala. One document mentioned 58 Guatemalans as possible assassination targets. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3089267-8a2>

*** Clinton delays seeking fast track trade powers

President Clinton has decided to wait several months before asking Congress for authority to negotiate new trade agreements, including those expanding trade with Latin America, sources said Friday. Clinton earlier this month used a trip to Latin America and the Caribbean to repeat his plans to expand the North American Free Trade Agreement with Canada and Mexico to other nations in the hemisphere. White House officials had hoped to submit legislation to Congress next month granting Clinton fast track authority for negotiations. For the full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088541-6e4>

*** Congresswoman calls for military policy review

A leading congressional critic of the way the Air Force handled the Kelly Flinn adultery case said Friday the military needs to review its policies on fraternization and enforcement. Rep. Nita Lowey, D-N.Y., also said the military's rules on sexual conduct were not in line with what goes on in society. Her remarks came one day after Air Force Secretary Sheila Widnall announced that Flinn, the nation's first female B-52 bomber pilot, had been given a general discharge and would leave the service instead of being court-martialed. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3085355-9e4>

The Courts

*** Don Tyson testifies for second day before grand jury

Poultry tycoon Don Tyson appeared before a federal grand jury Friday for a second day to answer questions about alleged gifts and favors given to a former Clinton administration agriculture secretary. Tyson spent some seven hours testifying before the panel Thursday. Tyson, 67, is the retired chairman of Tyson Foods and a longtime political contributor and friend of Bill Clinton. An independent special counsel has spent more than 30 months investigating whether food companies gave favors to former Agriculture Secretary Mike Espy. For the full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3087187-0f6>

*** Florida court will back electric chair - governor

Gov. Lawton Chiles said Friday he was confident the state's 74-year-old electric chair would be back in use in September after a review ordered by the Florida Supreme Court. The state's highest court Thursday suspended use of the chair until September, ordering a new hearing to determine whether the device is working properly or should be retired. In March it sent flames leaping from the head of a man who was executed. The court had postponed the planned execution of Leo Alexander Jones until mid-September, pending a decision. For the full

story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088179-c75>

U.S. Business and Financial News

*** Dow hits record before holiday weekend

Stocks rallied to record highs Friday as investors shook off two days of worry about rising interest rates in the bond market. The Dow Jones industrial average gained 88 to 7346, beating last Thursday's record close of 7333.55. Advancing issues outnumbered decliners by about a three-to-one margin on the New York Stock Exchange, where volume came to 419 million shares. The Standard & Poor's 500 list was up 11 at 847, and the technology-heavy Nasdaq composite index jumped 17 to 1390. The 30-year Treasury was up 2/32 to yield 6.99 percent.

*** CBS-TV exec quits over network control changes

Westinghouse Electric Corp. said Friday that Peter Lund, president of its CBS television and cable group, has resigned after refusing to accept a reorganization that stripped him of authority over the CBS television stations. As part of a corporate reorganization, the company said all of its television and radio stations will be consolidated into a single organization. Mel Karmazin, head of its radio division, will be chairman and chief executive of the new CBS station group.

*** Price Communications to buy Palmer Wireless

Palmer Wireless Inc. Friday announced that it has reached a definitive agreement to be acquired by Price Communications for \$17.50 per share in cash, for an aggregate purchase price of \$880 million, including repayment of debt. The agreement is expected to close in the fourth quarter of this year. Goldman, Sachs & Co. advised Palmer Wireless on the transaction. Palmer Wireless, headquartered in Ft. Myers, Fla., owns and operates 18 non-wireline cellular telephone systems in Florida, Alabama, Georgia and South Carolina with 320,000 subscribers.

See full story at

<http://www.merc.com/stories/cgi/story.cgi?id=3085058-2ea>

*** Apple spinning off Newton unit

Apple Computer Inc., looking for ways to focus its money and technical resources on its Macintosh products, said late Thursday it decided to set up a separate company to develop and sell the Newton handheld computer and related products. The new company, tentatively dubbed Netwon Inc., will be owned by Apple and Newton employees, Apple said.

See full story at

<http://www.merc.com/stories/cgi/story.cgi?id=3073480-9d2>

*** Kabila troops break up anti-government protest

Laurent Kabila's troops fired into the air to break up a protest against the new government of Congo (formerly Zaire) Friday as tension rose between his former rebels and the political opposition. Veteran opposition leader Etienne Tshisekedi said he did not recognize the government that Kabila formed Thursday, which did not include Tshisekedi. Meanwhile, hundreds of Tshisekedi's followers chanted anti-Kabila slogans in the streets of Kinshasa, protesting what they see as a creeping dictatorship. Full story, see

<http://www.merc.com/stories/cgi/story.cgi?id=3088865-0d6>

Mobutu foe Tshisekedi has solid Kinshasa powerbase, see

<http://www.merc.com/stories/cgi/story.cgi?id=3087583-54f>

Who's who in Kabila's government, see

<http://www.merc.com/stories/cgi/story.cgi?id=3086680-958>

Zaire's ousted Mobutu arrives in Morocco, see

<http://www.merc.com/stories/cgi/story.cgi?id=3088508-11c>

*** Rival Koreas reach basic agreement on food aid

Red Cross negotiators from rival North and South Korea Friday reached basic agreement on the supply of thousands of tons of grain from the prosperous South to its hungry Stalinist neighbor, South Korean officials said. After a resumption of stalled Inter-Korean Red Cross talks in Beijing, the South agreed to supply 40,000 tons of food worth \$8 million to the North by the end of July, said Chang Moon-ik,

spokesman of the South Korean embassy in Beijing. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3086694-8ff>

Meanwhile, the European Commission said Friday it was launching a massive food aid package to help victims of widespread famine in North Korea. See <http://www.merc.com/stories/cgi/story.cgi?id=3086692-e4c>

*** More Turk soldiers enter Iraq to hunt down rebels

Turkey ferried fresh forces into northern Iraq Friday in a cross-border drive against Kurdish rebels that shows no sign of easing after 10 days. Witnesses said an armored unit of around 1,000 men entered Iraq overnight through the Turkish border town of Silopi. They said 12 carrier helicopters flew across the border Friday morning for apparent use in shifting forces inside Iraq. Turkish officials and Iraqi Kurds have confirmed that the Turkish army has begun digging in after initial clashes with Kurdistan Workers Party (PKK) rebels. Full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3089010-038>

*** Iran in close election battle for new president

Iranians voted on Friday for a successor to retiring President Akbar Hashemi Rafsanjani in a battle between conservative and moderate factions. The result looked set to be a close contest between two senior Shi'ite Moslem clergymen -- Mohammad Khatami, a moderate, and Ali Akbar Nateq-Nouri, a conservative. Analysts said the vote was too close to call but they thought Nateq-Nouri had the edge because he was seen as an establishment figure. The result is expected to be known by

Monday. See <http://www.merc.com/stories/cgi/story.cgi?id=3083398-1f3>

For key facts about Iran, see

<http://www.merc.com/stories/cgi/story.cgi?id=3087722-44a>

For profiles of Iran's four election candidates, see

<http://www.merc.com/stories/cgi/story.cgi?id=3087799-481>

*** Ex-Nazi Priebke was sadistic torturer, trial hears

The families of men killed in Italy's worst World War II massacre told a court Friday that former SS Capt. Erich Priebke was a sadist and a torturer. Relatives of the 335 men and boys shot in the Ardeatine Caves massacre in March 1944 were testifying against Priebke, 83, and former SS Maj. Karl Hass, 84. Both are accused of complicity in the atrocity, ordered in retaliation for a partisan bomb attack which killed 33 soldiers of the occupying forces. The trial's next session is scheduled for Tuesday, but may be postponed because of a lawyers' strike. See <http://www.merc.com/stories/cgi/story.cgi?id=3088168-5ca>

The World Political Scene

*** Britain's Portillo hopes to replace Bildt in Bosnia job

Britain said Friday that former defense minister Michael Portillo had put his name forward to replace Bosnian mediator Carl Bildt, but diplomats said he stood only an outside chance. Western powers are due

next week to name a new international High Representative to replace Bildt and take over the task of trying to reconcile Bosnia's hostile factions. British newspapers said Bildt had asked Portillo to be a candidate. But Western diplomats said the favorite for the post was Carlos Westendorp, the Spanish ambassador to the United Nations. Full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3086745-b43>

***** Russian minister fails to sway Duma on NATO deal**

Russian Foreign Minister Yevgeny Primakov tried on Friday to defuse opposition in parliament to Russia's new security deal with NATO but failed to break down resistance. Primakov made a rare visit to the State Duma lower house to outline the Founding Act to be signed by President Boris Yeltsin and leaders of the 16 NATO countries in Paris on Tuesday. But opponents of the deal said they would press on with plans to draw up a declaration criticizing the agreement, which is intended to ease Moscow's fears over NATO's eastward expansion. Full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3084201-ea1>

***** Israel, Jordan reach interim water accord**

Israel and Jordan have resolved a two-week crisis over a deal to ease the kingdom's water shortage, National Infrastructure Minister Ariel Sharon said Friday. Ministry sources said the sides agreed that until a desalination project was completed, Israel would give Jordan some of its own water. Negotiating teams will meet again next week to work out the details, the sources said. Under a 1994 peace treaty, Israel

agreed to provide Jordan with 1.75 billion cubic feet of water annually within a year of the treaty's taking effect. For the full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3084025-6a6>

*** IRA's Sinn Fein sharply increases share of vote

The IRA's political wing Sinn Fein increased its share of Northern Ireland votes to a record 17 percent Friday in local elections which ended their Protestant rivals' domination of Belfast city council. Sinn Fein, which seeks to end British rule of Northern Ireland, raised its share of the votes by nearly 5 percent in the third successive election at which it has increased its electoral support. The main losers were Sinn Fein's ideological opposites, Protestant Unionists who want the province to remain part of the United Kingdom. For full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088976-c92>

*** Europe marks 50th anniversary of Marshall Plan

When George C. Marshall outlined his plan for European recovery on June 5, 1947, Europe's industry was in tatters in the wake of World War II. When President Clinton addresses European leaders at a ceremony to commemorate the 50th anniversary of the Marshall Plan next Wednesday, he will be speaking to representatives of some of the most powerful trading nations in the world -- a legacy of the huge transfer of aid from the United States to Europe after the war. But historians dispute whether the plan was more in the interests of the United States or of Europe, and whether its motivation was merely political.

World Business and Financial News

***** Asian-Pacific markets rise; Hong Kong red chips climb**

Asian-Pacific markets rose Friday. Buying of blue-chip issues lifted the Nikkei in Tokyo. Hong Kong equities set a record in a late-session surge, lifted by buying fervor for Chinese red chips. Australian stocks reached record levels as investors cheered the Reserve Bank of Australia's unexpected decision to cut the domestic overnight cash rate. In Manila, equities gained ground for the third straight session as continued buying interest helped blue chips recover from weeks of heavy selling pressure. Taiwan share prices posted slight losses in cautious trading. (WSJ)

***** European stocks end higher ahead of Monday's holiday**

Share prices finished higher across Europe Friday as investors stayed on the sidelines ahead of Monday holidays in the U.S. and Britain. Trading was quiet in the U.K. on the day before a long weekend. A poll predicting a conservative victory in France's upcoming parliamentary elections comforted investors, with stocks finishing higher. Belgian shares closed higher on the back of gains in the banking sector, while Dutch stocks closed higher in considerable volume, boosted by

institutional buying in both cyclical and financial stocks. (WSJ)

*** British PM warns EU leaders to concentrate on creating jobs

British Prime Minister Tony Blair, at his first EU summit, warned Friday there will be trouble in Britain if new Europe-wide work regulations hamper competitiveness. The warning showed difficulties remain between Britain and the rest of the EU even though Britain's new Labor government has promised to be a more agreeable partner. Blair's government has already said Britain will implement EU social legislation and endorse an "employment chapter" in the new EU treaty to force governments to do better in job creation. The Conservatives, who became increasingly isolated in the EU, saw both notions as job killers. (USA Today)

*** Daimler-Benz may abandon China deal

Daimler-Benz AG is threatening to pull out of a U.S. \$1 billion joint venture to build minivans in China because of disagreements with the Chinese government. A top official of Daimler-Benz said the company's Mercedes-Benz division is no closer to building minivans in China than it was two years ago, when it was awarded the project over Ford Motor Co. and Chrysler Corp. (USA Today)

*** Japan bankers resign in widening racketeer scandal

Top executives of Dai-Ichi Kangyo Bank resigned on Friday and Japan's

third largest bank admitted that it had been unable to cut off its ties to racketeers in a widening saga of dubious deals and illegal payoffs. The fresh revelations, including hints that more were to come, put one of Japan's biggest banks in the dock with the country's biggest brokerage, Nomura Securities. The spreading scandal involving the two firms has dealt a big blow to the tattered image of the nation's financial sector. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3085394-b30>

Sports

*** Jazz seek 3-0 series lead over Rockets in Western finals

The Utah Jazz will need their bench to come up big again Friday night in the Western Conference finals as the series moves to Houston. Karl Malone and John Stockton did their usual thing on Wednesday in Game Two of their best-of-seven NBA playoff series, but it was Howard Eisley and Greg Foster that keyed a 15-2 run at the end of the third quarter en route to a 104-92 win and a 2-0 series advantage over the Rockets. Thus far, the Jazz bench has outscored its counterparts, 54-26, including Foster and Shandon Anderson leading a decisive second-quarter spurt in Game One. Malone again outplayed Houston forward Charles Barkley with 24 points and 15 rebounds on Wednesday. Stockton had 26 points, 12 assists and eight rebounds, directing the Jazz to their seventh win in as many home playoff games.

*** Rangers host Flyers in NHL playoffs

The New York Rangers' surprising run through the NHL playoffs shows signs of losing steam, a trend they will try to reverse when their Eastern Conference final series with the Philadelphia Flyers resumes Friday night at Madison Square Garden. The Flyers have won the battle on the scoreboard as well as the war of attrition. Trent Klatt scored the go-ahead goal and Eric Lindros recorded his first career playoff hat trick as the Flyers outlasted the Rangers, 6-3, on Tuesday to take a 2-1 lead in the series. The loss was the first at home for the Rangers in five postseason games. In the Western Conference finals, the Detroit Red Wings took a 3-1 series lead, routing the Colorado Avalanche 6-0 Thursday night. The series resumes Saturday in Denver.

*** Japanese baseball seeks Irabu tampering investigation

The New York Yankees' efforts to sign Japanese pitcher Hideki Irabu took another twist Friday when the Commissioner's Office of Japan accused the team of tampering. Major League Baseball announced it has started an investigation after receiving a formal request to determine whether the Yankees contacted Irabu and his representatives before they had the rights to him. The Yankees sent \$3 million in cash and two minor-leaguers to San Diego on April 22 for the rights to Irabu and three other players. Baseball's Executive Council then formally approved the trade, pending final approval from the Commissioner's Office in Japan. The New York Times reported that even if tampering

was found to have taken place, it is unlikely to void the trade. The newspaper said that a more likely scenario would have the Yankees being fined and surrendering draft choices.

*** Yankees' Gooden faces charges for fight with cab driver

New York Yankees pitcher Dwight Gooden, on the disabled list and rehabilitating after hernia surgery, is being investigated for allegedly beating up a cab driver in Arlington, Texas, last Friday. No charges have been filed yet but the cabbie has levied an assault complaint. If convicted, Gooden faces up to a year in jail and a maximum fine of \$4,000. Various reports say Gooden was returning from a strip club Friday after a 6-0 loss to the Rangers and refused to pay the \$5 cab fare. Gooden left the cab and was confronted by the driver in a hotel lobby, where Gooden punched him. Gooden, who is on lifetime probation by Major League Baseball for past drug and alcohol abuse, apologized to the Yankees, but was fined an undisclosed amount.

*** Maryland, Syracuse, Princeton, Duke in NCAA Lacrosse final four

Maryland has a chance to make NCAA men's lacrosse history by becoming the first unseeded team to win the NCAA Tournament this weekend at College Park, Md. With a victory over perennial power Syracuse in the semifinals on Saturday, the Terrapins (10-4) would be the third unseeded team to reach the championship game, joining Cornell (1988) and Towson State (1991). Syracuse, seeded third, enters the Final Four with an 11-2 mark. In the first semifinal, top-seeded and defending

champion Princeton (13-0) takes on fifth-seeded Duke (12-3). This game will be played at noon ET on Saturday and the Maryland-Syracuse game will take place 45 minutes after the completion of the first game. The championship game is scheduled for Monday.

Science and Medicine

*** Pregnancy doesn't increase osteoporosis risk - study

Breastfeeding does not have long-term adverse effects on the mineral content of women's bones or increase risks of suffering from the bone-wasting condition osteoporosis, British medical journal The Lancet reported Friday. Two doctors measured the bone mineral levels of 12 women during breast-feeding, after they had weaned their baby and after the birth of subsequent children. They said significant decreases in bone mineral occur during breastfeeding, but the changes are reversible and do not persist after a subsequent pregnancy. Full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3070932-7c2>

*** U.S. astronaut determined to walk off shuttle

After four months away from Earth, NASA astronaut Jerry Linenger said Friday he was determined to walk off the shuttle after its planned Saturday landing. Linenger, homeward-bound after a troubled tour of duty aboard Russia's space station Mir, said that objective helped him

through a tough exercise regime designed to ward off the debilitating effects of space travel. NASA's doctors prefer astronauts returning from long stays in space to be carried off the shuttle, but of the three who lived on Mir, all but one insisted on walking off. For full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088597-f3e>

Technology

*** NEC builds first multi-level, multi-vendor hierarchical ATM network

NEC America, while participating in a PNNI (Private Network-Network Interface) interoperability test, helped develop the first multi-level hierarchical asynchronous transfer mode (ATM) network. The network was built under a multi-vendor environment and demonstrated intelligent routing between peer groups, using NEC America's ATM switches. NEC America's ATM switches accomplished peer group leader status for configuration of the PNNI multi-level hierarchical ATM network and successfully completed the function necessary for exchanging information needed for control of dynamic routing between peer groups. See <http://www.merc.com/stories/cgi/story.cgi?id=3089238-383>

*** AccuWeather creates chat forum web site

AccuWeather Inc. announced Friday the creation of its first Internet chat forum series web site, AccuWeather Chat, located at

<http://chat.accuweather.com:4080>. The first chat will feature AccuWeather Chief Meteorologist Elliot Abrams on Tuesday, May 27, from 8 to 10 p.m. ET. Abrams will discuss and field questions on severe weather. By logging on the site, or through the links provided on the AccuWeather home page (<http://www.accuweather.com>), users will be able to carry on live discussions about a variety of weather topics with AccuWeather experts and various other guests. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3087111-5f2>

Human Interest

*** New Mexico grandmother 'holds up' bank by mistake

A New Mexico grandmother accidentally held up a bank when she handed in a deposit slip that a prankster had scrawled a holdup message on the back of, police said Friday. The 61-year-old woman and her daughter made the deposit at the drive-up window of an Albuquerque bank and were waiting for a receipt Thursday when police cars surrounded them and officers ordered them out of their vehicle at gunpoint. She said the robbery note read something like, "This is a holdup. I have a bomb." For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3089649-8f1>

*** Argentine transsexual to run as municipal candidate

A transsexual legally recognized as a woman in Argentina announced Friday she will run on the ruling Peronist party slate in October midterm elections. Mariel Munoz said she will accept the candidacy for city councillor for the Buenos Aires province of Quilmes. A judge recently officially reclassified Munoz as a woman after a sex change operation, setting a legal precedent in Argentina. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3089460-b85>

*** Russian government beats parliament on soccer field

Russia's government, often at loggerheads with the Communist-dominated parliament, has scored a victory over the legislature on the soccer field. On the eve of a crucial vote in the State Duma lower house of parliament on the cabinet's planned spending cuts, the government soccer team beat parliament's squad Thursday night 2-0, the Interfax news agency said. Interfax did not say which ministers scored but it quoted one team member as joking that the fate of the spending cuts had rested on the outcome of the match. For the full text story, see <http://www.merc.com/stories/cgi/story.cgi?id=3087337-04b>

*** Berlin? Germans wouldn't want to live there

Berlin is a dirty, hectic city of evil memory, filled with crime, building sites and loud, pushy people, according to a survey of how Germans feel about their historic capital. Only one German in 10 would want to live in Berlin, the Emnid research institute found in a poll for Der Spiegel magazine published Friday. The city became the

official capital when Germany was reunited in 1990. Germany's largest city, with a population of 3.4 million, Berlin fared especially poorly with easterners and women among the 1,010 people questioned. For full story, see <http://www.merc.com/stories/cgi/story.cgi?id=3088453-ba6>

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Content-type: text/plain; charset=unknown-8bit

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TO: LAURA et al.

FR: MICHAEL

Here is a draft of the press conference opening statement. I will
call &
figure out who should get it etc.

Draft

PRESIDENT WILLIAM J. CLINTON

OPENING STATEMENT

PRESS CONFERENCE

DENVER, COLORADO

Sunday [date]

We have just completed a fulfilling and fruitful summit of the 8

etc.

As I said at the outset of this meeting, we have been proud to host our allies at a time of unparalleled prosperity and influence. We want to spell out for you several challenges our nation faces in the coming weeks) decisions that will determine whether we move forward united, confident and strong.

