

ARMS Email System

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CREATION DATE/TIME:17-DEC-1997 10:40:00.00

SUBJECT:: Daily Digest 12/17: WTO: A 'MIRACLE YEAR'?

TO: Doris O. Matsui (Doris O. Matsui@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Pundits in Europe and Asia praised a number of the World Trade

Organization's (WTO) recent rulings and agreements, leading one Indian

observer to term this the WTO's "miracle year." Agreements on information

technology, telecommunications and the latest one on financial services

were seen by many as "feathers in the cap" of the world trade body and as

indicators of renewed world commitment to trade liberalization and freer

and fairer markets. There were some malcontents, however. A number of

commentators from the developing world expressed concern that many of the

WTO's agreements would first benefit only the richest nations--Europe and

America--and that poorer nations would continue to negotiate from a weaker

position, ultimately bearing the brunt of harsh economic reforms.

Following are major themes found in the commentary:

FINANCIAL SERVICES: Most editorial attention was devoted to the December

12 agreement reached in Geneva on financial services. A majority of

editorialists in Europe and Asia welcomed the "ground-breaking" pact--which

will open markets around the world to foreign suppliers of banking,

securities, insurance and financial data services. Analysts agreed with

the leading, business-oriented Toronto Globe and Mail's judgment that "the

more easily these [financial services] transactions are performed, the

easier it is for businesses to trade among each other and stimulate economic growth and jobs.... This is a deal to be welcomed." Many observers also pointed out that the agreement is "timely," coming during a period when the global economy continues to be threatened by the ongoing crisis afflicting many Asian economies. Indeed, some believed the "calamity" in the Asian economies was the "mother of invention"--persuading negotiators to come to an agreement on freeing up global financial services that could possibly help the ailing Asian tigers. Voices of concern, however, could be heard in some quarters of the developing world. Kuala Lumpur's government-influenced Business Times, for instance, singling out the U.S. for "still hankering after a greater role in the global trade and business drama," went on to warn that nations like Malaysia must not be "hasty" in opening their markets: "Liberalization of the financial services sector should be conducted gradually in order to benefit every WTO member. The world no longer needs a puppet master to order its every move. The developing world is capable of directing its own growth. It just needs a little guidance and the time and space to develop at its own pace." In Moscow, one writer noted that these are fretful times for Russia--a WTO aspirant--because liberalization agreements are being made without its participation.

PROTECTIONISM STILL A CONCERN: While most commentators were reassured that the recent actions at the WTO were confirmation that the world was continuing its march toward trade liberalization, several writers still expressed concern that protectionism currents have, "on the contrary, grown stronger." Stockholm's conservative Svenska Dagbladet stressed that the trend "can be noticed in the U.S., where President Clinton lost his 'fast

track authority' about a month ago.... Also within the EU there is a constant struggle between the supporters of free trade and the protectionists.... Every tendency of protectionism therefore must be clearly and forcefully rejected. And the WTO cannot, in spite of all its success, do all the work by itself."

This survey is based on 17 reports from 9 countries, December 8-17.

EDITOR: Diana McCaffrey

EUROPE

BRITAIN: "WTO Pact Will Open Financial Services Sector"

The independent Financial Times reported (12/15): "A ground-breaking global pact reached at the weekend to open banking, insurance and securities markets to foreign competition would expand opportunities for companies in the multi-trillion dollar sector and help restore confidence in Asia's crisis-ridden financial markets, U.S. officials said. Reluctant East Asian nations, beset by financial turmoil at home, were brought into the pact after they were persuaded that a deal would help in their attempts to restore stability and investor confidence. The United States, which walked away from a deal in 1995, had said it would need much better offers from advanced emerging economies to join a pact this time."

"WTO's Film Ruling Angers Washington"

The independent Financial Times said (12/8): "The rejection by a World

Trade Organization disputes panel of a U.S. complaint that Japan has rigged its photo-film market against imports has set off tremors which go far beyond the commercial impact on Kodak and Fuji, the two companies directly involved in the case.... Both Republicans and Democrats in Congress have rushed to call for the United States to revert to tough actions to pressure Japan into opening its market. In Japan, the WTO decision has disheartened reformers. They fear it will be taken as an exoneration of the country's burdensome regulatory practices, dashing hopes of accelerating faltering efforts to restructure the economy and stimulate demand."

"WTO Rules, OK?"

The independent Financial Times editorialized (12/8): "The dismissal by a WTO disputes panel of U.S. and EU complaints that Japan has discriminated against photo film imports is a forthright affirmation of judicial independence. The panel's judgment was clearly unswayed by fear of displeasing the WTO's two most powerful members. Such impartiality is commendable. But it also puts the institution's authority squarely to the test. Politically, the ruling could hardly have come at a worse time. The outrage it has provoked in the United States can only make harder President Bill Clinton's task of obtaining fast-track trade negotiating authority from Congress. The decision also risks eroding further U.S. support for multilateralism and encouraging demands for a reversion to strong-arm trade tactics towards Japan, based on threats to penalize its exports."

RUSSIA: "Agreement May Hurt Russia"

Commenting on the financial services agreement talks in Geneva, Aleksei Portansky said in Finansovye Izvestia supplement to reformist Izvestia (12/11): "Solving differences and signing a document in good time will undoubtedly have considerable influence on the development of financial markets in the world. Apart from the fact that developed and some developing countries have been moving toward liberalizing the financial services market, a recent crisis in Asia has confirmed a need for an international agreement in this field.... Signing an agreement in Geneva will create problems for Russia and other countries that are in the process of joining the WTO, since, being no party to the talks, they will have to accept the levels of liberalization established in Geneva."

CANADA: "WTO Agreement On Financial Services: A Deal To Be Welcomed"

The leading Globe and Mail (12/16) stated: "Necessity may be the mother of invention, but it seems that calamity was the mother of last-minute persuasion in the World Trade Organization's agreement on freeing up global financial services.... Now, some holdouts have come on board, offering to open up by March 1999, their still formidable markets to outside competitors and, for some countries, outside investors.