First, I will continue to work with the Congress as we move to balance our budget in a way that reflects our values. This week, the tax-writing committees of the House and Senate will continue their work to write the details of the tax cut to which we have agreed. I strongly support a tax cut, and I am determined that this tax cut target the real needs of middle class families) such as education, child rearing, buying and selling a new home. I will also insist that any tax cuts be consistent with a balanced budget. As I have said before, we cannot allow time bomb tax cuts that would explode in future years and undo all our progress. This will be a test of whether we continue the economic strategy that has produced prosperity -- balancing the budget and investing in our people.

Second, this will be a moment when America decides whether to lock in democracy ,s gains by expanding NATO. In early July, I will travel to Madrid

to meet with our NATO allies at an historic meeting. [NATO fill-in]

Third, we will decide once again whether to embrace our leadership of the world economy and obligations and opportunities that come with it. Congress must take the first step in the next week, by voting to continue normal trade relations with China. If we cut off normal trade ties, we will lose our best hope to engage with China, to protect Hong Kong as it rejoins the mainland, and to retain our leverage to promote human rights and religious freedom. Then, I will work to secure from Congress what every President has had for two decades: so called "fast track" authority to negotiate new trade agreements so we can open the new markets of Latin America and Asia to American goods and services.

The Summit of the Eight has shown, more vividly than ever, the gains that can come when we work to prepare the American people for the challenging world of change in which we live. I look forward to working hard on these issues in the week ahead. And now I will be happy to take your

questions. ===== 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 V5.0-4 #6879)

id <01IK9WKFW9ZK003LN8@PMDF.EOP.GOV>; Thu, 19 Jun 1997 23:38:08 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)

by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IK9WKBJT9S003ZVL@PMDF.EOP.GOV>; Thu,

19 Jun 1997 23:38:04 -0500 (EST)

Received: from emout14.mail.aol.com ([198.81.11.40])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)

with ESMTP id <01IK9WJV17680008X7@STORM.EOP.GOV>; Thu,

19 Jun 1997 23:37:39 -0400 (EDT)

Received: (from root@localhost) by emout14.mail.aol.com (8.7.6/8.7.3/AOL-2.0.0)

id XAA05298; Thu, 19 Jun 1997 23:37:37 -0400 (EDT)

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

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Meg.Lundsager (Meg.Lundsager@MS01.DO.treas.sprint.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:16-JUL-1997 15:52:00.00

SUBJECT: fast track -Reply -Reply

TO: Peter OKeefe (Peter O'Keefe@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Date: 07/16/1997 04:40 pm (Wednesday)

From: Meg Lundsager

To: DOM3.DOPO5(GORMANM, LUNDQUISTB), SAEGERS

CC: Dom13.DOPO8(AKOWSKID, BUDINGTONM, KAPLANE, VALENTICM, WARTHINW),

DOM3.DOPO5(BOORSTINR, CRAWFORDK, FROMANM, SandbergS, SINKFIELDR),

EX.MAIL("okeefe_p@a1.eop.gov"),

Subject: fast track -Reply -Reply

Glad to

>>> Steven Saeger 07/16/97 04:39pm >>>

Just fyi Matt, Tim will be on vacation starting Friday for the next two weeks. If David is unavailable to do this with Larry, then Meg Lundsager could probably fill in.

>>> Matt Gorman 07/16/97 04:27pm >>>

Joyce and I would like to propose Larry's doing a small washington corporate rep mtg sometime late next week or the week of July 28th. (I only need to know availability because we want to run it by our "fast-track" group.) We envision 15-20 wash reps (Boeing, TRW,

Caterpillar, etc.) around the table in the large conf room to let them know how important fast track is to the Administration. The White House isn't doing any outreach right now and it would be helpful for Treasury to start doing stuff on its own to show the business community that we're serious about getting fast-track authority. It would require 20-30 minutes of Larry's time. We envision David Lipton and/or Tim Geithner's participation and having them wrap up the meeting for a total of 45

minutes.===== 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 V5.0-4 #6879)
id <01ILBAI29ZEO000DDA@PMDF.EOP.GOV> for okeefe_p@a1.eop.gov; Wed,
16 Jul 1997 17:56:26 -0500 (EST)

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by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01ILBADY6BS0000CMW@PMDF.EOP.GOV> for
okeefe_p@a1.eop.gov; Wed, 16 Jul 1997 17:56:15 -0500 (EST)

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by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with SMTP id <01ILB8HCYV2W002ON3@STORM.EOP.GOV> for okeefe_p@a1.eop.gov; Wed,

16 Jul 1997 16:58:33 -0400 (EDT)
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; Relayed; Wed, 16 Jul 1997 16:52:30 -0400
X400-Received: by /PRMD=GOV+TREAS/ADMD=TELEMAIL/C=US/; converted (ia5-text)
; Relayed; Wed, 16 Jul 1997 16:52:30 -0400
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; Relayed; Wed, 16 Jul 1997 16:52:30 -0400
X400-Content-type: P2-1984 (2)
X400-MTS-identifier:
[/PRMD=GOV+TREAS/ADMD=TELEMAIL/C=US/;45946161707991/1156513@TREAS]
X400-Originator: Meg.Lundsager@MS01.DO.treas.sprint.com
X400-Recipients: okeefe_p@a1.eop.gov
===== END ATTACHMENT 1 =====

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Beth.Lundquist (Beth.Lundquist@MS01.MS01.DO.treas.sprint.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:16-JUL-1997 15:41:00.00

SUBJECT: fast track -Reply

TO: Peter O'Keefe (Peter O'Keefe@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:

Date: 07/16/1997 04:32 pm (Wednesday)

From: Beth Lundquist

To: GORMANM

CC: Dom13.DOPO8(AKOWSKID, BUDINGTONM, KAPLANE, LUNDSAGERM, SAEGER, VALENTICM, WARTHINW), DOM3.DOPO5(BOORSTINR, CRAWFORDK, FROMANM, SandbergS, SINKFIELDR), EX.MAIL("okeefe_p@a1.eop.gov"),

Subject: fast track -Reply

Thanks, Matt. This would of course have to be vetted through Sheryl and then Larry. Sheryl??

>>> Matt Gorman 07/16/97 04:27pm >>>

Joyce and I would like to propose Larry's doing a small washington corporate rep mtg sometime late next week or the week of July 28th. (I only need to know availability because we want to run it by our "fast-track" group.) We envision 15-20 wash reps (Boeing, TRW, Caterpillar, etc.) around the table in the large conf room to let them know how important fast track is to the Administration. The White House isn't doing any outreach right now and it

would be helpful for Treasury to start doing stuff on its
own to show the business community that we're serious
about getting fast-track authority. It would require 20-30
minutes of Larry's time. We envision David Lipton and/or
Tim Geithner's participation and having them wrap up the

meeting for a total of 45 minutes.===== 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 V5.0-4 #6879)
id <01ILBAHG96PC000DA8@PMDF.EOP.GOV> for okeefe_p@a1.eop.gov; Wed,
16 Jul 1997 17:55:54 -0500 (EST)

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by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01ILBADY6BS0000CMW@PMDF.EOP.GOV> for
okeefe_p@a1.eop.gov; Wed, 16 Jul 1997 17:55:47 -0500 (EST)

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16 Jul 1997 16:45:06 -0400 (EDT)
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; Relayed; Wed, 16 Jul 1997 16:41:23 -0400
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[/PRMD=GOV+TREAS/ADMD=TELEMAIL/C=US/;93046161707991/1156473@TREAS]
X400-Originator: Beth.Lundquist@MS01.MS01.DO.treas.sprint.com
X400-Recipients: okeefe_p@a1.eop.gov

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

ARMS Email System
RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Dianne.Akowski (Dianne.Akowski@MS01.DO.treas.sprint.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:16-JUL-1997 16:09:00.00

SUBJECT: fast track -Reply

TO: Peter OKeefe (Peter O'Keefe@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
Date: 07/16/1997 05:02 pm (Wednesday)

From: Dianne Akowski

To: DOM3.DOPO5(GORMANM, LUNDQUISTB)

CC: Dom13.DOPO8(BUDINGTONM, KAPLANE, LUNDSAGERM, SAEGERS, VALENTICM,
WARTHINW), DOM3.DOPO5(BOORSTINR, CRAWFORDK, FROMANM, SandbergS,
SINKFIELDR), EX.MAIL("okeefe_p@a1.eop.gov"),

Subject: fast track -Reply

Tim Geithner will be on vacation July 18-August 3.

>>> Matt Gorman 07/16/97 04:27pm >>>

Joyce and I would like to propose Larry's doing a small washington corporate rep mtg sometime late next week or the week of July 28th. (I only need to know availability because we want to run it by our "fast-track" group.) We envision 15-20 wash reps (Boeing, TRW, Caterpillar, etc.) around the table in the large conf room to let them know how important fast track is to the Administration. The White House isn't doing any outreach right now and it would be helpful for Treasury to start doing stuff on its own to show the business community that we're serious about getting fast-track authority. It would require 20-30 minutes

of Larry's time. We envision David Lipton and/or Tim Geithner's

participation and having them wrap up the meeting for a total of 45

minutes.===== 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 V5.0-4 #6879)
id <01ILBAJW0TSW000DA8@PMDF.EOP.GOV> for okeefe_p@a1.eop.gov; Wed,
16 Jul 1997 17:58:03 -0500 (EST)

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okeefe_p@a1.eop.gov; Wed, 16 Jul 1997 17:57:43 -0500 (EST)

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by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with SMTP id <01ILB94MN2AG002S9P@STORM.EOP.GOV> for okeefe_p@a1.eop.gov; Wed,

16 Jul 1997 17:17:18 -0400 (EDT)

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; Relayed; Wed, 16 Jul 1997 17:09:45 -0400

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; Relayed; Wed, 16 Jul 1997 17:09:45 -0400

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; Relayed; Wed, 16 Jul 1997 17:09:45 -0400

X400-Content-type: P2-1984 (2)

X400-MTS-identifier:

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X400-Originator: Dianne.Akowski@MS01.DO.treas.sprint.com

X400-Recipients: okeefe_p@a1.eop.gov

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

ARMS Email System
RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: USIA_Media_Reaction (
USIA_Media_Reaction/R__MR/WASHDC/USIA/GOV.USIA@notes1.usia.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 8-AUG-1997 07:45:00.00

SUBJECT: Early Report 8/8: A WIDE WELCOME OF U.S.

TO: Lori Anderson (Lori Anderson@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
The media in the Middle East--both Arab and Israeli--and in Europe

welcomed the

U.S.' "serious" heightening of its involvement in the Middle East peace
process

as signaled by Secretary of State Albright's speech Wednesday and
President

Clinton's press conference remarks later that day. They looked forward to
the

arrival of U.S. special envoy Dennis Ross this weekend to the region and
approved of Ms. Albright's indication that she too might visit the Middle

East. Two Arab dailies best summarized the significance of the U.S.

initiative. Sensationalist Ad-Diyar of Beirut held, "The most important
aspect

in Secretary Albright's speech is her defrosting of the American role."

Jerusalem's moderate, pro-peace process Al-Quds added, "Palestinians are
clearly looking for specific and tangible results from the visits of

Ambassador

Ross and Secretary Albright to avoid the danger of an explosion in the
region." Centrist Sueddeutsche Zeitung of Munich echoed the commonly-held

assumption that only Washington can reconcile the opponents: "Effective

emergency aid," it insisted, "can come only from there."

Nevertheless, expectations were not high regarding what the Clinton administration envoys would achieve and many on the Israeli and Arab sides voiced concerns about the U.S. line and how it would affect their interests.

Tel Aviv's independent Haaretz fretted, "The feeling...is that Albright might display a James Baker rather than a Warren Christopher temper...that she would be determined to lean on Israel not to jeopardize the region's already shaky

stability." Another Israeli daily, nationalist Hatzofe, was alarmed that "Albright's appeal to Israel casts doubt on our sovereign rights in our own

eternal capital." Speaking for the Palestinians, Al-Quds declared, "The U.S.

administration must put an end to Israel's blatant violations and should not

be influenced by biased congressional resolutions and pressure from the Zionist lobby." Amman's left-of-center, influential Al-Dustur concluded,

"We should not pin too much hope on the American move. There is the Congress and there is the influential Zionist lobby, which keeps threatening Clinton."

BRIEFS

- Former Yugoslavia: Holbrooke In Region To 'Twist Arms'
- China: Emerging Giant?
- Shalikashvili In Tbilisi: U.S. Interests In Region; Others

Interested In

Chief

- The War On Drugs: Canada As 'Bridge'?

EDITORS: Mildred Sola Neely, Bill Richey and Diana McCaffrey

'A WIDE WELCOME OF U.S. MOVE TO REVIVE MIDEAST PEACE PROCESS'

ISRAEL: "66 Percent Of Polled Israelis Would Resume Peace Process"

A top-circulation, pluralist Yediot (8/8) poll of Israelis indicated that

66

percent would resume the peace process with the Palestinians against 32

percent

who would not. But 63 percent would hold back the transfer of money to

the

Palestinians and 71 percent would keep the closure on. The poll also

showed

that 50 percent would not jam Radio Palestine and 47 percent would.

"A Baker-Style Albright"

Senior analyst Uzi Benziman wrote in independent Haaretz (8/8): "The feeling in

Jerusalem is that Albright might display a James Baker rather than a Warren

Christopher temper, that she could toss a quasi ultimatum on the table...that

she would be determined to lean on Israel not to jeopardize the region's alrea

dy shaky stability because of Israel's wish to hold on the territories....

One

man who is not going to let the Oslo accord go under is Ezer Weizman. He may

land in Washington as a life guard ready and eager to save the process.

Weizman is one of the few Israeli leaders who make no secret of their desire

for active American involvement in the Israeli-Palestinian crisis."

"Welcome Back, Mr. Ambassador"

In an open letter to Ambassador Dennis Ross under the headline above, the independent Jerusalem Post stressed in its lead editorial (8/8): "We do not

accuse you of bad faith, but rather of misguided policies that have had serious consequences.... You have helped teach the Palestinians that they can wiggle out of signed commitments. You have assisted them in pursuing a twin-track approach of talking peace and pursuing violence for the past four years.

All of which has meant the death and dismemberment of many innocent people.... We ask you to examine your conscience and change your ways. Human lives, indeed the fate of the region, depend on it."

"Albright's Appeal Casts Doubts On Our Sovereign Rights Over Jerusalem"

Nationalist Hatzofe's editorial observed (8/8): "The Prime Minister's Office said it was satisfied with Mrs. Albright's speech, noting her comments that the PA's counterterror measures transcend any other issue. But there is no ignoring Albright's appeal to Israel 'to avoid unilateral construction activities' especially at Har Homa.... It turns out that even after the murderous Jerusalem market attack the United States is careful to keep an evenhanded approach. The Americans would not support one side regardless of how right it is.... Albright's appeal to Israel casts doubt on our

sovereign

rights in our own eternal capital.... We must not turn a deaf ear to the portions in her speech questioning our historic rights in our land in general and in Jerusalem in particular."

WEST BANK: "Welcome Renewed U.S. Involvement Despite Concerns"

Moderate, pro-peace process Al-Quds (8/8) headlined "A wide welcome of the American move to revive the peace process." Its editorial said, "The Palestinian welcome of the new American move affirms the Palestinian Authority's desire to save the peace process despite reservations about parts

of President Clinton and Albright recent remarks. However, one cannot overlook important facts about the new American stance: the principle of 'land for peace' and the United States objection to 'unilateral acts.'

Palestinians are clearly looking for specific and tangible results from the

visits of Ambassador Ross and Secretary Albright to avoid the danger of an

explosion in the region. For American efforts to succeed, clear solutions

must be reached on the problems, which particularly led to the crisis: settlements, Israel's refusal to implement the

agreement, and Israel's strangulation and the closure of the territories. It

is not only Israeli security, but also Palestinian, that is threatened daily."

"U.S. Must Put End To Israel's Violations"

Columnist Ghaleb Qabous commented in Al-Quds (8/8), "The American administration should tell Israel emphatically that its actions are driving the area to the brink of disaster. The U.S. administration must put an end to Israel's blatant violations and should not be influenced by biased congressional resolutions and pressure from the Zionist lobby. A comprehensive and just peace will lead to security and stability. Palestinians who are robbed of their rights also need security. Dennis Ross must address a very fair demand that Israel must implement the agreement."

EGYPT: "Things Will Become Clear In Light Of Ross, Albright Trips"

Government, Arabic-language Cairo radio ran this commentary by Muhammad Sharaf

(8/7), "The persistent and tireless efforts Egypt has been making to confront the developments of the Arab-Israeli peace process since the Netanyahu-led Likud government came to power in Israel--the latest of these developments

being the bombings in West Jerusalem--proceed from Egypt's deep and unwavering

belief that the only alternative to a just and comprehensive peace in the Middle East is violence, bloodshed, chaos, and instability--things no one will

probably be able to control.... Despite the very serious trouble in the peace

process, things are moving and the Egyptian political leadership is making efforts on all regional and international levels.... On the American front

...Clinton has announced that...Albright will tour the region end of August to

discuss American ideas to restore confidence between Israel and the Palestinians. And in a statement on the Middle East, Albright said the U.S.

moves are based on the close contacts Washington held with Egypt in the past

few months. She stressed the need to quickly start the final status negotiations and called on...Netanyahu not to take unilateral measures so as

not to torpedo the confidence between the two sides.... At any rate, things

will become clear in light of the trip Dennis Ross...will make to the region

next week, and the visit the U.S. secretary of state will pay to the region at

the end of August. But all we can say here is: No matter how tough the measures Israel takes to oppress and terrorize the Palestinian people,

under no
circumstances will the Palestinians abandon their struggle for their
legitimate
rights; their cause is just by every standard."

JORDAN: "Do Not Pin Too Much Hope On Next American Move"

Yacoub Jaber, daily columnist for left-of-center, influential,
Arabic-language
Al-Dustur (8/8), concluded, "A new American move is looming in the
horizon. It
is taking the form of urgency, since Secretary of State Madeleine
Albright cut
short her Asian tour and returned to Washington to be present at the most
serious meeting of the NSC since President Bill Clinton's second term in
office. This move is also a special one because, this time, the United
States
is acting to salvage what others failed to save. However, we should not
pin
too much hope on the American move. There is the Congress and there is
the
influential Zionist lobby, which keeps threatening Clinton with different
accusations, least of which is sexual harassment. Yet, there is reason
to
believe that the move is serious. Let's hope so."

LEBANON: "Will Albright Succeed Where Christopher Failed?"

A front page editorial by Nizar Abd Al-Kader in sensationalist Ad-Diyar held

(8/8): "On the 'textual' level, Secretary Albright's speech seemed biased towards the Israelis. However, close analysis reveals that Secretary Albright

balanced her criticism of the Palestinian terrorist acts by speaking strongly

against the one-sided decisions taken by the Israeli government that affect the

destiny of the Palestinian people.... In general, the most important aspect in

Secretary Albright's speech is her defrosting of the American role. She was

very clear in her specification of the American role as a real mediator instead

of the role that was previously practiced by the

U.S. and which did not exceed facilitating meetings between the Palestinians

and the Israelis. Also, by looking closely we detect that Secretary Albright

refused Netanyahu's methodology and efforts to decide results before negotiations even start. Furthermore, she achieved balance when she refused

Arafat's stance based on not cooperating on the security level, while at the

same time criticizing Netanyahu's statements demanding 'security in exchange for resuming negotiations'.... As for President Clinton, it seems that his blessing of the Albright initiative indicates a basic change in his policy toward the Middle East.... The real question is: Will Secretary Albright succeed in convincing Netanyahu to choose peace as the basic route in his search for security?"

RUSSIA: "U.S. Actions: Balanced, Promising"

Alexander Shumilin commented in reformist, business-oriented Kommersant Daily

(8/8): "As of now it looks as if there is no avoiding escalation of tension in

Palestinian-Israeli relations, unless international mediators intervene.

President Clinton made a balanced statement condemning Palestinian terrorist

acts and urging the Israeli government to resume transferring to Palestinians

the monies due them without delay. The American president's next step was to

announce that he was sending to Israel his representative Dennis Ross to be

followed by Secretary of State Madeleine Albright later this month. In the

Middle East, statements and actions by the U.S. president have been

assessed as

quite promising.... Under the circumstances, it looks embarrassing that there

have been no initiatives from the foreign ministry of the Russian Federation,

formally a co-sponsor of the Middle East peace process, along with the United

States."

GERMANY: "Emergency Assistance From Washington"

Kurt Kister wrote in centrist Sueddeutsche Zeitung of Munich (8/8):

"Madeleine Albright's announcement to travel to the Middle East at the end of

the month comes on time, for, since the bomb attack from last week, communication between Israelis and Palestinians consists mainly of threats and

accusations.... The whole situation seems to have gone down in the 'bloody'

normal state of confrontation. If the Oslo process is to be revived again,

outside assistance will be necessary. It is remarkable which efforts King Hussein makes, but the political power of the king alone is not enough, even

though he enjoys a lot of respect in Israel and Palestine. The eyes of all

those who know that there is no alternative to the resumption of talks,

are now

directed at Washington. Effective emergency aid can come only from there. So

far, Mrs. Albright had always hoped for a 'favorable moment' before she wanted

to start her first trip to the Middle East.... But these hopes were in vain,

since they were bombed or crushed by bulldozers. Now the solution can only be

that the strongest peace broker, the United States, brings all its authority to bear."

"Precious Time Will Pass Before Albright Departs For Middle East"

Harald Dassler remarked in an editorial in right-of-center Lausitzer Rundschau

of Cottbus (8/8): "With a new initiative, the United States wants to save the

increasingly fragile peace in the Middle East. And as often before, the United

States pins its hopes on shuttle diplomacy.... However, the mission is accompanied by one factor of uncertainty. Mrs. Albright wants to depart for

the Middle East only at the end of the month. This means that precious time

will pass in which militant opponents of the peace process can continue to

stir

up hatred--with words but possibly also with bombs."

BRITAIN: "Arafat On The Edge"

The left-wing weekly New Statesman had this commentary by writer Dilip
Hiro

(8/8): "There are few leaders in the Middle East who can match Ben
Netanyahu in

articulating moral outrage or squeezing the last drop of political
advantage

from an occasion such as this. He went into

overdrive on the assumption--yet to be proved--that the Jerusalem bombers
came

from areas controlled by the Palestinian Authority.... By mercilessly
applying

the economic, military and diplomatic might of Israel, Netanyahu has
imposed

his will on the comparatively feeble Palestinian Authority, ignoring the
fact

that there exists a zero-sum relationship between Arafat and the
Islamists:

Weakening Arafat means strengthening Hamas and Islamic Jihad.... For
Israel

and the United States to pile pressure on Arafat is a prescription for
disaster. Were he to fall, with whom would Netanyahu and President

Clinton

negotiate? The suicide bombers of Hamas have highlighted Netanyahu's failure

to deliver security with peace. By further enfeebling Arafat, Israel would

fall into the trap Hamas has set. The Hamas leadership is eager to see Hamas

(sic) fall so that it can fill the consequent political vacuum."

FRANCE: "Albright Speech Is An Evolution Both In Form, Substance"

Jean Loius Turlin wrote in right-of-center Le Figaro (8/8): "After six months

of a low profile in a sinking peace process, the Clinton administration has

decided to step up a gear to re-launch the Israeli-Palestinian dialogue....

Madeleine Albright's speech is an evolution both in form and substance.

Was

hington, after having abandoned the shuttle diplomacy exemplified by Warren

Christopher, is today taking the lead using an original approach mid-way between Yasser Arafat's and Benjamin Netanyahu's viewpoints.... The American

government has given itself the objective of conciliating the two points of

view. But this strategy requires a minimum of goodwill from both the

Israelis

and Palestinians.... It's most likely it will be Madeleine Albright herself

who will deal with the two issues relating to the January Hebron agreement:

the opening of an airport and maritime port in Gaza, and that of a communications corridor for Palestinians between Gaza and the West Bank."

"Bill Clinton Supports Netanyahu"

Francoise Germain-Robin held in Communist L'Humanite (8/8): "Bill Clinton emerged from his demure posture regarding the blocked peace process to repeat

almost word for word the accusations leveled by Netanyahu against Arafat on

Wednesday.... Albright stated that she was in favor of 'accelerating the final

-status negotiations'--one of Netanyahu's ideas for avoiding his obligations

under the Oslo accords to hand back most of the West Bank to the Palestinians.

Once again the American 'sponsor' [of the peace process] has sided with Israel,

a position criticized yesterday by the Washington Post."

POLAND: "Arafat Regaining Old Position Of Support From Arab World"

Center-left Zycie Warszawy's Filip Netz wrote (8/8): "Benjamin Netanyahu...has announced his idea to build a fence along the border with the Palestinian Authority to separate the Arabs from the Jews.... This and other decisions made after the suicide bombing in Jerusalem seem to be just a return to the methods used by the former government--collective punishment, isolation of the Palestinian Authority, imposition of a curfew on the Israeli-occupied territories.... It appears that Netanyahu's moves, aimed at undermining the role of Arafat, seem to have produced the opposite effect--Arafat is regaining his old position in the Arab world. He enjoys the support of the president of Egypt and the king of Jordan--and his own people, who do not think themselves responsible for the crimes of the Hamas terrorists."

BRIEFS

FORMER YUGOSLAVIA: HOLBROOKE IN REGION TO 'TWIST ARMS'

GERMANY: "The Weakness Of The Strong"

Peter Muench noted in an editorial in centrist Sueddeutsche Zeitung of Munich

(8/8): "Experiences from Dayton have taught us that it would be wrong to pin our hopes on [Milosevic and Tudjman's] cooperation . It is certainly right to enter into negotiations with them, but there is no longer a reason to continue to court Milosevic and Tudjman--according to the Dayton model--as guarantors of stability in the Balkans. If the international community wants to achieve something, it must show stamina. Missions such as the ones by Holbrooke can certainly be useful. But they do not replace a long-term strategy. If SFOR really withdraws next year, one no longer needs to send a diplomat such as Holbrooke to the region."

"Action Is Required By Pale, Belgrade Rulers"

Rolf Paasch dealt in his editorial in left-of-center Frankfurter Rundschau (8/8) with Karadzic's offer to stand trial only in the Bosnian-Serbian Republic: "Richard Holbrooke had hardly departed for Bosnia, when the Bosnian-Serbian regime in Pale reacted to the looming mission of Bill Clinton's gruff envoy.... Now the secret ruler from Pale has rolled out the red carpet to his mountain village for the war crimes tribunal.... Slobodan Milosevic, also a potential candidate for the list of war criminals in

The
Hague, is likely to make similar evading proposals to Richard Holbrooke
in
Belgrade today. Cooperation yes but 'Sorry Dick, our constitution just
bans
the extradition of war criminals.'... No, there is nothing to negotiate
with
such leaders, even though the envoy is called Richard Holbrooke. We want
deeds."

"Holbrooke Only One Who Is Able To Save Peace Process"

Detlev Ahlers said in an editorial in right-of-center weekly Rheinischer
Merkur
of Bonn (8/8): "U.S. special envoy Richard Holbrooke is possibly the only
one
who is able to save the peace process in ex-Yugoslavia. He is the
architect
of the Dayton agreement whose flaws have now become obvious. And the
ones
who are mainly responsible for the war, Tadjman, Izetbegovic, and
Milosevic
have now turned into democratically legitimized rulers. In 1995, the
Dayton
agreement was the best possible chance to stop the mass killings. Today,
Europe and the United States must use all coercive means to implement
Dayton.... The alternative would only be to leave the region to itself."

BRITAIN: "U.S. Envoy Puts Pressure On War Criminals"

The centrist Independent commented (8/8): "Bidding to salvage the Dayton peace

accords he brokered 21 months ago, Richard Holbrooke yesterday ratcheted up

pressure on suspected war criminals at large in the former Yugoslavia by meeting with the two top military commanders who would have to give their blessing to any move to arrest them.... Mr. Holbrooke is the latest of a series of high profile Western visitors, all of them with the aim of preventing

the Dayton deal from unravelling. Thanks to the presence of NATO troops, the fi

ghting has stopped, but a Bosnian state is as remote a prospect as ever."

"Not Hopeless"

The independent weekly Economist reported from Sarajevo (8/8): "Is Bosnia falling apart or, despite itself, growing together? The headlines are grim.

Richard Holbrooke went to the Balkans this week, not to pat the region's leaders on the back but to twist their arms. Amid the setbacks, though, there are hints of progress."

"Encouraging"

The conservative Times observed (8/8): "There are limits to what international pressure can produce, but it is encouraging that those limits are being tested. Critical, however, is the strength of the backing Mr. Holbrooke has in Washington. Economic sanctions will not suffice. President Clinton has at least retreated from his unwise insistence that American troops must be out of Bosnia by next June. A pre-set deadline only encourages the opponents of peace."

BELGIUM: "U.S.-Europe Quarrels Only Benefit Adversaries"

In independent Le Soir (8/8), Edouard Van Velthem discussed what he terms "Washington's irritation following Mr. Westendorp's initiatives to sanction equally all three sides--Serbs, Croats, as well as Muslims--for their lack of enforcement of the Dayton agreements.... Richard Holbrooke has tried to restore the absolute primacy of the U.S. approach.... Infuriated by Uncle Sam's lessons of good behavior, European diplomats bitterly conclude that the United States did not forgive Westendorp for having overshadowed Holbrooke on th

e eve of his decisive tour of the region. But their irony has bitter undertones to assess the disastrous impact of those constant quarrels of influence on the peace process. Ultimately, these quarrels only benefit the adversaries of dialogue and of reconciliation."

CHINA: EMERGING GIANT?

RUSSIA: "China Emerging Economic Giant"

Writing on the occasion of ASEAN's 30-year jubilee, Dmitry Kosyrev of centrist

Nezavisimaya Gazeta (8/8) described the association as "the main political and economic forum of the Asia-Pacific region," and China as an "emerging economic giant with a role in Asia similar to that of the United States, that is, a very big power."

INDIA: "China Set To Emerge As Superpower"

An editorial page article by Amitabh Mattoo, Associate Professor, School of

International Studies, Jawaharlal Nehru University, New Delhi, in Calcutta's

centrist Telegraph said (8/8): "China looks all set to emerge as a

military and

economic superpower in the next 10 years.... The Chinese army and the

Communist Party look likely to continue to be in control and Beijing's

economic

expansionism will be buttressed by its economic strength. Would Beijing,

under

these circumstances, be willing to tolerate competition from India which

would

be seeking similar greener economic pastures in the Asia-Pacific region?

In

addition, China has begun to display imperial ambitions. All those who

felt

that Tibet and Vietnam were aberrations, that Beijing had not demonstrated

expansionist tendencies, should observe the inroads that China has made

into

Myanmar. A relationship which began on a commercial basis...is now

translating

into a close political and military bond.... Recent Chinese

aggressiveness

over the disputed Spratly Islands, or in the Taiwan Straits or even over

the

Senkaku Islands reveal that there are now other markers along the way.

Let it

also not be forgotten that India faces a direct nuclear threat from

China....

While not much is known about Chinese targeting doctrines...it is clear

that

these missiles can have only one target: India."

SHALIKASHVILI IN TBILISI:

U.S. INTERESTS IN REGION; OTHERS INTERESTED IN CHIEF

RUSSIA: "U.S. Interests Grow In Region"

Mikhail Vignansky commented in reformist Segodnya (8/8) on the Chief of the

Joint Chiefs of Staff John Shalikashvili's visit to Tbilisi: "Overall,

the

trip was more proof of America's increased interest in Georgia and

regional

stability.... Clearly, Tbilisi will keep trying to make the most of the

United

States' interests, as well as of Russia's, in its search for solutions to

internal problems, primarily the Abkhazian conflict."

BELGIUM: "Shalikashvili: A Most 'Wanted' Man"

Pol Mathil wrote in independent Le Soir (8/8): "Chairman of the U.S.

Joint

Chiefs of Staff, General John Shalikashvili is a man who, for various but

justified reasons, could become the world's most 'wanted' man. He can be

claimed by the United States where he reached the

highest possible military function, as well as by Georgia, his parents'

native

country, and by Poland, the country where he was born. The Georgian dream

is

crushed. Yesterday in Tbilisi, the general denied rumors that he intended

to

become Georgia's minister of defense.... Poland did not offer yet to

General

Shalikashvili to take its army's command. However, the idea is not a bad

one.

In order to facilitate Poland's entry into NATO, General Shalikashvili, as

former commander in chief of the Alliance, offers a far more credible

record of

attachment to Western values than his Polish colleagues, all graduates of

Soviet military academies."

THE WAR ON DRUGS: CANADA AS 'BRIDGE'?

CANADA: "In War On Drugs, Canada Could Be A Peacemaker"

The business-oriented Financial Post (8/5) commented: "At the same time

the

U.S. president is pushing for 'fast-track' authority from Congress to

negotiate a hemispheric trade...agreement, there is already one form of

hemispheric trade that is thriving--the drug trade.... In some cases,

the

drug trade can alter the very fundamentals of a country's economy. On the

one

hand, the government loses tax revenue from illegal economic activities related to the drug trade, on the other the huge amounts of 'narco-dollars' injected into a producing country's economy can undermine the government's efforts to stabilize the economy and reduce inflation. Corruption associated with the drug trade also threatens political stability.... The hemispheric drug trade has also created a divide between the producing countries of the south and the consuming nations of the north.... And on top of it all, the United States' war on drugs has failed. Neither the supply of, nor the demand for, drugs has decreased in the Americas. It is at this point that the authors [of 'Hemispheric Addiction'--Canadian Foundation for the Americas], see Canada stepping in to fulfil its traditional role as a 'bridge' between the northern and southern nations.... We must do our part to break this hemispheric addiction."

ARGENTINA: "Bolivia Wants Washington's Certification"

An editorial in pro-government La Prensa read (8/7) "The announcement

made by

Bolivian president elect Hugo Banzer Suarez that in five years he will eliminate drug trafficking in his country has generated both hope and skepticism. No doubt the promised measure can only be celebrated....

There

is, however, justifiable skepticism. Not even the most naive observer could

miss that such an important criminal activity is supported by powerful and

influential interests.... Experience shows that it is not a matter of men,

but a colossal business, in which casualties are quickly replaced by other

figures. To begin with, the Bolivian government has an immediate goal:

Above

all, it wants to keep counting on Washington's certification for its fight against drug trafficking. U.S. failure to recognize Bolivia's efforts in this

sense may result in the cancellation of economic assistance. The maximum test

for Banzer's tenure will be the destruction of coca surpluses--Bolivia is the

world's third exporter, after Colombia and Peru--and the eradication this year

of four thousand hectares of this crop. It would be laudable for the elected

president to be able to fulfil his promise. But it would be advisable,

perhaps, to express more reasonable and less sensational objectives,
because
the disappointment and disillusionment of being unable to achieve these
goals
may end up by undermining the base of credibility."

##===== ATTACHMENT 1 =====
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08 Aug 1997 08:22:50 -0400 (EDT)
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by PMDF.EOP.GOV (PMDf V5.0-4 #6879) id <01IM6V5TBMRK0035GL@PMDf.EOP.GOV> for
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#XP\ P6QyP#Bill Richey, Branch Chief Media Reaction (R/MR), #:x2PkCXP# #XP\
P6QyP#Richey@usia.gov, (202) 6196511 Ann Pincus,
Director, (
202) 6196511

#Xn\ P6Qy&P#Friday, August 8, 1997

X' hp x (# 'A WIDE WELCOME OF U.S. MOVE TO REVIVE MIDEAST PEACE PROCESS'
X' hp x (#

The media in the Middle East both Arab and Israeli and in Europe welcomed
the U.

S.' "serious" heightening of its involvement in the Middle East peace
process a

s signaled by Secretary of State Albright's speech Wednesday and
President Clin

ton's press conference remarks later that day. They looked
forward to the arri

val of U.S. special envoy Dennis Ross this weekend to the
region and approved o

f Ms. Albright's indication that she too might visit the
Middle East. Two Arab

dailies best summarized the significance of the U.S.
initiative. Sensationali

st AdDiyar of Beirut held, "The most important
aspect in Secretary Albright's s

peech is her defrosting of the American
role." Jerusalem's moderate, propeace

process AlQuds added, "Palestinians
are clearly looking for specific and tangib

le results from the visits of

Ambassador Ross and Secretary Albright to avoid
the danger of an explosion

in the region." Centrist Sueddeutsche Zeitung of Mu
nich echoed the

commonlyheld assumption that only Washington can reconcile the
opponents:

"Effective emergency aid," it insisted, "can come only from there."

Nevertheless, expectations were not high regarding what the Clinton
administrat

ion envoys would achieve and many on the Israeli and Arab sides
voiced concerns

about the U.S. line and how it would affect their interests.

Tel Aviv's indep

endent Haaretz fretted, "The feeling...is that Albright might
display a James B

aker rather than a Warren Christopher temper...that she
would be determined to

lean on Israel not to jeopardize the region's already
shaky stability." Anothe

r Israeli daily, nationalist Hatzofe, was alarmed

that "Albright's appeal to Is

rael casts doubt on our sovereign rights in our

own eternal capital." Speaking for the Palestinians, AlQuds declared, "The U.S. administration must put an end to Israel's blatant violations and should not be influenced by biased congressional resolutions and pressure from the Zionist lobby." Amman's leftofcenter, influential AlDustur concluded, "We should not pin too much hope on the American move. There is the Congress and there is the influential Zionist lobby, which keeps threatening Clinton."

BRIEFS

Former Yugoslavia: Holbrooke In Region To 'Twist Arms'
X' hp x (# China: Emerging Giant?
Shalikashvili In Tbilisi: U.S. Interests In Region; Others Interested
In China
ief
X' hp x (# The War On Drugs: Canada As 'Bridge'?

EDITORS: Mildred Sola Neely, Bill Richey and Diana McCaffrey

'A WIDE WELCOME OF U.S. MOVE TO REVIVE MIDEAST PEACE PROCESS'

ISRAEL: "66 Percent Of Polled Israelis Would Resume Peace Process"

A topcirculation, pluralist Yediot (8/8) poll of Israelis indicated that 66 percent would resume the peace process with the Palestinians against 32 percent who would not. But 63 percent would hold back the transfer of money to the Palestinians and 71 percent would keep the closure on. The poll also showed that 50 percent would not jam Radio Palestine and 47 percent would.

"A BakerStyle Albright"

Senior analyst Uzi Benziman wrote in independent Haaretz (8/8): "The feeling in Jerusalem is that Albright might display a James Baker rather than a Warren Christopher temper, that she could toss a quasi ultimatum on the table...that she would be determined to lean on Israel not to jeopardize the

region's already
shaky stability because of Israel's wish to hold on the
territories.... One man
who is not going to let the Oslo accord go under is
Ezer Weizman. He may land
in Washington as a life guard ready and eager to
save the process. Weizman is
one of the few Israeli leaders who make no
secret of their desire for active A
merican involvement in the
IsraeliPalestinian crisis."

"Welcome Back, Mr. Ambassador"

In an open letter to Ambassador Dennis Ross under the headline above, the
inde
pendent Jerusalem Post stressed in its lead editorial (8/8): "We do not
accuse
you of bad faith, but rather of misguided policies that have had
serious conseq
uences.... You have helped teach the Palestinians that they can
wiggle out of s
igned commitments. You have assisted them in pursuing a twintrack approach of
talking peace and pursuing violence for the past four
years. All of which has
meant the death and dismemberment of many innocent
people.... We ask you to exa
mine your conscience and change your ways. Human
lives, indeed the fate of the
region, depend on it."

"Albright's Appeal Casts Doubts On Our Sovereign Rights Over Jerusalem"

Nationalist Hatzofe's editorial observed (8/8): "The Prime Minister's Office
s
aid it was satisfied with Mrs. Albright's speech, noting her comments that
the
PA's counterterror measures transcend any other issue. But there is no
ignorin
g Albright's appeal to Israel 'to avoid unilateral construction
activities' esp
ecially at Har Homa.... It turns out that even after the
murderous Jerusalem ma
rket attack the United States is careful to keep an
evenhanded approach. The A
mericans would not support one side regardless of
how right it is.... Albright'
s appeal to Israel casts doubt on our sovereign
rights in our own eternal capit
al.... We must not turn a deaf ear to the
portions in her speech questioning ou
r historic rights in our land in general
and in Jerusalem in particular."

X` hp x (# WEST BANK: "Welcome Renewed U.S. Involvement Despite Concerns"

X` hp x (#

Moderate, propeace process AlQuds (8/8) headlined "A wide welcome of the Ameri

can move to revive the peace process." Its editorial said, "The

Palestinian w

elcome of the new American move affirms the Palestinian

Authority's desire to

save the peace process despite reservations about

parts of President Clinton a

nd Albright recent remarks. However, one cannot

overlook important facts abou

t the new American stance: the principle of

'land for peace' and the United S

tates objection to 'unilateral acts.'

Palestinians are clearly looking for sp

ecific and tangible results from the

visits of Ambassador Ross and Secretary A

lbright to avoid the danger of an

explosion in the region. For American effor

ts to succeed, clear solutions

must be reached on the problems, which particul

arly led to the crisis:

settlements, Israel's refusal to implement the

agreement, and Israel's strangulation and the closure of the territories.

It

is not only Israeli security, but also Palestinian, that is threatened

daily."

"U.S. Must Put End To Israel's Violations"

Columnist Ghaleb Qabous commented in AlQuds (8/8), "The American administrati

on should tell Israel emphatically that its actions are driving

the area to the

brink of disaster. The U.S. administration must put an end

to Israel's blatan

t violations and should not be influenced by biased

congressional resolutions

and pressure from the Zionist lobby. A

comprehensive and just peace will lead

to security and stability.

Palestinians who are robbed of their rights also

need security. Dennis Ross

must address a very fair demand that Israel must

implement the agreement."

EGYPT: "Things Will Become Clear In Light Of Ross, Albright Trips"

Government, Arabiclanguage Cairo radio ran this commentary by Muhammad Sharaf

(8/7), "The persistent and tireless efforts Egypt has been making to

confront t

he developments of the ArabIsraeli peace process since the Netanyahu-led Likud government came to power in Israel the latest of these developments being the bombings in West Jerusalem proceed from Egypt's deep and unwavering belief that the only alternative to a just and comprehensive peace in the Middle East is violence, bloodshed, chaos, and instability things no one will probably be able to control.... Despite the very serious trouble in the peace process, things are moving and the Egyptian political leadership is making efforts on all regional and international levels.... On the American front...Clinton has announced that...Albright will tour the region end of August to discuss American ideas to restore confidence between Israel and the Palestinians. And in a statement on the Middle East, Albright said the U.S. moves are based on the close contacts Washington held with Egypt in the past few months. She stressed the need to quickly start the final status negotiations and called on...Netanyahu not to take unilateral measures so as not to torpedo the confidence between the two sides.... At any rate, things will become clear in light of the trip Dennis Ross...will make to the region next week, and the visit the U.S. secretary of state will pay to the region at the end of August. But all we can say here is: No matter how tough the measures Israel takes to oppress and terrorize the Palestinian people, under no circumstances will the Palestinians abandon their struggle for their legitimate rights; their cause is just by every standard."