"The emerging markets of Asia appear to recognize the deal will help them.... There are other gains from the talks. World financial services perform \$2 trillion in foreign-exchange transactions per day. The more easily these transactions are performed, the easier it is for businesses to trade among each other and stimulate economic growth and jobs. For

many reasons, this is a deal to be welcomed."

"Anti-Dumping Suits Becoming Weapon Of Choice In Trade Fights"

International trade counsel and columnist Lawrence Herman observed in the business-oriented Financial Post (12/16): "Problems are bubbling to the surface of the international trading system that require immediate attention. What's emerging is a kind of 'neo-protectionism' consisting of the aggressive pursuit of anti-dumping remedies by more and more countries around the world. The irony is this new protectionism derives legitimacy under the rules of the World Trade Organization itself.... The real problem is the excessive detail and complexity of those investigation and the incessant demand by governmental agencies for endless amounts of data from the exporters. By virtue of the WTO trade rules...dumping investigations are far more onerous than the most scrupulous corporate audit.... So the process forces exporters to spend vast amounts of time and money in providing reams of material to investigating agencies, often losing focus and market edge in the process.... This means that, win or lose, the complaining industry can often come out ahead in terms of market share recovery. It also can mean less competitive local industries can gain at the expense of more efficient foreign ones.... New protectionism cannot go ignored, given the proliferation of continually more stringent anti-dumping laws. The issue should be put on the WTO's priority agenda."

SPAIN: "Favorable Pact"

Liberal El Pais proclaimed (12/15): "The agreement reached by the World Trade Organization to expand opportunities for foreigners in the financial services sector is favorable on a global scale. Its entry into force in March 1999 could prove to be an historic moment, as indicated by both WTO's Director General and the U. S. president. But above all it could be a stabilizing signal that could have a not insignificant calming effect on the extraordinary circumstances currently being experienced in that sector.... The pact will facilitate, among other things, the resolution of the problems now confronting Asian countries by providing greater transparency and opportunities for participation by foreign financial services firms. That is, financial globalization will be furthered, but in a more competitive, transparent and secure environment.... Nothing less is needed if the severe Asian economic and financial crisis is to have anything like a positive outcome."

SWEDEN: "Protectionist Currents Still Growing Stronger"

Conservative Svenska Dagbladet opined (12/16): "By the creation of WTO, organized protectionism around the world got a worthy opponent.... However, its accomplishments, including the successful conclusion of the WTO financial services negotiations in Geneva, must not be regarded as proof that free trade no longer is in jeopardy. Protectionist currents have, on the contrary, grown stronger lately and most clearly this can be noticed in the United States, where President Clinton lost his 'fast track authority' about a month ago. The development in the United States is not unique. Also within the EU there is a constant struggle between the

supporters of free trade and the protectionists.... Every tendency of protectionism therefore must be clearly and forcefully rejected. And the WTO cannot, in spite of all (its success), do all the work by itself."

EAST ASIA AND PACIFIC

AUSTRALIA: "WTO Pact A Timely Trade Commitment"

In the view of the national, conservative Australian (12/16): "As Asian currencies have fallen to new lows in recent days, the World Trade Organization pact signals a welcome renewal of the region's commitment to freer and fairer markets. The pact, involving about 70 countries which account for more than 95 percent of the world's financial markets, does not take effect until 1999...but its greatest impact and merit has materialized almost instantaneously. It reassures investors in Asia that the region's governments are serious about more transparency and certainty for overseas investors, while recognizing that policies which protect domestic industry at the expense of competition are likely to exacerbate their national economic problems."

HONG KONG: "Double Dealing"

The independent, English-language South China Morning Post editorialized (12/17): "It is striking how the delight over last weekend's 102-nation pact to liberalize financial services has come from Americans and Europeans. It is they who stand to benefit most from the World Trade Organization accord to open up markets all over the world for powerful multinationals to dominate.... U.S. Trade Representative Charlene Barshefsky could scarcely contain her jubilation, talking of it in terms of a trade deal rather than a genuine attempt at liberalization, and frankly admitting that it would provide tremendous opportunities for American firms....

"It is not necessarily in Asia's interests to allow such unparalleled access at a time when its ability to compete on equal terms has been hampered by the recent crises. But a failure to reach agreement would have resulted in a negative response from international investors and accelerated capital outflow from the region. So Asia has little choice but to reluctantly accept this one-sided accord and hope that the benefits it brings the United States and Europe are reciprocated."

MALAYSIA: "Gaining From The Crisis"

The government-influenced English-language New Straits Times declared (12/15): "Few in the international community have bothered to notice how badly Asia's troubled economies are being served by the belated scramble to counter the region's financial problems. The just-announced WTO agreement

on financial services--after six years of negotiations and strident developing country objections--offers the biggest hint so far of the Asian countries' sharply reduced bargaining position. True, the deal would, as its proponents say, increase capital flows, improve quality competition, financial stability and economic efficiency. But that is only one side of the story. The last round of WTO talks in 1995, had come up empty after Asia's emerging economies balked from opening their markets up to better-equipped foreign competitors. This time, equal market access was hard-sold as a confidence-restoring measure for the badly hit Asians. Several developing countries barely concealed their dismay at having to buy that line in spite of their justifiable fears. International perceptions about Asia have changed, and its once high-flying economies are being made to pay needlessly, without a voice of their own."

"Insurance War Looms At WTO"

The government-influenced Business Times ran the following editorial (12/12): "It is clear that another 'shadow play' or 'wayang kulit' is about to be staged by the WTO as the United States is expected to make life difficult for other members with regards to the liberalization of financial services.... And true to form, the United States is still hankering after a greater role in the global trade and business drama....