JORDAN: "Do Not Pin Too Much Hope On Next American Move"

Yacoub Jaber, daily columnist for left-of-center, influential, Arabic-language Al-Dustur (8/8), concluded, "A new American move is looming in the horizon. It is taking the form of urgency, since Secretary of State Madeleine Albright cuts short her Asian tour and returned to Washington to be present at the most serious meeting of the NSC since President Bill Clinton's second term in office. This move is also a special one because,

this time, the United States is acting to salvage what others failed to save. However, we should not pin too much hope on the American move. There is the Congress and there is the influential Zionist lobby, which keeps threatening Clinton with different accusations, least of which is sexual harassment. Yet, there is reason to believe that the move is serious. Let's hope so."

X' hp x (# LEBANON: "Will Albright Succeed Where Christopher Failed?"

A front page editorial by Nizar Abd AlKader in sensationalist AdDiyar held (8/8): "On the 'textual' level, Secretary Albright's speech seemed biased towards the Israelis. However, close analysis reveals that Secretary Albright balanced her criticism of the Palestinian terrorist acts by speaking strongly against the onesided decisions taken by the Israeli government that affect the destiny of the Palestinian people.... In general, the most important aspect in Secretary Albright's speech is her defrosting of the American role. She was very clear in her specification of the American role as a real mediator instead of the role that was previously practiced by the

U.S. and which did not exceed facilitating meetings between the Palestinians and the Israelis. Also, by looking closely we detect that Secretary Albright refused Netanyahu's methodology and efforts to decide results before negotiations even start. Furthermore, she achieved balance when she refused Arafat's stance based on not cooperating on the security level, while at the same time criticizing Netanyahu's statements demanding 'security in exchange for resuming negotiations'.... As for President Clinton, it seems that his blessing of the Albright initiative indicates a basic change in his policy toward the Middle East.... The real question is: Will Secretary Albright succeed in convincing Netanyahu to choose peace as the basic route in his search for security?"

RUSSIA: "U.S. Actions: Balanced, Promising"

X' hp x (#

Alexander Shumilin commented in reformist, business-oriented Kommersant Daily (8/8): "As of now it looks as if there is no avoiding escalation of tension in Palestinian-Israeli relations, unless international mediators intervene. President Clinton made a balanced statement condemning Palestinian terrorist acts and urging the Israeli government to resume transferring to Palestinians the monies due them without delay. The American president's next step was to announce that he was sending to Israel his representative Dennis Ross to be followed by Secretary of State Madeleine Albright later this month. In the Middle East, statements and actions by the U.S. president have been assessed as quite promising. ... Under the circumstances, it looks embarrassing that there have been no initiatives from the foreign ministry of the Russian Federation, formally a cosponsor of the Middle East peace process, along with the United States."

GERMANY: "Emergency Assistance From Washington"

Kurt Kister wrote in centrist Sueddeutsche Zeitung of Munich (8/8): "Madeleine Albright's announcement to travel to the Middle East at the end of the month comes on time, for, since the bomb attack from last week, communication between Israelis and Palestinians consists mainly of threats and accusations.... The whole situation seems to have gone down in the 'bloody' normal state of confrontation. If the Oslo process is to be revived again, outside assistance will be necessary. It is remarkable which efforts King Hussein makes, but the political power of the king alone is not enough, even though he enjoys a lot of respect in Israel and Palestine. The eyes of all those who know that there is no alternative to the resumption of talks, are now directed at Washington. Effective emergency aid can come only from there. So far, Mrs. Albright had always hoped for a 'favorable moment' before she wanted to start her first trip to the Middle East.... But these hopes were in vain, since they were bombed or crushed

by bulldozers. Now the solution can only be that the strongest peace broker, the United States, brings all its authority to bear."

"Precious Time Will Pass Before Albright Departs For Middle East"

Harald Dassler remarked in an editorial in rightofcenter Lausitzer Rundschau of Cottbus (8/8): "With a new initiative, the United States wants to save the increasingly fragile peace in the Middle East. And as often before, the United States pins its hopes on shuttle diplomacy.... However, the mission is accompanied by one factor of uncertainty. Mrs. Albright wants to depart for the Middle East only at the end of the month. This means that precious time will pass in which militant opponents of the peace process can continue to stir up hatred with words but possibly also with bombs."

BRITAIN: "Arafat On The Edge"

The leftwing weekly New Statesman had this commentary by writer Dilip Hiro (8/8): "There are few leaders in the Middle East who can match Ben Netanyahu in articulating moral outrage or squeezing the last drop of political advantage from an occasion such as this. He went into

overdrive on the assumption yet to be proved that the Jerusalem bombers came from areas controlled by the Palestinian Authority.... By mercilessly applying the economic, military and diplomatic might of Israel, Netanyahu has imposed his will on the comparatively feeble Palestinian Authority, ignoring the fact that there exists a zero-sum relationship between Arafat and the Islamists: Weakening Arafat means strengthening Hamas and Islamic Jihad.... For Israel and the United States to pile pressure on Arafat is a prescription for disaster. Were he to fall, with whom would Netanyahu and President Clinton negotiate? The suicide bombers of Hamas have highlighted Netanyahu's failure to deliver security with peace. By further enfeebling Arafat, Israel would fall into the trap Hamas has set. The Hamas leadership is eager to see

Hamas (sic) fall so that it can fill the consequent political vacuum."

FRANCE: "Albright Speech Is An Evolution Both In Form, Substance"

Jean Loius Turlin wrote in rightofcenter Le Figaro (8/8): "After six months of a low profile in a sinking peace process, the Clinton administration has decided to step up a gear to relaunch the IsraeliPalestinian dialogue.... Madeleine Albright's speech is an evolution both in form and substance. Washington, after having abandoned the shuttle diplomacy exemplified by Warren Christopher, is today taking the lead using an original approach midway between Yasser Arafat's and Benjamin Netanyahu's viewpoints.... The American government has given itself the objective of conciliating the two points of view. But this strategy requires a minimum of goodwill from both the Israelis and Palestinians.... It's most likely it will be Madeleine Albright herself who will deal with the two issues relating to the January Hebron agreement: the opening of an airport and maritime port in Gaza, and that of a communications corridor for Palestinians between Gaza and the West Bank."

"Bill Clinton Supports Netanyahu"

Francoise GermainRobin held in Communist L'Humanite (8/8): "Bill Clinton emerged from his demure posture regarding the blocked peace process to repeat almost word for word the accusations leveled by Netanyahu against Arafat on Wednesday.... Albright stated that she was in favor of 'accelerating the final status negotiations' one of Netanyahu's ideas for avoiding his obligations under the Oslo accords to hand back most of the West Bank to the Palestinians. Once again the American 'sponsor' [of the peace process] has sided with Israel, a position criticized yesterday by the Washington Post."

POLAND: "Arafat Regaining Old Position Of Support From Arab World"

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Authority, imposition of a curfew on the Israeli-occupied territories.... It appears that Netanyahu's moves, aimed at undermining the role of Arafat, seem to have produced the opposite effect: Arafat is regaining his old position in the

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X hp x (#

X hp x (#BRIEFS

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GERMANY: "The Weakness Of The Strong"

Peter Muench noted in an editorial in centrist Sueddeutsche Zeitung of Munich

(8/8): "Experiences from Dayton have taught us that it would be wrong to pin our hopes on [Milosevic and Tudjman's] cooperation. It is certainly right to enter into negotiations

with them, but there is no longer a reason to continue to court Milosevic and

Tudjman according to the Dayton model as guarantors of stability in the Balkans.

If the international community wants to achieve something, it must show stamina. Missions such as the ones by Holbrooke can certainly be useful. But they do not replace a long-term strategy. If SFOR really withdraws next year, one no longer needs to send a diplomat such as Holbrooke to the region."

"Action Is Required By Pale, Belgrade Rulers"

Rolf Paasch dealt in his editorial in left-of-center Frankfurter Rundschau (8/8)

with Karadzic's offer to stand trial only in the Bosnian-Serbian Republic: "Richard Holbrooke had hardly departed for Bosnia, when the

BosnianSerbian regim
e in Pale reacted to the looming mission of Bill
Clinton's gruff envoy.... No
w the secret ruler from Pale has rolled out the
red carpet to his mountain vil
lage for the war crimes tribunal.... Slobodan
Milosevic, also a potential can
didate for the list of war criminals in The
Hague, is likely to make similar e
vading proposals to Richard Holbrooke in
Belgrade today. Cooperation yes but
'Sorry Dick, our constitution just bans
the extradition of war criminals.'...
No, there is nothing to negotiate
with such leaders, even though the envoy is
called Richard Holbrooke. We
want deeds."

"Holbrooke Only One Who Is Able To Save Peace Process"

Detlev Ahlers said in an editorial in rightofcenter weekly Rheinischer
Merkur
of Bonn (8/8): "U.S. special envoy Richard Holbrooke is possibly the
only one w
ho is able to save the peace process in exYugoslavia. He is the
architect of
the Dayton agreement whose flaws have now become obvious. And
the ones who a
re mainly responsible for the war, Tadjman, Izetbegovic, and
Milosevic have no
w turned into democratically legitimized rulers. In 1995,
the Dayton agreemen
t was the best possible chance to stop the mass killings.
Today, Europe and t
he United States must use all coercive means to implement
Dayton.... The alte
rnative would only be to leave the region to itself."

BRITAIN: "U.S. Envoy Puts Pressure On War Criminals"

The centrist Independent commented (8/8): "Bidding to salvage the Dayton
peace
accords he brokered 21 months ago, Richard Holbrooke yesterday
ratcheted up pr
essure on suspected war criminals at large in the former
Yugoslavia by meeting
with the two top military commanders who would have to
give their blessing to a
ny move to arrest them.... Mr. Holbrooke is the
latest of a series of high pro
file Western visitors, all of them with the aim
of preventing the Dayton deal f
rom unravelling. Thanks to the presence of
NATO troops, the fighting has stopp

ed, but a Bosnian state is as remote a prospect as ever."

"Not Hopeless"

The independent weekly Economist reported from Sarajevo (8/8): "Is Bosnia fall
ing apart or, despite itself, growing together? The headlines are grim. Richa
rd Holbrooke went to the Balkans this week, not to pat the region's
leaders on
the back but to twist their arms. Amid the setbacks, though, there
are hints of
progress."

"Encouraging"

The conservative Times observed (8/8): "There are limits to what
international
pressure can produce, but it is encouraging that those limits
are being teste
d. Critical, however, is the strength of the backing Mr.
Holbrooke has in Wash
ington. Economic sanctions will not suffice. President
Clinton has at least r
etreated from his unwise insistence that American
troops must be out of Bosnia
by next June. A preset deadline only
encourages the opponents of peace."

BELGIUM: "U.S. Europe Quarrels Only Benefit Adversaries"

In independent Le Soir (8/8), Edouard Van Velthem discussed what he terms
"Was
hington's irritation following Mr. Westendorp's initiatives to sanction
equally
all three sides Serbs, Croats, as well as Muslims for their lack of
enforcement
of the Dayton agreements.... Richard Holbrooke has tried to
restore the absolu
te primacy of the U.S. approach.... Infuriated by Uncle
Sam's lessons of good
behavior, European diplomats bitterly conclude that the
United States did not f
orgive Westendorp for having overshadowed Holbrooke on
the eve of his decisive
tour of the region. But their irony has bitter
undertones to assess the disast
rous impact of those constant quarrels of
influence on the peace process. Ulti
mately, these quarrels only benefit the
adversaries of dialogue and of reconcil
iation."

X' hp x (# CHINA: EMERGING GIANT?

RUSSIA: "China Emerging Economic Giant"

X' hp x (#

Writing on the occasion of ASEAN's 30year jubilee, Dmitry Kosyrev of centrist

Nezavisimaya Gazeta (8/8) described the association as "the main political and

economic forum of the AsiaPacific region," and China as an

"emerging economic g

iant with a role in Asia similar to that of the United

States, that is, a very

big power."

X' hp x (#

INDIA: "China Set To Emerge As Superpower"

An editorial page article by Amitabh Mattoo, Associate Professor, School of In

ternational Studies, Jawaharlal Nehru University, New Delhi, in Calcutta's

cent

rist Telegraph said (8/8): "China looks all set to emerge as a military

and eco

nomie superpower in the next 10 years.... The Chinese army and the

Communist P

arty look likely to continue to be in control and Beijing's

economic expansion

ism will be buttressed by its economic strength. Would

Beijing, under these cir

cumstances, be willing to tolerate competition from

India which would be seekin

g similar greener economic pastures in the

AsiaPacific region? In addition, Chi

na has begun to display imperial

ambitions. All those who felt that Tibet and

Vietnam were aberrations, that

Beijing had not demonstrated expansionist tenden

cies, should observe the

inroads that China has made into Myanmar. A relations

hip which began on a

commercial basis...is now translating into a close politic

al and military

bond.... Recent Chinese aggressiveness over the disputed Sprat

ly Islands, or

in the Taiwan Straits or even over the Senkaku Islands reveal th

at there are

now other markers along the way. Let it also not be forgotten tha

t India

faces a direct nuclear threat from China.... While not much is known a

bout

Chinese targeting doctrines...it is clear that these missiles can have onl

y

one target: India."

X' hp x (#

X' hp x (# SHALIKASHVILI IN TBILISI:

X' hp x (#U.S. INTERESTS IN REGION; OTHERS INTERESTED IN CHIEF

RUSSIA: "U.S. Interests Grow In Region"

Mikhail Vignansky commented in reformist Segodnya (8/8) on the Chief of the Jo
int Chiefs of Staff John Shalikashvili's visit to Tbilisi: "Overall, the
trip
was more proof of America's increased interest in Georgia and regional
stabilit
y.... Clearly, Tbilisi will keep trying to make the most of the
United States'
interests, as well as of Russia's, in its search for solutions
to internal pro
blems, primarily the Abkhazian conflict."

X' hp x (# BELGIUM: "Shalikashvili: A Most 'Wanted' Man"

X' hp x (#Pol Mathil wrote in independent Le Soir (8/8): "Chairman of the U.S
. Joint
Chiefs of Staff, General John Shalikashvili is a man who, for various b
ut
justified reasons, could become the world's most 'wanted' man. He can be
cl
aimed by the United States where he reached the

highest possible military function, as well as by Georgia, his parents'
native
country, and by Poland, the country where he was born. The Georgian
dream is c
rushed. Yesterday in Tbilisi, the general denied rumors that he
intended to be
come Georgia's minister of defense.... Poland did not offer
yet to General Sha
likashvili to take its army's command. However, the idea
is not a bad one. In
order to facilitate Poland's entry into NATO, General
Shalikashvili, as former
commander in chief of the Alliance, offers a far
more credible record of attac
hment to Western values than his Polish
colleagues, all graduates of Soviet mil
itary academies."

THE WAR ON DRUGS: CANADA AS 'BRIDGE'?

X' hp x (#

CANADA: "In War On Drugs, Canada Could Be A Peacemaker"

The businessoriented Financial Post (8/5) commented: "At the same time the
U
.S. president is pushing for 'fasttrack' authority from Congress to
negotiate
a hemispheric trade...agreement, there is already one form of

hemispheric trade that is thriving the drug trade.... In some cases, the drug trade can alter the very fundamentals of a country's economy. On the one hand, the government loses tax revenue from illegal economic activities related to the drug trade, on the other the huge amounts of 'narcodollars' injected into a producing country's economy can undermine the government's efforts to stabilize the economy and reduce inflation. Corruption associated with the drug trade also threatens political stability.... The hemispheric drug trade has also created a divide between the producing countries of the south and the consuming nations of the north.... And on top of it all, the United States' war on drugs has failed.

Neither the supply of, nor the demand for, drugs has decreased in the Americas. It is at this point that the authors [of 'Hemispheric Addiction' Canadian Foundation for the Americas], see Canada stepping in to fulfil its traditional role as a 'bridge' between the northern and southern nations.... We must do our part to break this hemispheric addiction."

X hp x (#

ARGENTINA: "Bolivia Wants Washington's Certification"

An editorial in progovernment La Prensa read (8/7) "The announcement made by Bolivian president elect Hugo Banzer Suarez that in five years he will eliminate drug trafficking in his country has generated both hope and skepticism. No doubt the promised measure can only be celebrated.... There is, however, justifiable skepticism. Not even the most naive observer could miss that such an important criminal activity is supported by powerful and influential interests. ... Experience shows that it is not a matter of men, but a colossal business, in which casualties are quickly replaced by other figures. To begin with, the Bolivian government has an immediate goal: Above all, it wants to keep counting on Washington's certification for its fight against drug trafficking. U.S. failure to recognize Bolivia's efforts in this sense may result in the cancel

lation of economic assistance. The
maximum test for Banzer's tenure will be th
e destruction of coca
surplusesBolivia is the world's third exporter, after Co
lombia and
Peruand the eradication this year of four thousand hectares of this
crop.
It would be laudable for the elected president to be able to fulfil his

promise. But it would be advisable, perhaps, to express more reasonable and
less sensational objectives, because the disappointment and disillusionment
of
being unable to achieve these goals may end up by undermining the base of
cre
dibility."

###Xx\ P6QyXP#

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NATIONAL PRESS CLUB LUNCHEON

WITH: THOMAS "MACK" MCLARTY

COUNSELOR TO THE PRESIDENT

<P>SUBJECT: PRESIDENT CLINTON'S TRIP TO SOUTH AMERICA

<P>MODERATOR: DOUG HARBRECHT, NPC PRESIDENT

<P>THE PRESS CLUB BALLROOM

THE NATIONAL PRESS BUILDING

WASHINGTON, D.C.

<P>1:00 P.M. EDT

THURSDAY, APRIL 9, 1998

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<P> THIS IS A RUSH TRANSCRIPT.

<P> MR. HARBRECHT: Good
afternoon, and welcome to the National Press

Club. This is our 90th anniversary year. My name is Doug
Harbrecht. I'm

president of the National Press Club, and Washington news editor of

Business Week magazine, a McGraw-Hill Companies publication.

<P> I'd like to welcome club
members and their guests in the audience

today, as well as those of you watching on C-SPAN or listening to this

program on National Public Radio.

<P> Before introducing our head
table, I would like to remind our

members of some upcoming speakers.

<P> Next week we'll hear Marvin
Runyon, postmaster general, on April

14th; Charles Rossotti, commissioner of the Internal Revenue Service, will

appear, of course, on tax day, April 15th; and Zoe Caldwell, actor and

winner of the 1998 Sir John Gielgud Award, will speak on April 17th.

The

following week, the Mayor of Philadelphia, Edward Rendell, will speak on

April 22nd. And he will be followed by the Secretary of Transportation,

Rodney Slater, on April 23rd.

<P> Finally in April, we will
hear former NASA astronaut Mae Jemison on

April 29th. And our last speaker in April will be Kate Shindle, the

reigning Miss America, on April 30th.

<P> Transcripts and audio files
of National Press Club luncheons will

be posted this afternoon at our web site, at "npc.press.org".
To purchase

audio and video tapes, please call 1-888-343-1940. If you have
any

questions for our speaker today, please write them down on the cards

provided at the table and pass them up to me. I will ask as many
as time

permits.

<P> I'd now like to introduce
our head-table guests and ask them to

stand briefly when their names are called. Please hold your applause
until

all head table guests have been introduced.

<P> From your right, David Legesse,
Washington correspondent, Dallas

Morning News; Terry Lemons, Washington bureau chief, Arkansas

Democrat-Gazette; Ambassador Jeffery Davidow, assistant secretary
of

state for Latin American affairs; Bill Roberts, staff writer, Journal
of

Commerce, who arranged today's lunch; Ken Eskey, chairman of our Speakers

Committee here at the Press Club. Skipping over our speaker for
just one

minute, Ambassador Sol Linowitz, former adviser to Presidents Johnson
and

Kennedy. Welcome, Ambassador. Paul Magnusson, national
trade

correspondent, Business Week magazine; Tom Lippman, State Department

reporter for the Washington Post; Ambassador John Biehl, Chilean ambassador

to the United States. Sir. And Chris Marquis, Latin affairs

correspondent, Miami Herald. (Applause.)

<P> You probably know the story,
because it has become a legend in the

Clinton administration, but our guest today, Mack McLarty, and the

president have been friends since kindergarten in Hope, Arkansas.
The

truth is, though, President Clinton moved away and Mack McLarty stayed
in

Hope. They actually became close friends later in life.
But this is a

friendship forged in that rare point where kindergarten, business,
and

politics meet. (Laughter.)

<P> Mack McLarty is one of only
three or four people in Washington who

can walk into the Oval Office any time he wants. Still, he and
the

president are very different. Clinton jogs, McLarty likes to
walk.

Clinton likes late nights, McLarty needs his sleep. Clinton went
to

Georgetown, Yale and Oxford, Mack McLarty went to the University of

Arkansas. Clinton's career has been in government, McLarty's
has been

mostly in business. And Clinton is in debt, Mack McLarty is a
millionaire.

(Laughter.)

<P> Before coming to Washington,
Mr. McLarty learned the art of crisis

management as CEO of Arcla, Arkansas's natural gas utility company.
He is

credited with saving the company during a turbulent time, experience
that

would turn out to be useful later in Washington.

<P> After Clinton won the 1992
election, he asked McLarty to come run

the White House, which is by nature an exercise in chaos. Despite
some

minor setbacks early on, Mr. McLarty is credited with putting together
the

president's economic program, keying on deficit reduction. And
today, the

Dow is toying with 9,000.

<P> He worked to get NAFTA approved
on Capitol Hill and clinched

negotiations creating the World Trade Organization's multilateral trading

system. But running the White House itself was that easy; managing
the

competing views of James Carville, George Stephanopoulos, David Gergen,
Al

Gore and Hillary Clinton was too much. (Chuckles.)

<P> Finally, he told the president

he wanted a job where he might be

more suitable, something maybe a little less chaotic, a little more
doable,

like, say, convincing 33 Latin and Caribbean nations, along with the
United

States Congress and Canada, that we should all get together in one
big

hemispheric free trade area. Well, it's been three years, he's
still

working on it, and we have a big event coming up in Santiago, Chile,
April

18th and 19th. It's the Summit of the Americas. And our
guest today is

the special envoy to Latin America and will be integrally involved
in that

effort. So, Mr. McLarty, will we have a Free Trade Area of the
Americas?

<P> Ladies and gentlemen, please

give a warm National Press Club

welcome to "Mack" McLarty. (Applause.)

<P> MR. MCLARTY: Doug,

thank you very much for a very warm and very

unique welcoming introduction. I am pleased to return to the
National

Press Club. "Es un placer estar con ustedes"; I am honored to
be here.

<P> Doug, I fully realize that

competition is fierce among

policy-makers here for these coveted National Press Club mugs, and
I

proudly display this one in my White House office.

<P> But I want you to know, beyond

this esteemed recognition and the

honoraria here -- (laughter) -- it is a genuine pleasure to be with
you and

your National Press Club colleagues as you celebrate your 90th anniversary.

I am delighted and pleased to be here with my colleague, career minister

Davidow; my good friend, Ambassador John Biehl, a true mentor and patron;

Ambassador Sol Linowitz, who is also my next-door neighbor; and

distinguished members of the press at the head table; distinguished
members

of the ambassadorial corps who are here; and members of the National
Press

Club.

<P> During your distinguished history, the club has been a witness to

and participated in many important events. Now, to put things in

perspective, 90 years ago Teddy Roosevelt was president; Strom Thurmond,

who spoke here last week, was in the first grade; believe it or not, 1908

was the last time the Chicago Cubs won the World Series. (Laughter.)&
nbsp;
And

that was also, it sometimes seems, the last time many Americans paid very

much attention to Latin American and the Caribbean.

<P> So I am particularly pleased to come before you today to encourage

all of us to take a fresh look at the Western hemisphere. This, my

friends, is not your father's Latin America. Thirty years ago, half of the

region was ruled by authoritarian governments or dictatorships; today, 34

of the 35 countries are democratic. Fifteen years ago, Central America was

torn apart in civil war and conflict between the United States and the

Soviet Union; today, Central America is at peace and the United States

exports more to Central America than all of the former Soviet states

combined.

<P> Less than 10 years ago, Argentina's
's
annual inflation rate was 5,000

percent. Today, Argentina's annual inflation rate is .3 percent with an

overall economic growth rate of 7 percent last year.

<P> Brazil, Latin America's largest economy, the tenth-largest economy

in the world, suffered from hyperinflation in the 1980s. As Secretary
of

Finance Pedro Malan told President Clinton and I and our cabinet members on

our visit to Brasilia last year, "Mr. President, our inflation rate is

still 5 percent. The difference is that is an annual figure, not a weekly

one." From a security standpoint, in recent years regional cooperation
n
is

becoming the norm rather than the exception. But the story I want to tell

you today is not the absence of crisis. Rather, it is a story
of genuine

opportunity.

<P> We have seen a quiet revolution,

ladies and gentlemen, in the

Americas that in many ways is no less dramatic than the fall of the
Berlin

Wall. Profound changes have taken place and have opened the door
to

unprecedented democracy and growth. But those fundamentals are
not fully

guaranteed. And as a result, the president and our administration
have

attempted to seize the moment to pursue a vision for a greater Americas

based on mutual trust, mutual respect, and mutual reward. And
I would like

to respectfully submit to you today that our sustained engagement with
the

Americas has produced meaningful and concrete results.

<P> In the first term the president
worked to pass the NAFTA, as Doug

noted, convened the Miami summit, helped reverse the Mexican peso crisis,

restored democracy in Haiti, with the -- (inaudible) -- process brought

peace to Guatemala and peace on the border between Peru and Ecuador.

<P> The vice president has made
five trips to the hemisphere,

highlighting economic growth and environmental stewardship. Our
first lady

has made four trips, raising the profile of important issues of health,

poverty and women's participation in civil society.

<P> It is no coincidence that
the first two state visits of President

Clinton's second term were for hemispheric leaders: Prime Minister

Chretien from Canada, President Frei from Chile. And with his
travel next

week to the summit, the president will have made three trips to seven

countries in the region in less than a year. That is an unprecedented

level of presidential engagement. And at each stop, we have made
progress

on trade, democratic reforms, environmental issues, drugs, crime and

corruption.

<P> Still, some may ask, legitimately
,
why Americans and their

president should care so deeply about what happens in the Americas.
After

all, James Reston once wrote, that "The people of the United States

will do

almost anything for Latin America but read about it."

<P> But if it is true, as the president has suggested, that the once

bright line between domestic and foreign policy is blurring, then perhaps

there are no foreign policy issues more compelling and more relevant to the

American people than those in Latin America and the Caribbean. Whether it

is jobs and the economy, immigration and drugs, or the very air that we

breathe, these are issues that hit home, these are the issues that

Americans discuss as they gather around their kitchen tables.

<P> Let's take the timely subject of gasoline prices. Gasoline today

sells for just a little over a dollar per gallon. Adjusting for inflation,

that's the cheapest it has been in a generation. But how many of us know

and recognize that Venezuela is our number one energy supplier, and that

three of the top four energy suppliers are from our hemisphere?

<P> Let's take jobs. One-fourth
of our overall economy -- 25 percent

of our total economy depend on trade. And export-related jobs are more

secure and they pay, on average, about 16 percent more than non-export

jobs. Forty percent of our total exports go to this hemisphere.

For

example, we export more to Chile, a country of 14 million people, than we

do to India, a country of 940 million people. We export more to Brazil

than we do to China. Mexico has now replaced Japan as our second-largest

market for our goods and services, behind only Canada. And with half of

Latin America's population under 21, the potential for future economic

growth literally goes off the charts.

<P> What about retirement?
Forty-three of all Americans now own stock

in this bull market that Doug alluded to. Working families clearly depend

on these investments, but these investments depend on international

stability from a financial standpoint. And many Latin American economic

and financial policies are now much more of a model to emulate, rather than

a model to avoid. I have seen this personally at the recent APEC summit in

Vancouver and at the World Economic Forum in Davos, where Asian and other

officials, from both the public and private sector, sought out Latin

American leaders for their economic thoughts, counsel and their advice.

<P> But beyond economic security,
Latin America and the Caribbean are

also important to our national security. Our allies in this hemisphere

stand with and by us on the world stage, where once at times they frankly

worked against us. They have provided significant support in
Desert Storm,

in Bosnia, in Haiti and elsewhere, and they have been steadfast supporters

of nonproliferation, including our efforts to contain Saddam Hussein.

<P> Our allies are clearly critical
to our efforts to combat the forces

of illegal narcotics. Drugs are clearly a supply and a demand
problem.

But we simply cannot win this fight without the full cooperation of
Mexico

and Peru and Colombia and Bolivia, and the nations of the Caribbean
and

others. We must continue to work together if we hope to prevail
to make

real progress against this dark and evil force.

<P> The same is true with environmental
stewardship. The Amazon, of

course, is the world's largest rain forest, providing a good bit of
the

oxygen we breathe. Rather incredibly, Costa Rica contains fully
7 percent

of the world's total biodiversity. My point is that we cannot
stop and

deal with the universal threat to our environment and global warming

without full cooperation of both the developed and the developing nations.

<P> In the same way, we simply
cannot address the complicated issue of

illegal immigration without economic growth and cooperation abroad.
Now, I

am not Charles Kuralt reporting on American opinions, but I think it
is safe

to say that national security, jobs, gas prices, drugs, immigration,
the

environment are issues that the American people care about and care
about

deeply.

<P> And as a result, as the president's special envoy for the Americas,

I'm obviously pleased that Americans are now showing an understandably

growing interest in the hemisphere. We clearly share geography and the

common values of family and faith, a sense of community and responsibility.

Our cultural exchanges are at record levels, and the United States has the

fifth largest Hispanic population in the world. And, as I noted before,

our trade to the hemisphere is booming, with our exports growing to the

region at twice the rate they are to any other region in the world.

<P> By the same token, importantly, our neighbors to the south are

rethinking their view of the United States. Motives are no longer

automatically questioned, and for the first time, the hemisphere is now

ready and willing to enter into a broad partnership.

<P> The new reality is this:
In the wake of the quiet revolution that

I noted earlier, the people of the Americas have discovered shared values,

common interests, and the same hopes for a better life. But again, we must

solidify our progress by working together with purpose and resolve to

address the issues that make a real difference in people's lives.

<P> Almost four years ago at the summit of the Americas in Miami we

reaffirmed the region's progress with the so-called first generation of

reforms: free and fair elections, stable, open economies. And if our

agreement to create a free trade area of the Americas by the year 2005
--

and yes, Doug, we will get there -- was the centerpiece of Miami, as some

pundits often claim, then the launch of actual negotiations in Santiago

will be the cornerstone of our economic hemispheric architecture.

<P> But as someone from the private sector, let me be very clear that

this first generation of economic reforms in my opinion is simply not

sustainable without a second generation of reforms to strengthen democratic

institutions in the hemisphere. Democracy and market reforms are literally

two sides of the same coin. Both are necessary to continue the region's

impressive growth and development. And together they will hopefully ensure

-- and, I believe will -- that a rising tide lifts all boats.

<P> And that is the agenda that we have collectively developed for

Santiago. The leaders and the people of the region are as focused on

issues of education, poverty alleviation, financial stability and economic

growth as we are domestically. It is truly a common agenda.

<P> For example, in today's interconnected
global economy, I think all

of us in this room would agree that the only route to lasting inclusive

growth is education. But the hemisphere has regrettably not always

received a passing grade in that regard. On average, Latin American

children receive only seven years of schooling. Primary schools are

underfunded, and some teachers supervise up to 150 students. Some of the

same challenges that we confront here in the United States, but perhaps

more acute.

<P> Respected experts warn that this may be the greatest impediment to

the region in regard to their full participation in the global economy.

And I think the leaders of the region and the people of the region agree

with that assessment.

<P> In Miami, we made a commitment to provide every child with a basic

education by the year 2010. We ought to honor that commitment, and we will

in Santiago with an emphasis of primary and secondary education; increase

funding both from a federal and state level in the region, supported by a

dramatic increase in funding from the InterAmerican Development Bank and

the World Bank. We will put more teachers in the classroom, improve

curricula, encourage more parental involvement and responsibility, link

students to the Internet, that Doug has already spoken of, and expand

vocational training for life-long learning -- important steps forward for

South America and the Caribbean.

<P> But in a world where the line between domestic and foreign policy

has blurred, a better educated hemisphere is clearly in our interest

as

well. Broad-based education improves economic growth, a strong
economy

enlarges the middle class who buy our goods and services, it encourages

those tempted by illegal immigration to remain home with their families,
it

both educates and encourages environmental stewardship, and it reduces
the

urge to make money from the illegal drug trade, and it improves

government's capability to stem the flow of narcotics. These
matters are

in the interest of hemispheric leaders to address, and it is in the
U.S.

interest that they do so.

<P> And the same is true with
the remainder of the summit agenda,

specifically in the areas of environmental stewardship and narcotics.

We

have seen a new awareness and sense of responsibility among the leaders
of

the region, from concrete steps toward a multilateral alliance against

drugs to progress on global climate change and clean energy.
This summit

will address issues that matter to our citizens. After all, pot
smoke and

clean air simply don't mix. (Chuckles.)

<P> The Santiago Summit will
also call for the creation of -- Justice

Study Centers to strengthen the rule of law. Independent professional

judiciaries are an essential element for any modern working democracy.

Additionally at the summit, we will establish an Office of the Special

Rapporteur to advocate for freedom of expression, something important
I

suspect to members of this venerable organization.

<P> You might not know, since
1988 almost 200 reporters in our

hemisphere have lost their lives in the pursuit of a story, doing their

jobs, undermining the public dialogue on which democracy is built.

Democracy cannot deliver without a free press. And we cannot
tolerate

intimidation of free expression, whether it be by drug lords, guerrillas
or

by governments.

<P> During recent trade discussions
in Costa Rica, I visited a new

state-of-the-art Intel microchip plant outside of San Jose. And
I asked

the managers there, hard-nosed business people to be sure, why they

selected Costa Rica over everywhere else in the world for their

half-billion-dollar investment. "Open markets are important,"
they said,

"but the deciding factor was Costa Rica's educated work force, stable

democracy and respect for the rule of law." That is exactly the
point that

our hemispheric neighbors understood when they were developing the
summit

agenda almost a year ago. So now is the time to do a second generatio
n
of

reforms for the next generation of the Americas.

<P> Next week in Chile we will
formally launch comprehensive and

meaningful negotiations to establish a free trade area of the Americas.

Last month, our trade ministers met to plan negotiations and they made

significant progress. We should not underestimate the importance
or the

difficulty of achieving a true consensus on these issues. Now,
we are

negotiating with order and determination over the pace of negotiations
and

other specific issues, but not on the overall goal. We are agreed
on that.

<P> Let me be clear -- economic
integration in the hemisphere will

proceed regardless of government action. The private sector is
clearly

moving forward with expanded trade and investment in a natural linkage
of

the marketplaces. Our efforts in government are intended to bring
order to

this ongoing dynamic process. The president is committed to the
free trade

area. He is committed to these negotiations, and to complete
them, he is

committed to obtaining fast track negotiating authority which will
help the

United States shape the agreements consistent with our interests and
our

values and principles that we feel are so important.

<P> As negotiations proceed,
the benefits of a free trade area, I

think, will become clear, and we are confident Congress will give the

president the tools he needs to finish the job. And it's important
to the

American people that they do so.

<P> Let me conclude my remarks,
before I respond to your questions,

with a few final thoughts. As we look ahead to the next century,

we must

not ignore the new realities that have swept the Americas. Instead,
we

must shape the character, if you will, of our hemisphere through sustained

engagement even as we break the traditional cycle of intervention and

neglect. Our choice, I think, is a rather clear one.

<P> Will our future as neighbors
be one of sovereign states working

together as partners on common concerns of our people, or will we see
mixed

progress, less prosperous hemispheric economies, including our own,
and a

return to suspicion and mistrust? For the first time in memory,
the hope

in the Americas for democracy and peace and prosperity is a realistic
one.

And what we do in Santiago and beyond will really help determine whether,

in fact, democracy will deliver and whether it will be sustainable
for

generations to come.

<P> You know, for much of the
last century, democracy was all too rare

in our own hemisphere. Citizens and governments who spoke out
for

democracy could often sympathize, I think, with the title of Gabrielle

Garcia Marca's (sp) novel "One Hundred Years of Solitude." But
the new

character of our hemisphere has brought us together. With sustained
U.S.

engagement and a new spirit of partnership we can create 100 years
of

solidarity for democratic values. From solitude to solidarity.

Together

we can realize the vision of an even greater Americas.

<P> Thank you very much.

(Applause.)

<P> MR. HARBRECHT: Mr.

McLarty, first question: the United States,

Brazil and Mexico all want to go slow on free trade negotiations, yet
the

United States has been saying it is committed to achieving concrete
results

by the year 2000 with a free trade agreement by the year 2005.

What do you

mean by "concrete results," and how will we know whether we've got
them?

<P> MR. MCLARTY: I think

in any type of discussion or negotiation,

particularly involving a large number of countries, there is a natural

dynamic of give and take and of different points of view. And
as I

suggested in my remarks, I think we are now firmly agreed on the goal
of a

free trade area with the time line of 2005.

<P> There are clearly issues
of order, pace, and other specific issues

that we are not fully agreed upon. Although the structure that
came out of

the San Jose ministerial I think gives us a very workable mechanism
to

achieve concrete results, and particularly, I think, to expand and
use what

is called "business facilitation" which, frankly, means making trade
and

investment flows easier, more orderly, and more meaningful in terms
of

building businesses and building jobs.

<P> I think, Doug, sometimes
specific measurement, particularly in

trade agreements or public endeavors, are not easy to define.
I think what

is easy to see is the dramatic increase of trade and investment flows

within this hemisphere. And I think I can say with considerable

confidence, in my judgment, those will continue to grow rather

dramatically, and I think you will see continued progress in terms
of

harmonizing customs, regulatory regimes, matters that are not particularly

breath-taking or exciting, but mean a great deal to businesses large
and

small who are participating in trade in the region.

<P> So I think you will see continued

results in a very defined

structure as we move toward that goal of a Free Trade Area of 800 million

people by the year 2005.

<P> MR. HARBRECHT: In your
speech you used the cliché "a rising tide

lifts all boats." But as Latin American economies boom, the gap
between

rich and poor nations grows wider, especially in countries like Brazil,
the

gap between the rich and the poor widens. What is your answer
to the

increasing millions of poor in Latin America who have no boat?

<P> MR. MCLARTY: I think

in any working democracy there has to be

openness and inclusion, and there has to be an ownership stake in it.

And

when I talk about the second generation of reforms and the deepening
of

democracies, that goes in large measure to make sure everyone is included

and is participating in the democracy. I think we already see
political

liberty in the region with open, fair, contested elections. We,
in some

cases do not have fully developed democracies.

<P> In terms of the poverty issue,
I think it is important to note that

the Latin leadership and the Caribbean leadership have emphasized this
as

one of the major priorities for the summit agenda. And I think
in Brazil,

where you specifically mentioned those in poverty, if you think about
what

has been the cruelest burden to those below the poverty line, it has
been

the hyperinflation. And you have seen a dramatic reduction in
inflation in

Brazil, and other parts of the region, and that has lifted a large
number

of people above the poverty line.

<P> But I think specific targeted
programs such as microenterprise,

which is particularly effective through the Inter-American Development

Bank; land titling, giving people a basic ownership interest in their

property and an ability to borrow against it, including both women
and

indigenous people -- all sectors, which President Cardozo, again to
go back

to Brazil, is absolutely committed to. And we have seen remarkable

progress, for example, in Chile, where there has been a dramatic reduction

in poverty.

<P> So I think we are on the
right track. I think what is critical is

to support the efforts to sustain this deepening democracy and open-market

reforms.

<P> MR. HARBRECHT: The
Clinton administration sought the creation of a

committee to recommend environmental and labor protections as part
of the

negotiations in Santiago, but other nations refused. Will the
United

States drop environmental protections and labor rights from these

negotiations?

<P> MR. MCLARTY: I think
we should not confuse the issue of commitment

and the importance that our respective countries place on environmental

issues, on labor issues, worker rights, and frankly, on basic human
rights,

and the worth and dignity of each individual, which is at the core
of any

democracy. I think we saw in Kyoto, for example, a number of
the

developing countries in Latin America -- Argentina, Brazil, Costa Rica,

others -- take a leadership role in the global climate-change discussions.

Where there are, I think, differences of view, not only among the 34

countries in the hemisphere, but in our Congress as well, is how

environmental and labor issues would be dealt with in terms of a trade

agreement.

<P> We believe that, as we deepen
our trading relationships in this

hemisphere with the shared values and common interests we have, that
this

will give rise to increased environmental stewardship and more worker

rights and participation. And we will continue to advocate that
in a very

strong, and hopefully effective, manner. That is one reason we
need the

ability to shape these agreements.

<P> But I think that is one of
the major issues that ultimately has to

be resolved in our Congress, for negotiating authority, and I think
over

time, must be dealt with in the FTAA, the free-trade process.
I am hopeful

on both counts. And I think we will reach our goal on both counts,
to

reach a free-trade area, and the president will have the negotiating

authority to consummate the agreement.

<P> MR. HARBRECHT: Any
second thoughts about the way NAFTA has been

implemented?

<P> MR. MCLARTY: I think
you always in any agreement, whether it be a

trade agreement or an agreement in the private sector, there are always

items that you review and try to improve and build upon. But
I think if

you look at the basic results, to go back to the measurements that
you

alluded to earlier; the exports from the United States to Mexico and

Canada, under the North American Free Trade Agreement, are up dramatically.

<P> In the United States, if
you go to almost any state in our country,

whether it's in the heartland of our agricultural or manufacturing
belt to

the west coast, the east coast, to my home state of Arkansas, you will
see

a double-digit increase in exports to both Mexico and Canada providing

jobs, and good paying jobs, for the hard-working men and women of this

country.

<P> On the other hand, I think
you've seen a dramatic increase in

exports from both Canada and Mexico to the United States. So
I think it

has been good for their economies, their workers and their businesses.
;
Do

I think we can make some improvements, particularly in the side agreements

of the environment and labor? Yes, I do. Do I think we
need to do more on

the border area, particularly where we have mechanisms such as the
Border

Environmental Commission and the North American Development Bank?
Yes, I

think we can do better there, and we are. And the president has

underscored that as a priority. But I think on balance if you
look at the

NAFTA it has dramatically strengthened our economy as well as our

neighbors', and that is shown by the fact that they are one and two
in our

trading relationships.