"Malaysia has nothing against liberalization per se, but we wish to be comfortable with the pace at which the markets are opened. Liberalization has had a drastic impact upon the currency and the stock market and it simply cannot happen overnight. Haste will only cause the underdeveloped markets in developing countries to suffer. The currency and stock market turmoil in south-East Asia is proof of this.... Malaysia needs to be comfortable with the march too, just as the United States took more than 50 years to grow into a global economic titan, Malaysia and other developing nations also need to be stable and strong enough to face the challenges of liberalization. Involving the people without solid preparation would be tantamount to economic suicide. Malaysia is just beginning to develop its insurance industry. Since insurance premiums have been eating into our finances, the government has revived the Malaysian International Re (Labuan) Ltd in an effort to halt the huge outflow of capital to foreign insurance companies. With US\$200 million in paid-up capital, the company will result in savings of billions of ringgit a year in terms of shipping and property insurance premiums.

"Malaysia has never closed its doors to foreign insurance companies. It would be incorrect to assume that we wish to promote locals at the expense of foreign investors. Foreigners are welcomed as they bring knowledge as well as capital with them. The United States took many years to establish its insurance sector and they really ought to let us get ours on its feet. Liberalization of the financial services sector should be conducted gradually in order to benefit every WTO member. The world no longer needs a puppet master to order its every move. The developing world is capable

is directing its own growth. It just needs a little guidance and the time and space to develop at its own pace."

SOUTH ASIA

INDIA: "At Whose Service?"

The centrist Statesman commented (12/17): "Fifteen years of tortuous negotiations have produced an agreement, of sorts, on global financial services.... The member that matters most, the United States, has its Congress to appease, especially over what American legislators from New York to Nebraska view as 'inadequate' market access offers by individual countries. Still, the world has changed from the feverish early '80s when mere mention of financial services would make developing countries, as well as some Europeans, reach for the gavel. India has changed very little. And why does that surprise us. At the final stages of the global telecommunications treaty, signed in February this year, India barely took its head out of the sand: the monopolies of DoT and VSNL, which exist to mulct Indians, not foreigners, were defended in the name of national interest. The financial services treaty is no less pro-Indian government officials and anti-Indian citizens.

"Take banking, virtually the only financial services where the Indian team offered 'greater' liberalization. The most favored nation principle will cover foreign banks in India now.... The Indian consumer would have benefited from more foreign banks, from more foreign investment in financial services, from more choice and better products. Some Indian

producers of financial services would have undoubtedly suffered. But should the course of progress be charted according to how many shoals some inefficient producers may hit? Till such time as the answer remains yes, expect no real improvement even after Indian officials come back waving treaties."

"WTO's Miracle Year"

The right-of-center Indian Express concluded (12/16): "The financial services agreement is the third feather in the World Trade Organization's cap this year, after the information technology and telecoms agreements. Given the Asian crisis, any financial services pact is an achievement.... Anti-free-trade voices have been particularly sharp in America of late. In the end, what was won was a true compromise. Perhaps this is just as well. America is already a very open economy, but countries whose starting point is a far more closed economy are bound to be nervous of opening up in one

go."

##===== ATTACHMENT 1 =====

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Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IRA3SM5R0G000AT7@PMDF.EOP.GOV> for
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Received: from NOTES1.USIA.GOV ([198.67.64.251])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with SMTP id <01IRA2ED2NN0003ZMU@STORM.EOP.GOV> for Matsui_d@A1.EOP.GOV; Wed,

17 Dec 1997 11:44:39 -0500 (EST)

Received: by NOTES1.USIA.GOV (Lotus SMTP MTA v1.06 (346.8 3-18-1997))
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X-Lotus-FromDomain: USIA

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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, (2
02) 6196511

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services.... And to

form, the United States is still hankering after
a greater role in the global trade and business drama....

"Malaysia has nothing against liberalization per se, but we wish to be
comfortable

with the pace at which the markets are opened. Liberalization
has had a

drastic impact upon the currency and the stock market and it
simply cannot happen

overnight. Haste will only cause the underdeveloped
markets in developing

countries to suffer. The currency and stock market
turmoil in southEast Asia

is proof of this.... Malaysia needs to be
comfortable with the march too, just

as the United States took more than 50
years to grow into a global economic

titan, Malaysia and other developing
nations also need to be stable and strong

enough to face the challenges of
liberalization. Involving the people without

solid preparation would be
tantamount to economic suicide. Malaysia is just

beginning to develop its
insurance industry. Since insurance premiums have been

eating into our
finances, the government has revived the Malaysian International
Re (Labuan)

Ltd in an effort to halt the huge outflow of capital to foreign
insurance

companies. With US\$200 million in paid-up capital, the company
will result

in savings of billions of ringgit a year in terms of shipping and
property

insurance premiums.

"Malaysia has never closed its doors to foreign insurance companies. It would

be incorrect to assume that we wish to promote locals at the expense of foreign

investors. Foreigners are welcomed as they bring knowledge as well as capital

with them. The United States took many years to establish its insurance sector

and they really ought to let us get ours on its feet.

Liberalization of

the financial services sector should be conducted

gradually in order to benefit

every WTO member. The world no longer needs a

puppet master to order its every

move. The developing world is capable of

directing its own growth. It just

needs a little guidance and the time and

space to develop at its own pace."

X hp x (#

X hp x (#SOUTH ASIA

X hp x (# INDIA: "At Whose Service?"

X hp x (#

The centrist Statesman commented (12/17): "Fifteen years of tortuous negotiations

have produced an agreement, of sorts, on global financial services.... The

member that matters most, the United States, has its

Congress to appease, especially

over what American legislators from New York

to Nebraska view as 'inadequate'

market access offers by individual

countries. Still, the world has changed

from the feverish early '80s when

mere mention of financial services would

make developing countries, as well

as some Europeans, reach for the gavel. India

has changed very little. And

why does that surprise us. At the final stage

of the global

telecommunications treaty, signed in February this year, India

barely took

its head out of the sand: the monopolies of DoT and VSNL, which exist

to

multilateral Indians, not foreigners, were defended in the name of national

interest

rest. The financial services treaty is no less pro-Indian government

officials

and anti-Indian citizens.