<P> But in Mexico particularly,
that faced a severe financial crisis

with the peso crisis -- caused by an overheating of the economy and
the

current deficit account, not the NAFTA -- the NAFTA locked in those
reforms

from the United States standpoint. We maintained market share,
protected

our jobs here. Now Mexico's economy is recovering. But
as importantly, we

saw Mexico return to conventional financial markets with our financial

support package multilaterally in seven months, where in the 1980s
in the

debt crisis it took Mexico seven years to return to conventional financial

markets, and the United States lost market share and jobs in that period.

<P> So I would argue that the

NAFTA has not only been good for trade

and economics, but is has also been a very stabilizing factor in our

relationship with Mexico.

<P> MR. HARBRECHT: Mr.
McLarty, last year the Congress refused to

renew the president's authority to negotiate trade deals on a fast
track:

that is, an expedited process where there's an up-or-down vote without
any

amendment. Has this caused any lasting damage to trade relations
with

Latin America? Will it hurt the chances of creating a free trade
zone?

And with the lack of fast track, is there any concern that Japan and
the

European Union will overtake the United States in Latin American market?

<P> MR. MCLARTY: Well,
that's really two questions. Let me take the

second one first.

<P> I have said, and I said today,
reiterated today that Latin America

and this hemisphere is a natural market for the United States.
Main Street

is literally extending. And you can see that in the numbers and
the jobs,

and you can see it in the airline flights between the United States
and

Latin America as well. But it is not a market that we can or
should take

for granted. This is a highly competitive global economy, as
all of you

know. And there is real competition, not only from the Europeans
and the

Asia-Pacific region, but from an intra-regional standpoint as well,
and

we've got to work diligently to make sure that we are positioned to
be

competitive to maximize our market share, not in a win-lose situation.

<P> I don't think those agreements
-- as I was speaking earlier to Paul

-- stay together very long, whether it be in the public sector or the

private sector. I think this is a true win-win situation with
a natural

marketplace. But we have to be in the position to maximize that,
and

without negotiating authority, we, in the long run, in the long run,
will

not be. I am confident that we will get that negotiating authority
to

complete the free trade area.

<P> In terms of the actual negotiations,
let me be very -- try to be

very succinct, but I think it's an important point. The Clinton

administration, I think, had a very good record, a very strong record
of

success during the first term in terms of trade measures. We
were able to

pass, on a bipartisan basis, the NAFTA, the GATT. The president
convened

both the summit and the APEC conference, as I noted. I think
we signed

over 200 trade agreements totally -- some bilaterally, of course, smaller

measures, during the first four years.

<P> So I think we need to remember
that when the Uruguay Round was

launched in 1986, President Reagan did not have fast-track negotiating

authority. When President Bush moved forward on the NAFTA, he
did not have

fast-track negotiating authority. And yet once those negotiations
got

underway, it gave an impetus and a momentum to get the authority and

complete the agreement.

<P> So I think San Jose -- the
trade ministerial there -- demonstrated

that we will be able to move forward with a comprehensive launch that
is

genuinely agreed upon to move forward in the overall trade process.
So I

don't think it will be a setback in that regard. Certainly, in
a better

world, we would like to have fast-track authority. But I think
we can make

significant progress in the near term without it, and I am confident
the

president will be given the tools to complete the job.

<P> MR. HARBRECHT: Specifically
,
in the absence of fast track, is the

U.S. ceding leadership to Brazil in the matter of free trade within
the

hemisphere?

<P> MR. MCLARTY: Well,
my good friend, Ambassador Paulo-Tarso de Lima,

is here to my right. So, Paulo-Tarso, you can challenge this,
if you wish,

after my answer.

<P> I don't see reaching an agreement

with 34 countries, even a major

economy such as Brazil, the 10th largest in the world, as I noted;
a very

successful, skilled player on the international scene, and Ambassador

Biehl's home country of Chile.

<P> I think this has got to be
a consensus agreement that is worked

through in the spirit of partnership. Will it be a hard negotiation?&
nbsp;
Yes,

it will be. Are there going to be some disagreements? Yes,
there will be.

There will be different points of view. But in my 30 years in
the private

sector and my six years here in the public sector, I have participated
in

very few discussions that were successful without some measure of mutual

trust and mutual respect. So I don't think this is a case where
one party

wins and one party loses. I think you have a nature complementary
market

where you have vast resources -- three of our four energy suppliers
are in

this hemisphere supplying the United States. Tremendous opportunities
for

U.S. firms in technology, particularly in environmental technology
which is

certainly needed in Sao Paulo, in Santiago, other regions of Latin
America,

as well as our own country.

<P> So, I think this is truly
a win-win situation. I do think that we

need to be in a position to advocate strongly and effectively United

States' points of view and interest, and ultimately that's why we will
need

negotiating authority.

<P> MR. HARBRECHT: Many
stories continue to be written about

corruption in Latin America. Despite the anti-corruption treaty,
which

lacks enforcement, will corruption as an issue be discussed in Chile?

Will

the United States raise it?

<P> MR. MCLARTY: Let me
answer the second question first, because I

think it is a fundamentally key point that is often misunderstood and
a

misimpression can easily be gained. Perhaps in the past, certainly, there

was a feeling and perhaps even a reality that we were trying to impose,

from the United States' standpoint, certain measures on -- in certain

discussions in Latin America. In terms of corruption, or the effort

against drugs, or better educational systems, or more trade, let me assure

you there is a vigorous agreement between the countries of Latin America

and the Caribbean and the United States.

<P> They understand that corruption is a very punitive tax on those who

can least afford it. They fully understand where you have seen dramatic

investment to the region, I believe \$71 billion over the past several years

-- direct investment to the region -- will not continue without a

strengthened judiciary and without corruption being taken seriously and

progress being made.

<P> What we can do in the establishment,
for example, of the Justice

Study Center, which Justice Breyer, General Reno and others have worked so

assiduously on, we can certainly provide information and ideas and support.

But there is a great deal of cooperation on this particular matter. And I

would remind you, on the Corruption Convention, I believe we are the first

hemisphere to adopt an overall convention against corruption.

<P> So it is a very high priority not only for the leaders in Latin

America, but if you look at the political structure and the elections

themselves, it is a very high priority for the people of Latin America and

the Caribbean.

<P> So I am very committed and very confident we'll make progress. We

certainly will advocate our very strong position and feelings about the

basic principles of the rule of law, human rights, and an open,

transparent, professional judiciary.

<P> MR. HARBRECHT: It seems hard to hear you talk about Latin America

and the Caribbean without even mentioning Cuba. Isn't the United States

being left out as European nations rush to invest in Cuba? And

does the

Clinton administration have any policy which would treat Cuba as a

potential marketplace for U.S. goods, as it once was?

<P> MR. MCLARTY: I very
much wish I could have shown a map that

reflected 35-democratically elected heads of state in the hemisphere.

If

you take a map of the hemisphere -- visualize it for a moment, if you
will

-- 10 years ago, if you would have had democracies in green and

non-democracies in red, about half the region would have been in red.

Today, it will all be in green, where you have political liberty, fair

elections, democratic structures in place -- except Cuba. It
is the one

country that is being left behind as Latin America has now found its
voice

of confidence and its seat on the world stage.

<P> Regrettably, there have not
been changes in Cuba. We certainly

don't want to miss any opportunity there, particularly in light of
the

pope's historic visit, that did give some space. And the administrati
on,

as you know, has taken certain action in a number of key areas,

particularly remittances and travel, as well as reaching out directly
to

the people of Cuba to hopefully strengthen the church and other measures
of

civil society.

<P> As far as the economic side
is concerned, our policy has been a

policy that has been followed by Democrat and Republican presidents
alike

under the Cuban Democracy Act. And that is we very much hope
for and

support a peaceful transition to democracy in Cuba. To date that
has not

occurred.

<P> MR. HARBRECHT: Mr.
McLarty, there's been a lot of speculation

about you leaving the administration after this summit is concluded.

Do

you have any plans to rejoin the private sector, number one?
And here's a

follow-up question: without a special envoy such as yourself
will the

White House return the U.S. to benign neglect on Latin America?

<P> MR. MCLARTY: My wonderful father always suggested to me I

concentrate on the task at hand and to do what was clearly before me rather

than what was dimly in the future. And I think that was very sound and

sage advice. We have a major and important meeting of 34 elected heads of

state next week in Santiago, Chile. And that is where all of my energy and

attention is going as opposed to some future stop down the road.

<P> Having said that, I hope at some point, despite your dramatic

overstatement of my net worth -- (laughter) -- that I will return from

whence I came in the private sector. But I am very much concentrated
on

the summit, and I think that's where my concentration and thoughts and

efforts should be.

<P> In terms of the administration policy, I think it should be very

clear that the real impetus for our policy and our priority in the region,

despite my strong commitment and advocacy for the region, has come from the

president. He very much sees this moment in time, if you will, to use a

bit of a cliché -- but I think it's descriptive -- to strengthen our

partnership in the region and to seize these opportunities and to make real

progress on some of the problems we've talked about. That's why he's

traveled to the region three times, as he travels to Chile next week,

inside of a year. And that's why during the first term, as I -- listed

several major initiatives, including the NAFTA, including the Mexico

support package, including the restoration of democracy in Haiti.

<P> So it is very much, I think, a priority of this administration, of

this president, of this secretary of state. And I think certainly with

very able and capable people such as Assistant Secretary Davidow,

Ambassador Brown (sp) and others that we will continue to see a policy

importantly of sustained engagement to cement these relationships and

strengthen democratic institutions.

<P> MR. HARBRECHT: I have several questions here taking issue with the

notion that in Latin America all the nations are democracies, especially
on

the point of press freedom. There have been a lot of problems
in Latin

America with press freedom.

<P> Would the administration
champion this issue? And another

question; do you think America(n) media cover Latin American adequately,

and how can that be improved?

<P> MR. MCLARTY: Well,
I think there is -- the basic element of

freedom of expression, a free press, is essential as I noted, in any

working democracy. And that may vary from country to country.
As I have

said, there is certainly political liberty throughout the hemisphere.

You

have consistently seen free and fair elections. In some cases,
you have

not yet seen, although I think the countries are clearly on the road
to it,

fully developed democratic institutions. In terms of that, we
have been

working at it for 200 years, and we have, from time to time, not perfected

it as much as we would like.

<P> My experience in the region
has been there is an active press and

growingly so. I think there are some issues, as I noted, of instances

of

some intimidation of the press. And certainly, the loss of life
by

journalists, primarily covering narcotics issues but not exclusively,
is

obviously the most serious of issues. We have taken a strong
role, and I

would say a leadership role, but we are not alone in that regard.

<P> And the president spoke about
this when he traveled to the Southern

Cone last year. The Latin leadership, both heads of state and
others,

particularly at the Organization of American States, picked right up
on it

and supported it. And I do think raising this freedom of expression,

freedom of the press, with a mechanism in an existing institution,
the

Inter-American Human Rights -- we are not creating another institution
or

bureaucracy here, a very independent respected institution -- is the
right

place to have a very respected, objective person as a special rapporteur

for press freedoms; not to monitor content, but to advocate and monitor

strong freedom of expression and freedom of the press.

<P> It is essential not only
in the democratic and governmental

process; it is essential in a free market, where consumers have the
right

and need to know the information about their products and services
as well.

<P> MR. HARBRECHT: Mr.
McLarty, before we ask our last question, I'd

like to present you with a certificate of appreciation for coming today.

Thank you so very much.

<P> MR. MCLARTY: Thank
you.

<P> MR. HARBRECHT: And
here is your second National Press Club mug.

(Laughter.)

<P> MR. MCLARTY: (Laughs.)

<P> MR. HARBRECHT: Now
you can have your coffee in the morning with

that mug, and then you can have warm milk with cinnamon at night to
go to

sleep. (Laughter.) That's what I do. Works for me.

<P> MR. MCLARTY: (Laughs.)
;
Doug, thank you.

<P> MR. HARBRECHT: Thank
you. Thank you very much.

<P> MR. MCLARTY: Thank
you very much. Thank you.

<P> MR. HARBRECHT: For
our last question today, I'd just like to ask a

serious one, since you are one of the few people in Washington who
is very

close to the president. How -- could you share with us, please,
how you

have handled the pressure of the Monica Lewinsky incident? And
do you

think House Republicans will seriously attempt to move impeachment

proceedings?

<P> MR. MCLARTY: Well,
first let me use my cups like I'm in the

Olympics here as part of a medal presentation. And Doug, thank
you for

that.

<P> On the question of the current
environment, I think a couple of

points are worth noting.

<P> I think it's very clear,
including our efforts in the hemisphere,

in this meeting that we have next week in Chile, as well as the president's

historic trip to Africa, and certainly domestic issues concerning the

tobacco controversy that was discussed here yesterday -- and the president

obviously voiced very strong feelings about the industry being part
of the

solution, particularly with our young people's exposure in that area

--

that the president is focused on what he was elected to do and what
he

believes in. And these are issues -- including the fiscal responsibil
ity,

balancing the budget, improving our education and health care systems

--

that he has worked on for 25 and 30 years of his life. I have
seen that

firsthand and, in some cases, worked with him from the private sector,
in a

public-private partnership. And I think it's clear that's what
the

American people want him to be doing. And I think that is reflected
in our

relationships around the world.

<P> So I think over the past
several years, we have had some training

of dealing with these issues and very much concentrating on the business
at

hand.

<P> What I would say is I very
much hope -- coming, again, from a

private sector background, being very much of the persuasion believing
in

bipartisanship, having the privilege to serve on two commissions under

President Bush when I was in the private sector -- that the current

environment does not get unnecessarily and biting and acidly partisan.

I don't think that's what the American people want, and I don't think
it

would be good for our country and the issues that are important to
all of

us in this room. (Applause.)

<P> MR. HARBRECHT: Thank
you, Mr. McLarty. Thank you very much.

<P> I'd also like to thank National
Press Club staff members Kate

Goggin, Joanne Booze, Pat Nelson, Melanie Abbow Dermott, Howard Rothman,

Susanna Rubin (sp) for organizing today's lunch.

<P> Thank you all very much for
coming.

<P>####

@FC`END

@FL`

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===== END ATTACHMENT 2 =====

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U.S. Front Page Stories

- *** Union head denies knowing of illegal funding scheme
- *** Lawyer says four Oklahoma conspirators still at large
- *** Justice Dept. probing possible DNC deal with Teamsters
- *** FDA warns against live oysters from Washington
- *** Former suicide cult members spread message

*** Former employee leaves Ohio college \$6.5 million gift

Crime and Catastrophe

*** Girl dies in electrocution mystery in California pool

*** New York man accused of holding woman as sex slave

*** United Airlines asks FBI to probe alleged 737 tampering

*** Infant found, woman held in Washington kidnapping

*** Third New Hampshire state trooper killed

*** Three missing after bi-plane crashes off Maryland beach

The U.S. Political Scene

*** Clinton seeks power to negotiate trade deals

*** New Mexico Indians win victory in casinos battle

*** Forbes condemns balanced budget agreement

*** Kemp sounds like a presidential candidate

*** Senator says Huang actions like insider trading

*** Republicans line up to attack Clinton at meeting

The Courts

*** Bail set at \$10,000 in Ruby Ridge murder case

*** Judge plans jury pool of 900 in Unabomber case

*** Teen accused of killing three plans insanity defense

*** Ohio man given five-year term in Internet sex case

*** Sliced finger earns meat cutter \$10.5 million

U.S. Business and Financial News

*** UPS puts final contract proposal to pilots

*** Hicks Muse to buy SFX Broadcasting

*** Cardinal to buy Bergen Brunswick

*** Wausau Paper to buy Mosinee

World Front Page Stories

*** N.Korean ambassador to Egypt seeks asylum

*** Nazi-style sterilization revelations shock Swedes

*** Hun Sen said to win symbolic victory in Cambodia

*** Ceasefire monitors tough with Israel, Lebanon

*** Bosnian Serb leader aims for army after TV battle

*** Portugal refuses to support armed Timor resistance

The World Political Scene

*** Japan-N.Korea take new steps on long, bumpy road

*** Netanyahu says received China assurances on Iran

- *** Burundi-Tanzania rift widens ahead of peace talks
- *** India says committed to talks with Pakistan
- *** Rio Group ratifies stand against U.S. anti-Cuba law

Sports

- *** Sampras, Seles headline first day at U.S. Open
- *** NFL teams cut rosters to 53; Panthers release Greene
- *** Redskins' Westbrook meets with Turner, fined \$50,000
- *** College football season opens with pair of shutouts
- *** Norman, Calcavecchia earn PGA Tour wins
- *** Dale Jarrett wins Goody's Headache Powder 500 at Bristol

Science and Medicine

- *** Growing number of superbugs infecting consumers
- *** Spacecraft will warn Earth of solar storms
- *** Mir crew rest again, chat to families
- *** Hong Kong doctor removes girl's Fallopian tube by mistake
- *** Japan to drop research on cold nuclear fusion
- *** Lockheed rocket lifts satellite into orbit

Technology

- *** Will Windows NT take over?
- *** Netscape posts stand-alone Navigator
- *** New Intel chips, PCs for 3D graphics due
- *** 56-kbps modems struggling

Human Interest

- *** Six flee U.S. prison as guards ogle 'Baywatch'
- *** Stray dog with bubble-gum jar stuck on head is saved
- *** Pilot suspended after girl, 5, takes controls
- *** Thousands of signatures hitch ride to Saturn
- *** Beer glass nearly fatal for German man
- *** Shanghai wants down-to-earth 'mooncake' prices

U.S. Front Page Stories

- *** Union head denies knowing of illegal funding scheme

Teamsters union President Ron Carey denied Sunday he knew about an alleged scheme to launder illegal contributions into his campaign, which prompted an official last week to invalidate his 1996 election. But James Hoffa, who narrowly lost the race for the presidency of the 1.4 million-member International Brotherhood of Teamsters, said Carey

should have known what his consultants were doing and called for a special prosecutor to investigate. The scandal over campaign finances led a court-appointed officer to throw out the results Friday and call for another mail-ballot poll in December. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4602289-ec2>

*** Lawyer says four Oklahoma conspirators still at large

Stephen Jones, lead attorney for convicted Oklahoma City bomber Timothy McVeigh, said Sunday on NBC's "Meet the Press," he believed at least four others involved in the explosion were still at large. "At a minimum, under the evidence that is now available, assuming but not conceding that you believe Mr. McVeigh and Mr. Nichols are guilty, there are at least four others," he said. McVeigh was found guilty in June of the 1995 attack and is appealing a death sentence. Accused co-conspirator Terry Nichols is to go on trial Sept. 29. For the story see <http://www.infobeat.com/stories/cgi/story.cgi?id=4604395-a52>

*** Justice Dept. probing possible DNC deal with Teamsters

The Justice Department is investigating whether Democratic National Committee officials directed contributions to the re-election campaign of Teamsters President Ron Carey in return for union contributions to President Clinton's election campaign, the Washington Post said Saturday. Documents showed DNC officials discussed raising substantial sums for Carey, whose re-election was overturned by a federal official Friday, setting the stage for a new face-off with James P. Hoffa. The

documents suggested DNC officials directed contributions to Carey's campaign. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4579851-ba4>

*** FDA warns against live oysters from Washington

The Food and Drug Administration issued a warning Saturday against eating live oysters from Washington state, which may have higher levels of bacteria due to a heat wave in the Pacific Northwest. Warm weather means oysters from Washington state waters could contain higher levels of a naturally occurring bacteria that could cause illness. "Oysters from Washington State should be thoroughly cooked," the FDA said. The agency advised boiling the oysters in water three to five minutes after the shells open and steaming live oysters four to nine minutes in a steamer that's already steaming. For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4588761-b21>

*** Former suicide cult members spread message

Surviving members of the "Heaven's Gate" suicide cult brought their message to Berkeley, Calif. Sunday, saying they wanted to correct misconceptions about the group. About 80 curious onlookers, many from the media, gathered in a Berkeley conference center for the meeting headed by four men who had been members of the Heaven's Gate cult. The men all sported close-cropped haircuts, baggy shirts and rumpled pants associated with the 39 cult members who killed themselves in March at their compound in a posh suburb of San Diego. For the full text story,

see <http://www.infobeat.com/stories/cgi/story.cgi?id=4607360-ef0>

*** Former employee leaves Ohio college \$6.5 million gift

A former student adviser who never earned more than \$10,000 a year has left Miami University one of the largest gifts it has ever received -- a bequest of \$6.5 million, the university said Saturday. Arretha Cornell Sheriff worked for the state-supported college as a freshman adviser and residence hall counselor from 1948 until 1962. She died two years ago at the age of 98 after living modestly in a retirement home for many years. Her bequest came with one string attached -- that her name not be used in association with spending the money. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4586448-6e2>

Crime and Catastrophe

*** Girl dies in electrocution mystery in California pool

A 13-year-old girl died of apparent electrocution and five other girls were injured while swimming in an apartment pool in California, police said Saturday. The six girls, aged 8 to 13, were in a pool at the Westlake Village apartment complex in Daly City Friday when they felt what they believed to be electrical current in the water, police said. The three youngest girls, playing in the shallow end, climbed out. The

three older girls were helped out of the pool by adults and all were taken to local hospitals. Police said it was an "apparent accidental electrocution." For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4591847-200>

*** New York man accused of holding woman as sex slave

A New York man was indicted Friday on charges of kidnapping, sodomy and assault for allegedly torturing a woman for 10 days and using her as a "sex slave," prosecutors said. Richard Blau, 44, is accused of forcing a 31-year-old Burmese woman into his Manhattan apartment and terrorizing her by shackling her arms and legs, putting a dog collar around her neck and locking her in a closet. Blau pleaded not guilty during a bedside arraignment at Bellevue Hospital, where he was being evaluated for heart blockage, after complaining of chest pains since his arrest Monday. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4576978-fe9>

*** United Airlines asks FBI to probe alleged 737 tampering

United Airlines has called in federal agents to look into allegations of tampering by a maintenance worker with a Boeing 737 at Indianapolis International Airport, the FBI said Saturday. A criminal investigation will begin Monday, said FBI spokesman Doug Garrison, adding Federal Aviation Administration officials were also called in Thursday.