"Take banking, virtually the only financial services where the Indian team

offer
red 'greater' liberalization. The most favored nation principle will
cover for
foreign banks in India now.... The Indian consumer would have benefited
from more
foreign banks, from more foreign investment in financial services,
from more choice and better products. Some Indian producers of financial
services would have undoubtedly suffered. But should the course of progress
be charted according to how many shoals some inefficient producers may hit?
Till such time as the answer remains yes, expect no real improvement even
after Indian officials come back waving treaties."
"WTO's Miracle Year"

The rightofcenter Indian Express concluded (12/16): "The financial
services agreement is the third feather in the World Trade Organization's cap
this year,
after the information technology and telecoms agreements. Given
the Asian crisis, any financial services pact is an achievement....
Antifreetrade voices have been particularly sharp in America of late. In
the end, what was won was a true compromise. Perhaps this is just as well.
America is already a very open economy, but countries whose starting point is
a far more closed economy are bound to be nervous of opening up in one go."

X` hp x (#%#Xx\ P6QyXP#

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Dani_Rodrik (Dani_Rodrik/FS/KSG@ksg.harvard.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:18-DEC-1997 09:48:00.00

SUBJECT: Notes on the President's State-of-the-Union Speech

TO: Michael Waldman (Michael Waldman@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Dear Mr. Waldman,

Here are some ideas for the President's speech that Frank Levy (of MIT) and

I have put together. If any of this has promise, and you would need

further amplification or clarification, please let us know.

I would appreciate it also if you would confirm receipt of this message.

Dani Rodrik

TEXT PREPARED BY FRANK LEVY (MIT) AND DANI RODRIK (HARVARD)

We believe the President can frame current economic issues by extending the long run perspective of Tuesday's news conference to include some key developments of the last few decades. A candid discussion of the past would say that workers under the age of 50 have worked most of their lives in an economy with very slow growing wages and an economy where inequality has increased sharply along many dimensions including education. Thus, for

example, a 30 year-old man with a high school diploma now earns an average \$21,000, about \$8,000 less than his high school educated father would have earned at the end of the 1960s. The economy has performed very well in the current economic recovery. But this recent good performance has only undone a small part of the slow wage growth and increased inequality of the previous two decades.

This history sets a frame for current economic policy. Most economic policies generate winners and losers. When wages grow strongly, the gains and losses can be relative, with most people experiencing gains in absolute terms. But in periods of slow wage growth, relative losers also lose in absolute terms. Four decades ago, when real wages were growing at 2-3% per year, a man could lose a good job and suffer a short term pay cut but then grow back to his old wage in several years. Today, a majority of displaced workers find that a temporary pay cut takes a very long time to recoup.

In debating policy, whether it is tax reform, welfare reform, or fast track authority, we avoid confronting this reality and our avoidance leads to dishonest debate. The opponents of fast-track, for example, played up to the anxieties generated by rising inequality and slow wage growth by exaggerating the costs of the dislocations and environmental changes brought on by trade. The proponents, on the other hand, dismissed such concerns, and failed to recognize that trade pacts create losers.

We can be sure that protectionists here and abroad will seize on what happened with the fast-track debate as evidence that America is now retreating from the drive to freer markets. If this strengthens the hand of

the isolationists in the U.S., and America is seen as abdicating its responsibility for leadership in the international economy, the consequences could be disastrous indeed. The financial tremors emanating from East Asia demand greater international leadership from the only country in the world that can provide it.

It is important therefore that we draw the appropriate message from the fast-track debate.

One of the paradoxes of our time is that the world economy is viewed with greater suspicion at home than at anytime since the end of World War II even though the U.S. economy, with its technological superiority and entrepreneurial strengths, is the indisputable leader in the global market place.

The explanation lies with the developments in the labor markets noted previously. Average earnings in America have grown very slowly over the past two decades and inequality has been rising. Foreign trade and investment are not the most important factor behind these developments. Slow average wage growth reflects poor productivity growth, not global competition. And growing inequality appears to depend more on the impact of advancing technology than on imports and outsourcing. But international competition exerts an aggravating influence on these negative trends and it is far easier to lobby Congress against a trade pact than to lobby against the next generation of computers.

Therefore, we should take this opportunity to rethink the role of

international trade in our society and, in particular, to strengthen the institutions--both domestic and international--that ensure that the benefits of international commerce are spread widely.

We have to start by acknowledging the point we made above - that expanded trade, like most changes that raise living standards, creates losers as well as winners. In fact, trade creates gains precisely because it restructures economies--a process in which some workers and businesses will surely be harmed. The appropriate response is not to block change but to aid those who are hurt. We need to think, therefore, about creating the complementary institutions at home--social safety nets, adjustment assistance, training and education--that will serve that purpose. We have to view these compensatory mechanisms as central to a strategy of expanding trade.

Internationally, we need to think about how to integrate nations with different social and economic systems into the global trading regime. Global trade rules are based on the principle that such differences do not matter. But the reality is different. Today's trade disputes have moved beyond trade restrictions at the border and now cover many aspects of domestic institutions--national health and safety standards, environmental rules, or labor practices. Consumers at home manifestly care about labor standards and environmental policies in other nations and appear willing to use trade policies to alter them. The challenge for the world trading regime is to be responsive to these deeply-felt concerns without opening the door to protectionism pure and simple. For example, we should allow nations to safeguard their labor standards and environmental practices at

home from harm caused to them by international trade, but we should also create international rules of good behavior?under the World Trade Organization?that ensure such safeguard action is taken sparingly and after due process.

The correct conclusion from the outcome of the fast-track initiative, therefore, is not that the U.S. has lost its stomach for international leadership. It is that the time has come for a real trade debate which is based on reality rather than slogans.