"United said they found what they called two or three maintenance irregularities that appeared to be intentional. We thought we should

look into it," Garrison said. He declined to describe the alleged tampering. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4589018-438>

*** Infant found, woman held in Washington kidnapping

A 2-day-old boy kidnapped from his mother's hospital bed by a woman masquerading as a doctor was found unharmed next to a garbage can and returned to his family Saturday, police said. A 30-year-old suspect was being held by police in the Tacoma, Wash. suburb of Lakewood pending arraignment. Lakewood police spokesman Curt Benson said the woman was stopped by Fort Lewis military police who noticed her car matched a description given earlier by a store clerk after a shoplifting incident. Under questioning, the woman broke down and led police and FBI agents to the baby. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4596290-70e>

*** Third New Hampshire state trooper killed

A third New Hampshire state trooper was killed Sunday during a routine traffic check, only hours after he returned from the funeral of two other lawmen killed in a murderous rampage. Officer Jeremy Charron, 24, was shot dead in Epsom, N.H., allegedly by someone in a vehicle he had stopped, according to New Hampshire Attorney General Phillip McLaughlin. Charron's body was found with a vehicle registration card still clutched in his hand. McLaughlin said two suspects, both men on parole from the state prison, had been taken into custody after their

capture in woods. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4606350-e4e>

*** Three missing after bi-plane crashes off Maryland beach

The pilot of a bi-plane and two women passengers were believed killed after the aircraft crashed off Ocean City, Maryland Sunday, a Coast Guard official said. The plane, which offers tourists rides over the beach and boardwalk, crashed into the Atlantic Ocean around 2:25 p.m. EDT. Coast Guard and state rescue boats were searching for the three victims, but had found no trace of their bodies. Their identities were withheld until their families were notified. A civilian diver located the nose of the plane. Federal Aviation Administration officials were to arrive Sunday. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4605453-aee>

The U.S. Political Scene

*** Clinton seeks power to negotiate trade deals

In a preview of a major autumn campaign, President Clinton appealed to Congress Saturday for the power to negotiate new trade agreements between America and emerging markets in Latin America and Asia. The president, speaking from his vacation home on Martha's Vineyard, said he would formally ask Congress next month to approve legislation to

renew presidential "fast-track" authority. Under this authority, Congress gives up its right to amend trade agreements and agrees to vote only for them or against them. Otherwise it could take years to get a trade agreement passed. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4587756-7a3>

*** New Mexico Indians win victory in casinos battle

New Mexico's Indian tribes won a key political victory as Interior Secretary Bruce Babbitt agreed to let their casinos stay open and said the state government was demanding too large a cut of their gaming profits. Babbitt objected to a clause in the state's proposed gambling agreements that requires the tribes to hand over 16 percent of slot machine profits, estimated at about \$34 million a year, plus \$6 million a year in regulatory fees. "The legislatively-mandated compacts appear to put New Mexico's tribes in an untenable situation," Babbitt said. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4602215-ee2>

*** Forbes condemns balanced budget agreement

Publisher Steve Forbes, who shook up the Republican party and the election last year with his flat tax proposals, said Saturday the balanced budget agreement has corrupted the tax system even more and proves his reform proposals were right. He told a GOP meeting the agreement was "an abomination," making the tax code more "corruptingly complex." It provided only a "pitifully small" tax cut, he said, and

did nothing to repair problems with the Social Security system. "I'm surprised they didn't come up with a tax rate for kids who clean their rooms ..." he said. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4590999-ce9>

*** Kemp sounds like a presidential candidate

Jack Kemp, defeated as the Republican vice presidential nominee in 1996, said Sunday he was making all the moves needed for a possible run for the White House in 2000. But he said the 1998 congressional races should be the immediate focus of the Republican Party, and said "the American people do not want perpetual races for the presidency." A three-day meeting of grass-roots Republicans heard from a parade of potential top-of-the-ticket candidates. Kemp said the party needed to campaign more in urban America and reconsider its stance against immigration. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4602712-cb3>

Watts says he is not interested in U.S. presidency, For the full story see <http://www.infobeat.com/stories/cgi/story.cgi?id=4601331-a80>

*** Senator says Huang actions like insider trading

A Republican senator said Saturday activities by John Huang, a central figure in a congressional campaign finance probe of fund-raising for the 1996 elections, were similar to insider trading. Sen. Robert Bennett of Utah said, "The Democrats say to us, 'Well, John Huang

never affected any policy. He never changed the course of what the Commerce Department was doing in trade negotiations.' Insider trading does not mean you change the course of the company. It means you profit from knowing what that course is going to be," he added. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4587142-39d>

*** Republicans line up to attack Clinton at meeting

Former Vice President Dan Quayle unleashed a biting attack on President Clinton Friday as supporters passed out Quayle 2000 buttons and urged him to seek the next Republican presidential nomination. "This crowd out there, they're very good at saying 'this was a mistake, it won't happen again.' That's their favorite line these days," he said. "Whitewater, that was a mistake, it won't ever happen again. Renting out the Lincoln bedroom, oh, that was a mistake, it won't ever happen again. Paula Jones, oh, that was a mistake that won't ever happen again," he said. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4576535-3d7>

Republicans urged to listen to new leadership, For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4587805-3db>

The Courts

*** Bail set at \$10,000 in Ruby Ridge murder case

Kevin Harris, accused of murder in a U.S. marshal's death in the 1992 Ruby Ridge shootout, was freed from jail Friday after family members posted a \$10,000 bail. Magistrate Judge Quentin Harden approved the low bail at a hearing Friday after defense attorneys argued Harris was well-known liked in his adopted hometown of Republic, Wash. and was unlikely to flee. More than 100 people showed their support Thursday when Harris turned himself in. Boundary County Prosecutor Denise Woodbury filed charges Thursday against Harris and FBI agent Lon Horiuchi over the Ruby Ridge standoff. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4578356-8c4>

*** Judge plans jury pool of 900 in Unabomber case

A federal judge said Friday he plans to call about 900 potential jurors for screening in the trial of Unabomber suspect Theodore Kaczynski. And a defense lawyer objected to government plans to use a sophisticated computer system to present evidence during the trial, saying she did not want to turn it into a media show. Judge Garland Burrell discussed plans for jury selection at a pre-trial hearing. Kaczynski is accused of being the shadowy Unabomber, who killed three people and injured 23 during an anti-technology bombing campaign between 1978 and 1995. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4577941-456>

*** Teen accused of killing three plans insanity defense

A teen-ager goes on trial Monday accused of aggravated murder for killing three people in a junior high school shooting rampage that shattered a small town. Barry Loukaitis, 16, has pleaded not guilty by reason of insanity to charges in the February 1996 killings in Moses Lake, Washington. He will be tried as an adult. The attack was the worst ever in a Washington state school. According to witnesses, Loukaitis, armed with a rifle and two loaded handguns, draped himself with two ammunition belts, walked into a math class at Frontier Junior High School and opened fire. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4586713-aad>

*** Ohio man given five-year term in Internet sex case

An Ohio man was sentenced Friday to five years in a federal prison for using the Internet to induce a 12-year-old New Jersey girl to make sexually charged videos of herself and send them to him. Paul Brown Jr., 47, of Cleveland Heights, was arrested in February after the West Caldwell girl's parents discovered some Internet communications. Brown had posed as a teenager in responding to the girl's Internet request for an e-mail pal. A statement from the girl, now 14, accused Brown of "emotional rape" and said her life "has been a disaster" since she learned the truth about him. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4577851-580>

*** Sliced finger earns meat cutter \$10.5 million

Alabama grocery-store worker Scottie Scoggins will pocket \$10.5 million after a meat-cutting machine sliced off the tip of his right index finger. A jury in Montgomery, Ala. awarded him the sum Thursday in compensation and punitive damages after lawyers contended the saw manufacturer, Ohio-based Hobart Corporation, knew the model was dangerous. Scoggins, 22, was using the machine at the Red and White Grocery Store in Hayneville when his hand was pulled into the blade, severing a finger tip. An attorney said Hobart knew the saw injured many people prior to Mr. Scoggins. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4576232-94d>

U.S. Business and Financial News

*** UPS puts final contract proposal to pilots

UPS, the giant package carrier which settled a 15-day strike last week by the Teamsters union, made a final contract offer Sunday to its pilots, the company said. The Independent Pilots Association, which has talked of a possible strike near Christmas, will send the offer to its members for voting without a recommendation or comment. The IPA, which backed the Teamsters' strike by refusing to fly UPS planes, had asked UPS for its final offer after the two sides failed to reach an agreement on a new contract during weekend talks in Louisville, Ky. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4607190-21c>

*** Hicks Muse to buy SFX Broadcasting

Dallas-based investment firm Hicks, Muse, Tate & Furst will announce a \$2 billion acquisition of SFX Broadcasting Inc. this week, creating the nation's largest radio company, The Dallas Morning News reported Saturday. Under the proposed deal, Hicks Muse would pay \$1.1 billion in cash for all SFX stock and assume about \$920 million in debt. The newspaper cited a source familiar with the deal as saying both sides were trying to complete negotiations Friday, but there were no disagreements big enough "to blow the deal up." For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4586735-8d1>

*** Cardinal to buy Bergen Brunswick

Healthcare service provider Cardinal Health Inc. and pharmaceutical medical supplies distributor Bergen Brunswick Corp. said they signed a definitive merger agreement valued at \$2.8 billion based on the companies' closing stock prices Friday. Cardinal shares closed down 5/16 Friday at 62-5/16, while Bergen shares closed at 29-15/16, up 2/16. Under terms of the deal, which has been structured as a tax-free pooling of interests, Bergen shareholders will get a fixed exchange ratio of 0.775 shares of Cardinal for each Bergen shares they own, the companies said. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4609698-39a>

*** Wausau Paper to buy Mosinee

Wausau Paper Mills Co. has agreed to buy Mosinee Paper Co. in a stock transaction valued at about \$442 million, the Wall Street Journal reported, citing people familiar with the deal. The paper said in its electronic edition that directors of the two Wisconsin-based paper companies approved the deal this weekend, and an announcement could come as early as Monday. Under terms of the deal, Mosinee holders will get 1.4 shares of Wausau for each of their shares. Shares of Wausau closed unchanged at 20 Friday, meaning at that price, Mosinee holders would get \$29.05 of Wausau stock, the paper said. Mosinee shares closed unchanged at 25.

World Front Page Stories

*** N.Korean ambassador to Egypt seeks asylum

North Korea's ambassador to Egypt has left for a third country, a Seoul official said Monday amid reports the envoy had sought to defect to the U.S. Jang Seung-gil had been absent from his official duties since Friday, said spokesman Lee Kyu-hyung. "His departure was not related to his official duties," Lee said. Jang was accompanied by his wife, but Lee could not confirm reports they went to the U.S. embassy in Cairo last Friday to seek political asylum. Jang would be the first Pyongyang ambassador and the most senior diplomat to flee his country. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4608714-ea9>

*** Nazi-style sterilization revelations shock Swedes

The Swedish government could face thousands of claims for compensation because of a Nazi-style campaign of forced sterilization of women that historians say was hushed up for years. Swedes have been shocked over revelations from journalist Maciej Zaremba that Swedish governments sterilized 60,000 women to rid Swedish society of "inferior" racial types and encourage Aryan features. "What happened was nothing but barbaric," an official said Saturday, adding she is prepared to review laws which said the sterilizations were written into law and damages could not be paid. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4601166-ee2>

Jewish group rejects offer to Holocaust survivors, For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4600091-e66>

Shanghai Holocaust refugees return home to Berlin, For the story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4599727-824>

Former Swiss state secretary admits war mistakes, For the story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4609143-3c9>

*** Hun Sen said to win symbolic victory in Cambodia

Cambodian strongman Hun Sen won an important and symbolic victory in his bid to consolidate his power with the capture of the last town held by forces loyal to ousted co-Premier Prince Norodom Ranariddh, analysts said Monday. But fighting could continue for some months in

Cambodia because Hun Sen, officially the country's second prime minister, has vowed also to stamp out the Khmer Rouge guerrillas, they said. Government forces overran O'Smach Sunday, the last stronghold held by Ranariddh loyalists, after intense fighting in the area. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4609182-ae0>

Rights group urges international help for Cambodia, For the story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4610169-3f6>

Cambodia's Khmer Rouge want Hun Sen in court, For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4609534-c18>

*** Ceasefire monitors tough with Israel, Lebanon

An international group monitoring violations of the rules of the conflict in south Lebanon called on Israel and Lebanon to prevent attacks against civilians after a week of fierce fighting in the region. "The Group acknowledged those cooperating with Israel deliberately fired artillery rounds into the city of Sidon, killing six innocent civilians, one of them an infant, wounding 42 others and causing extensive property damage," the committee said. The attack on Sidon Monday came during one of the bloodiest weeks in south Lebanon since a 1996 ceasefire. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4595797-8d2>

Israeli forces kill three Hizbollah guerrillas, For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4590568-a56>

Jezzine, tinderbox in bloody south Lebanon, For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4597750-f80>

***** Bosnian Serb leader aims for army after TV battle**

Loyalists of Bosnian Serb President Biljana Plavsic broke a hardliner stranglehold on state television Sunday and Plavsic said her next target was the army. Television employees in studios in Plavsic's Banja Luka power base severed joint transmission links with studios in the hardliner stronghold in Pale and aired their own news program for the first time Sunday. A similar cut was also made in the Bosnian Serb radio station. Plavsic hailed the break with the studios under the sway of indicted war criminal Radovan Karadzic and said shoring up army support was next on her agenda. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4605851-003>

Bosnian Serb government defies Plavsic on minister, For the full story see <http://www.infobeat.com/stories/cgi/story.cgi?id=4588760-b5a>

Tribunal seeks tapes from Serb phone tapping, For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4599952-4c8>

***** Portugal refuses to support armed Timor resistance**

Portugal has rejected a plea from Timorese resistance leader Konis Santana for support in the armed struggle against Indonesia, but has given a cautious welcome to Santana's proposal for partial autonomy in the restive territory. It said support for armed resistance would be incompatible with Portugal's status as administering power of its former colony which was invaded by Indonesia in 1975. However, the

government said Santana's proposal for autonomy in East Timor along the lines of Puerto Rico should be taken into consideration. For story see <http://www.infobeat.com/stories/cgi/story.cgi?id=4598291-85e>

The World Political Scene

*** Japan-N.Korea take new steps on long, bumpy road

The agreement between Japan and North Korea to restart normalizing relations puts the two wary neighbors back at the starting point on a road full of obstacles. An improvement of bilateral ties would not only bring North Korea much needed food aid but also would hold out a prospect of Japanese investment, and even World War II reparations, to shore up its faltering economy. For Japan, rapprochement would accomplish one of two key unfinished post-war tasks -- the second is a peace treaty with Russia -- and move it from the sidelines to a key role in easing tensions in the region. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4582819-615>, N.Korean media notes Japan accord without comment, For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4580880-ac1> Japan PM welcomes progress in talks with N.Korea, For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4579666-db7>

*** Netanyahu says received China assurances on Iran

Israeli Prime Minister Benjamin Netanyahu said he received assurances from China Sunday it would not help Iran build a nuclear reactor. Netanyahu held talks with Chinese Vice Premier Li Lanqing during a brief stopover at Beijing airport en route to Tokyo at the start of a week-long visit to Japan and South Korea. Last month a bipartisan group of 62 members of Congress urged President Clinton not to certify a nuclear cooperation agreement with China, saying Beijing had failed to adopt export controls to halt proliferation of atomic weapons to countries such as Iran. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4597768-e84>

*** Burundi-Tanzania rift widens ahead of peace talks

A dangerous rift between the governments of Burundi and Tanzania widened Sunday before peace talks on Burundi Monday crippled by the absence of its military rulers. Burundi Foreign Minister Luc Rukingama hit out at Tanzanian counterpart for saying Burundi's Tutsi-dominated army planned to attack refugee camps in northwest Tanzania. "Burundi has never planned to attack Tanzania," said Rukingama. The fight is the latest pitting Burundi's military-appointed government against Tanzania, host of Burundi peace talks to start Monday, and former Tanzanian President Julius Nyerere. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4600957-4bc>

*** India says committed to talks with Pakistan

India is committed to continue peace talks with Pakistan but accused its arch-rival of resorting to unprovoked firing on the border, an Indian spokesman said Sunday. Top level Indian and Pakistani diplomats are meeting next month for a third round of peace talks between the two countries, which have fought two of their three wars over Kashmir since independence from Britain in 1947. Pakistan accused India Saturday of killing three people with unprovoked heavy weapons fire along the line separating the two sides in disputed Kashmir and said the attacks were aimed at sabotaging peace talks. For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4598436-e7f> Two Indian soldiers killed in Pakistan shelling, For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4596339-6d7>

*** Rio Group ratifies stand against U.S. anti-Cuba law

The Rio Group of Latin American nations opposed Saturday stiff trade sanctions against Cuba, but seemed to backpedal on plans to invite Cuba to a summit with the European Union. Presidents of Rio Group nations, winding up their 11th meeting in Asuncion, ratified their rejection of the U.S. Helms-Burton law passed last year hardening Washington's 35-year economic embargo against Cuba. Paraguay President Juan Carlos Wasmosy said the Rio Group had not discussed whether Cuba would be invited to take part in the summit with the EU scheduled for 1999. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4592125-250>

Sports

*** Sampras, Seles headline first day at U.S. Open

Top seed and defending champion Pete Sampras of the United States and second-seeded American Monica Seles will headline Monday's first-round action at the U.S. Open Tennis Championships in Flushing, N.Y. Sampras will open defense of his title against Australian qualifier Todd Larkham, while Seles, who lost to Germany's Steffi Graf in the final in each of the last two years, will take on Kristie Boogert of the Netherlands. Both evening matches will take place in the new Arthur Ashe Stadium, which will be dedicated in a special ceremony between matches. The 23,000-seat stadium was named in honor of Ashe, the former U.S. Open champion who died of AIDS in 1993. Top-seeded woman Martina Hingis of Switzerland will take on American Tami Whitlinger-Jones on Tuesday.

*** NFL teams cut rosters to 53; Panthers release Greene

One week before the start of the regular season, NFL teams had to reach the roster limit of 53 players Sunday. Teams can begin signing as many as five players to their practice squad at 4 p.m. EDT on Monday, after the waiver claiming period ends for players cut Sunday. The Carolina Panthers provided the major story Sunday when they released holdout outside linebacker Kevin Greene and signed free agent linebacker Renaldo Turnbull, who was released two days ago by the New

Orleans Saints, to a two-year contract. Greene, who led the NFL with 14 1/2 sacks last season for the Panthers, was unhappy with his contract status and held out throughout the preseason. Once the Panthers agreed to terms with Turnbull, they decided to release Greene.

*** Redskins' Westbrook meets with Turner, fined \$50,000

Washington Redskins wide receiver Michael Westbrook was fined \$50,000 for conduct detrimental to the team after meeting with head coach Norv Turner Saturday. The Redskins did not disclose Westbrook's status for the regular-season opener against Carolina on Aug. 31, and the receiver did not practice Saturday. Westbrook, a first-round draft pick in 1995, attacked running back Stephen Davis at practice Tuesday, punching him several times in the face and leaving him face down and bleeding. Westbrook had been standing on the sideline with Davis and teammates Cris Dishman and Brian Mitchell.

*** College football season opens with pair of shutouts

The first two college football games of the 1997 season were lopsided affairs, as Northwestern blanked Oklahoma, 24-0, Saturday in the Pigskin Classic at Soldier Field in Chicago, and No. 16 Syracuse shutout No. 24 Wisconsin, 34-0, Sunday at the Kickoff Classic in East Rutherford, N.J. Northwestern, which has won or shared the last two Big Ten Conference titles, used a strong fourth quarter to wear out the Sooners. At the Kickoff Classic, Kevin Johnson returned the

opening kickoff 89 yards for a touchdown to set the tone as Orangemen rolled to a rout of the Badgers.

*** Norman, Calcavecchia earn PGA Tour wins

Greg Norman had three birdies in a four-hole stretch at the top of the back nine Sunday en route to a 3-under-par 67 and his second win in three years at the World Series of Golf in Akron, Ohio. Norman finished with a 72-hole total of 7-under 273 at the Firestone Golf and Country Club for his second win of the year and 18th career PGA title. Norman won the 1995 World Series of Golf and placed fifth last year. Defending champion Phil Mickelson finished alone in second at 3-under, four strokes back, after a 2-over 72. Third-round leader John Cook, Fred Funk and Tiger Woods tied for third at 2-under. At the Greater Vancouver Open, Mark Calcavecchia ended a winless drought of over two years Sunday as he carded a 5-under-par 66 to hold off Andrew Magee by one stroke in Surrey, British Columbia. Calcavecchia blistered the course for a 19-under-par 265, shattering the previous 72-hole record by 11 strokes.