In the end, we must remember that economists defend free trade on grounds that it will spur economic growth. They deal with issues of equity and income distribution with a kind of wave of the hand: "To be sure, trade will create winners and losers. But since the pie grows larger, the winners can compensate the losers and still be better off." If in the real world, the winners refuse to compensate the losers, it is hard to blame the losers for their anti-trade stance.

ATTACHMENT 1

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

TEXT:

RFC-822-headers:

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id <01IRBCNTAXM8014HFQ@PMDf.EOP.GOV> for waldman_m@a1.eop.gov; Thu,
18 Dec 1997 09:49:25 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IRBCNM31WW00272B@PMDf.EOP.GOV> for
waldman_m@a1.eop.gov; Thu, 18 Dec 1997 09:49:16 -0500 (EST)

Received: from ksg.harvard.edu ([128.103.190.100])

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

with SMTP id <01IRBCN7RH7I003ZMU@STORM.EOP.GOV> for waldman_m@a1.eop.gov; Thu,

18 Dec 1997 09:48:54 -0500 (EST)

Received: by ksg.harvard.edu (Lotus SMTP MTA v1.1 (385.6 5-6-1997))

id 85256571.0051691B ; Thu, 18 Dec 1997 09:49:13 -0500

X-Lotus-FromDomain: KSG

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

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

CREATOR: economist-business-return (economist-business-return@postbox.co.uk@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:31-DEC-1997 15:31:00.00

SUBJECT: Business Last Year

TO: Sanjay Gupta (Sanjay Gupta@eop [UNKNOWN])
READ:UNKNOWN

TEXT:

Welcome to Business Last Year

A summary of the world's main business events from The Economist

Also available at <http://www.economist.com>

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Contents

1. Business Last Year
2. Information about this newsletter and The Economist Web Edition

TROUBLED TIGERS

- + Currencies and stockmarkets plunged across EAST ASIA while banks, builders and manufacturers went bust in their hundreds. Worst hit were Thailand, Indonesia and South Korea, whose currencies all fell by more than 40% against the dollar, swelling firms' foreign-currency debt burdens. Governments dithered, but all three were forced to turn to the IMF for a bail-out.

- + East Asia's abrupt reversals fuelled fears of GLOBAL DEFLATION. But in December IMF economists reduced their 1998 growth forecasts for America and Western Europe by only a quarter point, to 2.4% and 2.7% respectively. Japan, where umpteen "reform" packages have failed to solve the country's financial mess, will suffer more from its neighbours' troubles. The IMF cut its growth forecast to only 1.1%. Japan's economic woes pushed the YEN to a five-and-a-half-year low of Yen130.

- + Despite the financial mayhem in Asia, WALL STREET had another good year. The Dow Jones industrial average rose 23% through December 30th, despite a drop in the second half of the year. After peaking at 8,259 in August, it closed at 7,916. European bourses also boomed -- Morgan

Stanley's European share-price index rose 22.4%. It was a bad year for GOLD: its price fell below \$300 per ounce, to its lowest level for 17 years. The WORLD TRADE ORGANISATION brokered global agreements to unlock markets in information-technology, telecoms and financial services. But Bill Clinton failed to win fast-track authority from Congress to bring other Latin American countries into the North American Free-Trade Agreement.

MERGER MANIA

+ COMMERCIAL BANKS consolidated. Europe saw its first big cross-border mergers: the Netherlands' ING bought Belgium's Banque Bruxelles Lambert and Sweden's Nordbanken merged with Merita of Finland. In countries which until recently had spurned restructuring, such as Switzerland, Germany and Austria, banks linked up to cut costs before monetary union. The largest deal was Swiss Bank Corporation's merger with Union Bank of Switzerland.

+ INVESTMENT BANKS scrambled for partners as the barriers between traditional investment banking, stock-broking and fund management blurred further, particularly in America. Morgan Stanley merged with Dean Witter, Discover; Bankers Trust bought Alex Brown; Salomon Brothers succumbed to the advances of Travelers Group, and Merrill Lynch snapped up Britain's Mercury Asset Management.

+ With unexpected haste, Britain's new Labour government granted partial independence to the BANK OF ENGLAND.

BEAKS V GEEKS

+ America's trustbusters turned up the heat on MICROSOFT. The Justice Department barred the world's largest software firm from forcing its web browser on buyers of Windows 95, its ubiquitous operating system. Internet Explorer, Microsoft's browser, almost caught up with the market leader, Netscape's Navigator, and Microsoft made a \$1 billion investment in Comcast, America's fourth-largest cable-television firm.

+ Also probed by the Federal Trade Commission was INTEL, which makes 90% of the microprocessors used in PCs. A bigger threat to Intel's profits, perhaps, was the cheap-and-simple computer: sub-\$1,000 PCs, which accounted for only 9% of the American consumer market in 1996, vaulted to 39% in October.

+ ELECTRIC CARS accelerated. First Daimler-Benz then Ford invested heavily in Ballard Power Systems, a Canadian firm that claims a world lead in fuel cells to power electric vehicles. And Toyota launched a

hybrid car with a petrol engine for the open road and a clean electric one for towns. Other green machines hit roadblocks, however: MERCEDES-BENZ's two small conventional cars, the A-class and the Smart, earned the nickname kippen (flipper) by rolling over during tests.

+ Latin America's governments continued to PRIVATISE big companies.

Brazil alone expected to sell assets worth \$20 billion by the end of 1997, including the sale in May of CVRD, the world's largest iron-ore producer.

+ The European Union's competition commissioner, KAREL VAN MIERT, brought Europe and America to the brink of a trade war by trying to block the merger of Boeing and McDonnell Douglas, but finally backed down. He continues to stymie a tie-up between British Airways and American Airlines.