*** Dale Jarrett wins Goody's Headache Powder 500 at Bristol

Dale Jarrett won Saturday night's NASCAR Winston Cup series Goody's Headache Powder 500 at the Bristol Motor Speedway in Tennessee, in a race that featured many accidents. Jarrett, who does not excel on short tracks, won by a car length to capture his first victory on short tracks and 12th career Winston Cup triumph. His father, Ned,

recorded the family's first success at Bristol, winning in 1964. The younger Jarrett has six top-five finishes in his last 10 races. Mark Martin, who finished second, snatched the overall lead in the Winston Cup points standings from Jeff Gordon.

Science and Medicine

*** Growing number of superbugs infecting consumers

Consumers who cannot stomach the thought of a pink hamburger after last week's record recall of meat should take a look at fruit, salads and other fresh foods on the dining table. The deadly E.coli:0157 bacteria blamed for the recall of 25 million pounds of hamburger from Hudson Foods Inc. is one of a growing number of superbugs infecting consumers. Salmonella, cyclospora, hepatitis A and other food borne diseases are occurring more frequently as food imports explode.

Consumer groups claim food borne illnesses make 33 million Americans sick each year, killing about 9,000. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4602531-ca0> U.S. companies race to find drugs to kill superbugs, For the story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4585868-b8b>

*** Spacecraft will warn Earth of solar storms

A \$111 million science spacecraft that will provide an early warning

of solar storms was set for launch, officials said Saturday. The Advanced Composition Explorer, or ACE, was scheduled for blastoff from Cape Canaveral Air Station atop a Boeing Delta 2 rocket at 10:41 a.m. EDT Sunday. Positioned one million miles into space, ACE will provide a 30 to 60 minute warning before a potentially dangerous solar storm hits the Earth. Eruptions on the surface of the sun can disrupt the Earth's magnetic field, knocking out electrical power and endangering spacewalking astronauts in orbit. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4588434-c2d>

*** Mir crew rest again, chat to families

The three-man crew aboard Russia's Mir space station chatted with their families and cleaned their spacesuits after Friday's tough repairs on a damaged module, Mission Control said Sunday. Commander Anatoly Solovyov and engineer Pavel Vinogradov of Russia and NASA astronaut Michael Foale were resting Sunday. The rest period is vital because the team face more arduous work to complete the repairs. The crew will need space suits again soon to carry out a series of space walks early next month to locate and patch a hole in Spektr. For story <http://www.infobeat.com/stories/cgi/story.cgi?id=4597843-e0b>

*** Hong Kong doctor removes girl's Fallopian tube by mistake

A Hong Kong surgeon removed a young girl's Fallopian tube, thinking it was her appendix, in the latest in a spate of alarming blunders in the territory's hospitals, newspapers said Sunday. Earlier this month a

car crash victim died at Queen Mary, where many of the recent blunders have occurred, after he was given a transfusion of the wrong blood type. In March a woman had her right Fallopian tube cut at the hospital during an appendectomy. The young girl has not had her appendix removed since the botched operation. "The infection subsided on its own," another doctor said. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4595520-5d5>

*** Japan to drop research on cold nuclear fusion

Japan has decided to abandon state-funded research on cold nuclear fusion by next March, the Ministry of International Trade and Industry said Monday. Nuclear fusion is believed to take place under certain conditions, such as at extremely high temperatures or pressures. MITI started research in 1993 aimed at triggering nuclear fusion at relatively low temperatures, ranging from room temperature to 100 degrees Celsius, aiming to harness the massive heat expected from fusion reactions for electric power production. For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4610318-0a5>

*** Lockheed rocket lifts satellite into orbit

A Lockheed Martin Corp. rocket carrying a NASA scientific satellite was successfully launched from California's Vandenberg Air Force Base, a spokesman said Saturday. The Lockheed Martin Launch Vehicle lifted off a few minutes before midnight Friday carrying the NASA Lewis satellite. It was the first flight of an LMLV-1 since August 1995 when

the same type of rocket had to be destroyed minutes after launch because it was flying erratically. The satellite will provide data on natural disasters, the health of crops and the amount of runoff from mountain snowfalls to foresters, land use planners and scientists. For the full text story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4593664-a92>

Technology

*** Will Windows NT take over?

People's view of the Windows NT Server is like parents' view of their teenagers. They hope the stage passes. As Microsoft increases its marketing efforts for the NT Server operating system, customers and the industry discount claims of industrial-strength features, knowing one day the Windows NT Server will be all that Microsoft says it will.

The scalability combines more processor support for the operating system, add-on features to make database and transaction-intensive uses easier and manipulation of clustering technology to string a number of servers together to create mini-computer or mainframe-like systems. (From C/NET)

<http://www.news.com/News/Item/0%2C4%2C13430%2C00.html?nd.w>

*** Netscape posts stand-alone Navigator

Netscape Communications introduced a stand-alone version of the Navigator 4.x browser on its FTP site. The company announced the move after weeks of pressure from industry players, especially Lotus Development, to unbundle the Navigator browser from the Communicator software suite. Lotus would not ship its Lotus Notes groupware with Communicator because it contains features such as email, message and conferencing groups that compete. John Robb of Gomez Advisors said, "Bundling Navigator with Netcaster and giving it away to consumers in particular would be spectacular." The standalone Navigator file is available for Windows 3.1, 95 and NT. (From C/NET)

<http://www.news.com/News/Item/0%2C4%2C13461%2C00.html?nd.w>

*** New Intel chips, PCs for 3D graphics due

New chips and software that optimize how computers process 3D graphics are coming Monday, and Intel Pentium II systems based on the technology will follow. Based on Intel's Accelerated Graphics Port standard, the technology could make high-end 3D graphics more affordable. Intel will release chipset 440LX this week which will enable computers using Pentium II processor and graphics chips to have AGP 3D capability. A chipset allows a processor such as the Pentium II to communicate with the rest of the computer system. Graphics chips control images a user sees on a computer screen. (C/NET)

<http://www.news.com/News/Item/0%2C4%2C13605%2C00.html?nd.w>

*** 56-kbps modems struggling

U.S. Robotics and Hayes Communications expect sales of 56-kbps modems to increase as next month's meeting to set preliminary 56-kbps modem standards draws near. Most users now use 28.8-kbps modems. The new 56.6-kbps modems run twice as fast, but users are reluctant to buy 56-kbps modems. The problem is modems using U.S. Robotics x2 technology don't now operate with modems based on Rockwell and Lucent K56flex technology, as standards have not been set. The standards problem is expected to produce an interim solution when the International Telecommunications Union meets next month to work on 56-kbps modem technology. (C/NET)

<http://www.news.com/News/Item/0%2C4%2C13554%2C00.html?nd.w>

Human Interest

*** Six flee U.S. prison as guards ogle 'Baywatch'

Six prisoners escaped from a New Mexico county jail as distracted guards and other inmates were ogling scantily clad female lifeguards on the television series "Baywatch," officials said Friday. The prisoners escaped Monday by cutting an 18-inch hole through a thin metal wall while almost everyone else was "hootin' and hollerin' and whatnot" at the popular show. Three of the inmates were recaptured and told police they had not planned to escape, but took advantage of the opportunity when the others slipped out. The other three prisoners were still at large Friday. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4577603-e29>

*** Stray dog with bubble-gum jar stuck on head is saved

A stray dog that ran loose in St. Louis suburbs for five days with a bubble-gum jar stuck on its head has been captured and is recovering, an animal shelter spokeswoman said Saturday. Nicknamed Cookie, the 5-year-old boxer mix was pursued for days by children through the streets of suburban Illinois towns across the Mississippi River from St. Louis. The dog had put her head inside the plastic bubble-gum jar to drink rainwater that had collected inside. The jar stuck on the dog's head, causing it to panic and flee for days from would-be rescuers. For the full text story, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=4588733-48f>

*** Pilot suspended after girl, 5, takes controls

A British Airways pilot and his co-pilot were suspended after reports a 5-year-old girl operated controls on a plane packed with tourists, a British Airways spokeswoman said Sunday. The News of the World said the girl sat on the pilot's knee and pressed a button to make the plane turn during a flight to London from the south of France. British Airways said the captain and his co-pilot had been suspended pending an investigation after a complaint by a passenger. For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4591797-869>

*** Thousands of signatures hitch ride to Saturn

A computer disk bearing the signatures of hundreds of thousands of Earthlings was attached Friday to a multibillion-dollar space probe bound for Saturn. About 616,400 signatures, plus the paw prints of several pet dogs and cats and the footprints of a few babies, were scanned on to the five-inch, high-capacity disk that will be launched aboard the Cassini probe in October. The disk was screwed to the side of the spacecraft and covered with a patch of gold foil insulation bearing a logo featuring Saturn and a quill pen. For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4576175-89d>

*** Beer glass nearly fatal for German man

A 36-year-old German was nearly killed when he passed out during a heavy drinking session at a table in a Munich beer tavern and fell on top of his beer glass, a newspaper said Sunday. A piece of the shattered glass sliced an artery on his neck and he nearly bled to death, the Welt am Sonntag newspaper reported. A medical team was able to slow the bleeding in the tavern and the man was rushed to a nearby hospital, where authorities said he was recovering.

*** Shanghai wants down-to-earth 'mooncake' prices

Shanghai has signaled it is willing to get tough with price controls, warning that it wants down-to-earth prices for the popular sweet known as "mooncakes." Officials have notified their biggest manufacturers of the sticky treat, which is popular around this time of year, that they

must keep the lid on prices, the Shanghai Business newspaper said on Sunday. Retail prices would be held within 20 percent over the most recent manufacturing prices. The round, sweet cakes, shaped to resemble a full moon, are said to date back to the Yuan dynasty (1279-1368 A.D.), a period of Mongol rule over China. For the full story, see <http://www.infobeat.com/stories/cgi/story.cgi?id=4595683-22b>

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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 V5.0-4 #6879)
id <01IMV1K7TMV4006XMV@PMDF.EOP.GOV> for reich_b@al.eop.gov; Mon,
25 Aug 1997 15:45:10 -0400 (EDT)

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IMV1K665O0007HI7@PMDF.EOP.GOV> for
reich_b@al.eop.gov; Mon, 25 Aug 1997 15:45:07 -0400 (EDT)

Received: from sender3.lodo.infobeat.com ([208.146.68.35])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IMV1IWMO6E002DDY@STORM.EOP.GOV> for reich_b@al.eop.gov; Mon,

25 Aug 1997 15:44:34 -0400 (EDT)

Received: from sender3.lodo.in.merc.com (news-errors@mx.lodo.infobeat.com)
by sender3.lodo.in.merc.com

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with stdio id EOPA1AAGKP19690; Mon, 25 Aug 1997 13:15:03 -0600 (MDT)

Errors-to: news-errors@mx.lodo.infobeat.com

X-BIAS:

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

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: dwalters (dwalters@ustr.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:25-AUG-1997 15:06:00.00

SUBJECT: 1997-08/23 EMBARGOED RADIO ADDRESS BY PRES TO NATION -Reply

TO: Peter R. Orszag (Peter R. Orszag@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Sorry, Peter. I was on leave last week, taken at that time to ensure being back the week before Labor Day for the duration of fast track. It looks like folk must have been out across the street as well for someone not to have flagged the points you raise.

There is some history behind the one quarter versus one third of economic growth figures. Until the most recent NIPA revision, goods and services exports accounted for 26-27% of the constant dollar GDP increase between 1992 and 1996. But, we've known for months about the highlighting of the one-third figure from the base 1993 (with the latest GDP revision, now good whether the period is 1992-1996 or 1st quarter 1993 - 2nd quarter 1997). In fact, we've used the one third figure in Charlene's testimonies. Also, I certainly would have noted that the 12.8 to 12.9 million increase in U.S. employment since December 1992 was inaccurately characterized as 12 million, if I had been here.

+

Your points were well taken and your message heard. Let me just assure you that, for our part, we will be extra vigilant on numbers and facts in the coming weeks, and keep in close contact with Lael and the CEA staff on these matters. Also, anyone on your side of the street shouldn't hesitate

to call me or Bill Shpiece (X53583) at any time for fact checking. We'll do our best. David

>>> <Peter_R._Orszag@oa.eop.gov> 08/23/97 04:03pm >>>

Message Creation Date was at 23-AUG-1997 17:03:00

What happened on this radio address? Did no one fact check it? We need a much better system for getting the facts down right, because the fast track debate will be hard enough without getting hit for sloppiness.

1. I am frustrated that despite our effort to get the number fixed, the President's statement wasn't changed: "Already, over the last four years, more than 25 percent of our economic growth has come from overseas trade."

Where does the 25 percent figure come from? Is it just an outdated version of the calculation below?

Between the first quarter of 1993 and the second quarter of 1997 (the most recent data), real exports rose from \$647.2 billion to \$954.1 billion.

Over the same period, real GDP rose from \$6327.9 billion to \$7139.7 billion. That implies that exports account for

$(954.1 - 647.2) / (7139.7 - 6327.9) = 37.8$ percent of the total growth since the beginning of 1993 (or "over the last four years").

2. The 1993 plan didn't cut the deficit by 75 percent in 4 years. Between FY 1992 and 1996 (4 years), the deficit fell by 63 percent (from \$290 billion to \$107 billion). Between FY 1992 and 1997, it fell by 87 percent (from \$290 billion to \$37 billion). Where's the 75 percent come from? I think it's old also -- from when the estimate of the deficit for FY 1997

was still near \$70 billion.

3. We should say "nearly 13 million jobs," not "12 million jobs."

4. We regained status as the world's leading exporter, if I remember correctly, under President Bush. Not exactly something we should take credit for...

Peter

----- Forwarded by Peter R. Orszag/OPD/EOP on 08/23/97

04:55 PM

SUNTUM_M @ A1

08/22/97 07:54:00 PM

Record Type: Record

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

1997-08/23 EMBARGOED RADIO ADDRESS BY PRES TO NATION

THE WHITE HOUSE

Office of the Press Secretary
(Martha's Vineyard, Massachusetts)

Embargoed For Release

Until 10:06 A.M. EDT

Saturday, August 23, 1997

RADIO ADDRESS OF THE PRESIDENT
TO THE NATION

Martha's Vineyard, Massachusetts

THE PRESIDENT: Good morning. Today I want to talk about the tools we need to keep our economy growing in a way that helps all our people to prosper and advances America's leadership in the world as we move into the 21st century.

For nearly five years now, we have pursued a new economic course for America, with three parts: eliminate the deficit, invest in education and training, and open new markets abroad for America's products and services. It is working. The American people are enjoying the longest period of sustained economic growth in a generation -- with 12 million new jobs, unemployment below five percent, core inflation at a

30-year low. Once again, America is the world's number one exporter, the world's largest producer of semiconductors, the world's largest producer of automobiles. Our nation has been ranked the world's most competitive economy for the last five years.

With a strong and prosperous America moving into the 21st century, we must continue our successful economic strategy. In 1993, we passed an economic plan that cut the deficit 75 percent in four years. And now we have a balanced budget with an historic focus on education and incentives to bring jobs to people and places that still don't have them.

But to keep America growing, to keep America leading, we have to continue to create high-wage jobs, and to do that, we must continue to expand American exports. After all, 95 percent of the world's consumers live beyond our borders. Already, over the last four years, more than 25 percent of our economic growth has come from overseas trade. Now, that's a big reason more than half our new jobs in the last two years have paid above average wages, because export-related jobs pay, on average, about 15 percent more than non-export jobs. And today, our exports support more than 11 million good, high-paying American jobs, including one in five of our manufacturing jobs.

To keep our economy growing and to create these good jobs we must keep tearing down foreign barriers to American goods

and services. That's why, next month, I will ask Congress to renew presidential fast track authority to negotiate tough new trade agreements.

This is authority that every President from both parties has had since 1974. I will use it to negotiate trade agreements that will keep us competitive, boost our exports, create more good jobs and raise our standard of living.

This fast track authority will do three things. First, it gives the President the flexibility I need to forge strong agreements in sectors where our nation is most competitive -- such as agriculture, information technology, medical equipment and environmental technology. Second, it will strengthen my ability to get worldwide agreements, especially for our nation's farmers, tearing down barriers in the world agricultural market. It will also help to ensure that American companies and workers compete in the global economy in a contest that is open, with a level playing field, with rules that are fair and enforced.

Third, it will help me to negotiate more open markets with specific countries, especially in Latin America and Asia. In the coming century, these emerging markets in Latin America and Asia are expected to grow three times as fast as our own -- and their demand for United States goods and services is already taking off. If we don't seize these new opportunities, our competitors surely will. Already, since 1992, in Latin America and Asia alone, our competitors have negotiated 20 trade agreements that do not include the United States.

To make sure all our people share the fruits of increased

prosperity and commerce, I also will continue to promote worker rights and responsible environmental policies with our trading partners. And I'll keep working to strengthen retraining and educational opportunities for workers here. We have to pull together, not apart, to compete and win in the global economy.

For more than two decades now, on a bipartisan basis, Congress has consistently supported initiatives to open markets and create jobs -- including the President's authority to break down trade barriers around the world. Our workers and our businesses are the best in the world, but they can't compete in the slow lane. I look forward to working closely with Congress to keep American prosperity on the fast track.

END

Message Sent

To: _____ Julie E.

Mason

Darby E. Stott

Julia R. Green

Lorraine L. Wytkind

Laura D. Schwartz

Lori E. Abrams

Lori Anderson

Brenda M. Anders

Eli G. Attie @ OVP@EOP

Robin J. Bachman

Kris M Balderston

Beverly J. Barnes

David S. Beaubaire

Marsha E. Berry antony j. blinken

Lanny A. Breuer

Robin J. Bachman

Laura Capps

Joseph W. Cerrell @ OVP@EOP

Steven A. Cohen

Michelle Crisci

Carolyn Curiel

Suzanne Dale

Lanny J. Davis

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James M. Teague

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Estela Mendoza

Elisa Millsap

Cheryl D. Mills

Megan C. Moloney

Kevin Moran

Jonathan Murchinson steven j. naplan

Elizabeth R. Newman

Neera Tanden

Peter R. Orszag

Kristen E. Panerali

Carole A. Parmelee

Sally P. Paxton

Julia M. Payne

Jonathan Prince

Peter O'Keefe

Nicole R. Rabner

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Jonathan P. Robell

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Virginia N. Rustique

Evan Ryan

G. Timothy Saunders

Brooks Scoville

Ruby Shamir

Douglas S. Sheorn

June Shih

David Shipley

Robert M. Shireman

Jake Siewert

Joshua Silverman

Brian D. Smith

Craig T. Smith

Richard Socarides

Douglas B. Sosnik

Aviva Steinberg

Todd Stern

Michael J. Sullivan

Jonathan H. Schnur/OVP @ OVP

Sylvia M. Mathews

Lisa Tamagni

Virginia M. Terzano @ ovp@eop terri tingen

Barry J. Toiv

Serena C. Torrey

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William H. White Jr.

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TLXA1MAIL_F:91305-371-8366\C:VICENTE DE LA VEGA\\ @ A1@CD@LNGTWY

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COGDELL_C @ A1@CD@LNGTWY backup @ wilson.ai.mit.edu@INET@LNGTWY

wh-outbox-distr @ clinton.ai.mit.edu@INET@LNGTWY

BARBUSCHAK_K @ A1@CD@LNGTWY

BARTHOLOME_M @ A1@CD@LNGTWY

BARTHOLOW_T @ A1@CD@LNGTWY

CAPLAN_P @ A1@CD@LNGTWY

CUTLER_L @ A1@CD@LNGTWY

Dsaltz @ DOL.GOV@CD@LNGTWY

GRAY_W @ A1@CD@LNGTWY

GRIBBEN_J @ A1@CD@LNGTWY

HAAS_L @ A1@CD@LNGTWY

JOHNSON_WC @ A1@CD@LNGTWY

LIZIK_C @ A1@CD@LNGTWY

MOFFETT_J @ A1@CD@LNGTWY

RILEY_R @ A1@CD@LNGTWY

NAPLAN_S @ A1@CD@LNGTWY

SMITH_BD @ A1@CD@LNGTWY

STUMPF_D @ A1@CD@LNGTWY

TCSmith @ dol.gov@INET@LNGTWY

WEINER_R @ A1@CD@LNGTWY

WOZNIAK_N @ A1@CD@LNGTWY dsaltz @ DOL.GOV@CD@LNGTWY glynnm @

panet.us-state.gov@INET@LNGTWY usia01 @ access.digex.com@INET@LNGTWY

1=US@2=WESTERN UNION@3=@5=ATT.COM@*ELN\62955104@MRX@LNGTWY

62955104 @ eln.attmail.com@INET@LNGTWY

73030.21 @ compuserve.com@INET@LNGTWY

INFOMGT @ A1@CD@LNGTWY newsdesk @ usnewswire.com@INET@LNGTWY usnwire @

access.digex.com@INET@LNGTWY

===== 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 V5.0-4 #6879)
id <01IMUY53PRKW00A0U1@PMDF.EOP.GOV> for "Peter R. Orszag"@oa.eop.gov; Mon,
25 Aug 1997 14:06:41 -0400 (EDT)

Received: from ustr.gov (eop.ustr.gov) by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IMUY526KPC009F3B@PMDF.EOP.GOV> for Peter_R._Orszag@oa.eop.gov; Mon,
25 Aug 1997 14:06:39 -0400 (EDT)

Received: from USTR-Message_Server by ustr.gov with Novell_GroupWise; Mon,
25 Aug 1997 14:04:53 -0500

X-Mailer: Novell GroupWise 4.1

Content-disposition: inline

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