+ America continued to bash CIGARETTE makers. The biggest tobacco firms agreed in June to pay \$368.5 billion over 25 years to settle lawsuits, and to submit to oversight by the Food and Drug Administration. President Clinton seeks to impose harsher conditions.

SLIMMING PAINS

+ MANAGED-CARE firms continued to grow by trimming America's medical bills, despite the spectacular 62% share-price tumble of the most dynamic company, Oxford Health Plans, in October. Millions of overweight people also grew fatter as two slimming pills were withdrawn amid fears of lethal side effects.

+ Scientists CLONED a sheep named Dolly, hoping that the discovery may help drug research, but newspaper headlines imagined armies of cloned humans.

+ Records were broken in the ENTERTAINMENT industry. The Spice Girls became the first pop group to achieve four consecutive number-one hits and be booed off stage within 16 months. Elton John's Diana tribute, "Candle in the Wind", eclipsed Bing Crosby's 1942 croon "White Christmas" to become the best-selling single of all time. And "Titanic", at \$200m the most expensive movie ever made, looked set to confound predictions by not sinking.

IN THE ECONOMIST THIS WEEK

South Korea's new start: how will its new leader cope with his country's (and Asia's) economic troubles? * The future of the transistor * Will

Britain ever be comfortable with the way Europe is heading? * America
moves back to smaller and more intimate government * Videogames as a guide
to the future.

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Wednesday.

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Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IRVEGWT0CG016ZMO@PMDF.EOP.GOV> for gupta_s@a1.eop.gov; Thu,
01 Jan 1998 18:16:56 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IRVEGSNIEO012O65@PMDF.EOP.GOV> for
gupta_s@a1.eop.gov; Thu, 01 Jan 1998 18:16:50 -0500 (EST)

Received: from runningman.rs.itd.umich.edu ([141.211.144.15])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IRVEG3RG2M00005H@STORM.EOP.GOV> for gupta_s@a1.eop.gov; Thu,

01 Jan 1998 18:16:17 -0500 (EST)

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by runningman.rs.itd.umich.edu (8.8.5/2.3) with ESMTP id KAA12676; Thu,
01 Jan 1998 10:33:06 -0500 (EST)

Received: (from root@localhost) by twins.rs.itd.umich.edu (8.8.6/2.2)
with X.500 id KAA27268; Thu, 01 Jan 1998 10:32:35 -0500 (EST)

Received: from postbox.co.uk
(mail.postbox.co.uk [194.205.1.110] (may be forged)) by twins.rs.itd.umich.edu

(8.8.6/2.2) with SMTP id KAA26801; Thu, 01 Jan 1998 10:25:45 -0500 (EST)

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id la400749; Thu, 01 Jan 1998 08:52:04 +0000

Received: from nobody by stingray.ivation.co.uk with local (Exim 1.62 #1)

id 0xnTrR-0001s1-00; Wed, 31 Dec 1997 19:31:25 +0000

Errors-to: list-support@economist.com

Precedence: bulk

X-List: economist-business@postbox.co.uk

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

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: USIA_Media_Reaction (USIA_Media_Reaction@notes1.usia.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 7-JAN-1998 11:21:00.00

SUBJECT: Daily Digest 1/7/98: TRENDS--U.S. STATUS AS SUPERPOWER

TO: Doris O. Matsui (Doris O. Matsui@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Over the last three months, musings on the role of the U.S. in the world continued to figure prominently in foreign commentary. Once again, there was agreement among almost all pundits that the U.S. has emerged as the most powerful nation in the post-Cold War era--influential and preeminent in the economic, political, security, military, technology and cultural spheres. Only a few chose to highlight what they perceived as limits on American power. On any given subject, a majority of analysts saw American attitude and policies as the defining ones. This idea extended to the ongoing dispute between Iraq and the U.S., U.S. trade sanctions policies, the Middle East peace process, the Asian currency crisis, NATO enlargement, the conflict in the former Yugoslavia, democracy building in Africa, China, the land mines convention, the Kyoto climate conference, free trade, global financial matters and a host of other issues and events. Most acknowledged that "the U.S. is the only international player who can create constructive movement" in deadlocked situations. Opinion on the nature of U.S. global leadership and its implications, however, varied widely, and fell roughly into three broad categories. The first consists of those observers who are apparently at ease with the so-called "unipolar" world and welcome the American "model" of democracy and economy. The second grouping, while

implicitly untroubled by the concept of the U.S. as the only superpower, expressed deep dissatisfaction with its leadership. The last--and most extensive--category comprises editorialists who lament the unipolar nature of the post-Cold War era, find great fault with U.S. leadership and yearn for a multipolar world. These are major themes found in commentary:

GOOD: U.S. SECURITY UMBRELLA, ECONOMY, AND SOCIAL MODEL-- A considerable number of editorialists looked with much admiration and contentment upon the "Pax Americana." Notably, an abundance of positive murmurings emanated from opinion-makers in Germany, Scandinavia and Central Eastern Europe, where U.S. leadership on security issues and NATO enlargement were the main points of interest. These commentators generally lauded the U.S. role in winning the Cold War. Other observers focused on the Balkan hot spot in Europe, stressing that without President Clinton's leadership, Bosnia would still be suffering the ravages of war. Even when it came to economic issues, a Swedish daily observed that while "the U.S. certainly is no paradise on Earth...the countries in Europe with mass unemployment, stagnating standard of living, crumbling security systems, and opinions hostile to immigrants, have not very much to be proud of. We have more to learn from the U.S. than we have to teach the Americans." Many others in Asia, Latin America and Europe held up the phenomenal U.S. economy as a model for all to emulate. A paper in India summed it up this way: "This year made a formidable case for the American way of doing business--strong on institutions, transparency and domestic answerability." In Brazil, a nation that has emerged as a strong economic force in Latin America, center-right O Estado de Sao Paulo extolled the virtues of the U.S. economic example, advising Brazil not to "turn its eyes towards the

European model.... The best example is here, in the New World." Several writers wrote paeans to the internal social strengths of America--where, according to one Belgrade daily, "freedom, democracy, legal order, justice, wealth, abundance and happiness are really empirical categories."

SHOULD BE BETTER: U.S. LEADERSHIP--A number of columnists, while offering diverse critiques of U.S. policies, all supported the same basic proposition--that although there is no inherent problem with the U.S. superpower status, America's leadership is not being exercised in the best possible manner. This view was well captured by one German writer who chastised the U.S. because generally its "weight does not translate into the appropriate political influence in the world;" and more specifically because the U.S. has been unable to solve a number of contentious international issues--such as Saddam Hussein's intransigence and human rights violations in China. Some of these critics also stressed their concern over an alleged growth of U.S. isolationism, which is claimed to be particularly strong in the U.S. Congress. The Clinton administration also came under fire for its purported failure to inform the U.S. people adequately on important foreign policy initiatives and its inability to foster a more enduring internationalism among the public. Many saw in the derailment of the president's request for fast track authority an especially ominous sign--a harbinger of a possible broader U.S. disengagement from the world. Some expressed concern about an alleged growth in the influence of various single issue lobbyists in Washington--a trend, they believed, that is likely to further weaken the U.S. ability to

formulate a coherent foreign policy. There were calls from many in this group for the U.S. to act in a less "overbearing manner" in dealing with its partners. London's independent Economist urged the superpower to "keep its alliances in good repair," lest it find itself increasingly isolated in its attempts to solve global problems--e.g. Iraq.

BAD AND UGLY: THE 'HEGEMONIC', UNILATERALIST, PROTECTIONIST, 'BRASH' UNCLE

SAM--What united an otherwise divergent and large third body of opinion was an underlying belief that the U.S. status as the world's sole superpower was an inherently undesirable situation and that moving toward a more "balanced" international system was an important policy imperative. Within this "down with American hegemony" school of thought, several distinct themes could be discerned. One set of commentators waxed philosophically, arguing that the U.S., left without any major international opponent, would pursue a course of "soft imperialism." Critics also saw the U.S. behavior on the international scene as disagreeable, and termed it "bullying," "arrogant" and "brash." They held that the superpower is not interested in multilateral approaches to solving problems, and does not cooperate unless all of its interests are protected. Several Russian commentators expressed their own unique view of how the world should be. Moscow's neo-communist Pravda Five, for example, contended that Russia's "vast expanse should be preserved as an epitome of equilibrium in this unstable world." The paper said that this Russian "shield between East and West" would be an "insurmountable obstacle to hegemony-seeking powers." Other Russian dailies cast Moscow in combinations with such countries as China, France and Germany as a possible counterweight to American hegemony. In France--a country that was seen by a number of analysts as continuing to

effectively challenge a number of U.S. initiatives--pundits were predictably peevisish, complaining frequently about U.S. policies and leadership. Paris's left-of-center weekly Le Nouvel Observateur spoke approvingly of a "weakness" in U.S. diplomacy that "leaves the door wide open to a multi-polar world policy in which many average sized nations such as France can play a role." On specific policies, there was a bevy of standard condemnations of U.S. trade sanctions policies, with a particular emphasis on the Helms-Burton law and the Iran-Libya Sanctions Act. Numerous Muslim and Arab pundits reiterated all of the usual criticisms about the U.S.' perceived pro-Israel tilt, excessive hostility toward Iraq, and by extension, the Islamic world. A number of media voices in all corners of the globe alleged U.S. hypocrisy in such matters as human rights, global warming, banning land mines and world trade issues. They held that U.S. policies in these areas were driven by parochial U.S. interests rather than by any principled policy stances.

This survey is based on numerous commentaries appearing in previous media reaction reports October 1, 1997-January 6, 1998. Comprehensive quotes are available upon request.

EDITOR: Diana McCaffrey===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

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id <01IS3G0B2A9C010FEH@PMDF.EOP.GOV> for Matsui_d@a1.eop.gov; Wed,
07 Jan 1998 12:27:09 -0500 (EST)

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by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IS3G05ADOW002769@PMDF.EOP.GOV> for
Matsui_d@a1.eop.gov; Wed, 07 Jan 1998 12:27:04 -0500 (EST)

Received: from NOTES1.USIA.GOV ([198.67.64.251])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with SMTP id <01IS3FYRWR3W000N0Y@STORM.EOP.GOV> for Matsui_d@A1.EOP.GOV; Wed,

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id 85256585.005F8683 ; Wed, 07 Jan 1998 12:23:23 -0400
X-Lotus-FromDomain: USIA

===== ATTACHMENT 2 =====

ade sanctions policies, the Middle East

peace process, the Asian currency crisis, NATO enlargement, the conflict in the former Yugoslavia, democracy building in Africa, China, the land mines convention, the Kyoto climate conference, free trade, global financial matters and a host of other issues and events. Most acknowledged that "the U.S. is the only international player who can create constructive movement" in deadlocked situations. Opinion on the nature of U.S. global leadership and its implications, however, varied widely, and fell roughly into three broad categories. The first consists of those observers who are apparently at ease with the so-called "unipolar" world and welcome the American "model" of democracy and economy. The second grouping, while implicitly untroubled by the concept of the U.S. as the only superpower, expressed deep dissatisfaction with its leadership. The last and most extensive category comprises editorialists who lament the unipolar nature of the post-Cold War era, find great fault with U.S. leadership and yearn for a multipolar world. These are major themes found in commentary:

GOOD: U.S. SECURITY UMBRELLA, ECONOMY, AND SOCIAL MODEL A considerable number of editorialists looked with much admiration and contentment upon the "Pax Americana." Notably, an abundance of positive murmurings emanated from opinion-makers in Germany, Scandinavia and Central Eastern Europe, where U.S. leadership on security issues and NATO enlargement were the main points of interest. These commentators generally lauded the U.S. role in winning the Cold War. Other observers focused on the Balkan hot spot in Europe, stressing that without President Clinton's leadership, Bosnia would still be suffering the ravages of war. Even when it came to economic issues, a Swedish daily observed that while "the U.S. certainly is no paradise on Earth...the countries in Europe with mass unemployment, stagnating standard of living, crumbling security systems, and opinions hostile to immigrants, have not very much to be proud of. We have more to le

arn from the U.S. than
we have to teach the Americans." Many others in Asia, Latin America and Europe held up the phenomenal U.S. economy as a model for all to emulate. A paper in India summed it up this way: "This year made a formidable case for the American way of doing business strong on institutions, transparency and domestic answerability." In Brazil, a nation that has emerged as a strong economic force in Latin America, center right O Estado de Sao Paulo extolled the virtues of the U.S. economic example, advising Brazil not to "turn its eyes towards the European model.... The best example is here, in the New World." Several writers wrote paeans to the internal social strengths of America where, according to one Belgrade daily, "freedom, democracy, legal order, justice, wealth, abundance and happiness are really empirical categories."

SHOULD BE BETTER: U.S. LEADERSHIP A number of columnists, while offering diverse critiques of U.S. policies, all supported the same basic proposition that although there is no inherent problem with the U.S. superpower status, America's leadership is not being exercised in the best possible manner. This view was well captured by one German writer who chastised the U.S. because generally its "weight does not translate into the appropriate political influence in the world; " and more specifically because the U.S. has been unable to solve a number of contentious international issues such as Saddam Hussein's intransigence and human rights violations in China. Some of these critics also stressed their concern over an alleged growth of U.S. isolationism, which is claimed to be particularly strong in the U.S. Congress. The Clinton administration also came under fire for its purported failure to inform the U.S. people adequately on important foreign policy initiatives and its inability to foster a more enduring internationalism among the public. Many saw in the derailment of the

president's request for fast track authority an especially ominous sign a harbinger of a possible broader U.S. disengagement from the world. Some expressed concern about an alleged growth in the influence of various single issue lobbyists in Washington and they believed, that is likely to further weaken the U.S. ability to formulate a coherent foreign policy. There were calls from many in this group for the U.S. to act in a less "overbearing manner" in dealing with its partners. London's independent Economist urged the superpower to "keep its alliances in good repair," lest it find itself increasingly isolated in its attempts to solve global problems, e.g. Iraq.

BAD AND UGLY: THE 'HEGEMONIC', UNILATERALIST, PROTECTIONIST, 'BRASH' UNCLE SAM

What united an otherwise divergent and large third body of opinion was an underlying belief that the U.S. status as the world's sole superpower was an inherently undesirable situation and that moving toward a more "balanced" international system was an important policy imperative. Within this "down with American hegemony" school of thought, several distinct themes could be discerned. One set of commentators waxed philosophically, arguing that the U.S., left without an equally major international opponent, would pursue a course of "soft imperialism." Critics also saw the U.S. behavior on the international scene as disagreeable, and termed it "bullying," "arrogant" and "brash." They held that the superpower is not interested in multilateral approaches to solving problems, and does not cooperate unless all of its interests are protected. Several Russian commentators expressed their own unique view of how the world should be. Moscow's neo communist Pravda Five, for example, contended that Russia's "vast expanse should be preserved as an epitome of equilibrium in this unstable world." The paper said that this Russian "shield between East and West" would be an "insurmountable obstacle to hegemony-seeking powers." Other Russian dailies cast Moscow in

combinations
with such countries as China, France and Germany as a possible counterweight
to American hegemony. In France a country that was seen by a number of
analysts as continuing to effectively challenge a number of U.S. initiatives
pundits were predictably peeved, complaining frequently about U.S. policies and
leadership. Paris's left-of-center weekly Le Nouvel Observateur spoke approvingly of a "weakness" in U.S. diplomacy that "leaves the door wide open to a multipolar world policy in which many average sized nations such as France can play a role." On specific policies, there was a bevy of standard condemnations of U.S. trade sanctions policies, with a particular emphasis on the Helms-Burton law and the Iran-Libya Sanctions Act. Numerous Muslim and Arab pundits reiterated all of the usual criticisms about the U.S.' perceived pro-Israel tilt, excessive hostility toward Iraq, and by extension, the Islamic world. A number of media voices in all corners of the globe alleged U.S. hypocrisy in such matters as human rights, global warming, banning land mines and world trade issues. They held that U.S. policies in these areas were driven by parochial U.S. interests rather than by any principled policy stances.

This survey is based on numerous commentaries appearing in previous media reports October 1, 1997-January 6, 1998. Comprehensive quotes are available upon request.

EDITOR: Diana McCaffrey
#Xx\ P6QyXP#

===== END ATTACHMENT 2 =====

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: womendivdc (womendivdc@igc.apc.org [UNKNOWN])

CREATION DATE/TIME:15-JAN-1998 07:26:47.00

SUBJECT: Legislative Letter

TO: umw-actionnetwork (umw-actionnetwork@igc.org [UNKNOWN])

READ:UNKNOWN

TEXT:

LEGISLATIVE LETTER

Women's Division

Office of Public Policy General Board of Global Ministries

100 Maryland Avenue, N.E., Box 56 Washington, DC 20002

phone: (202) 488-5660 fax: (202) 488-5681 email:

womendivdc@igc.apc.org

Happy New Year! As United Methodist Women continues in its mission and purpose, 1998 offers members many opportunities to continue advocacy for justice in public

policies affecting women, children and youth. This Legislative Letter includes reviews of what happened in 1997 on the issues of most concern to United Methodist Women and projections of what will happen in 1998.

Contact Anna Rhee in the Women's Division's Office of Public Policy for more information about any of the issues covered or to join the United Methodist Women's Action Network.

1997 Wrap up / Issues for 1998

Welfare Reform

Landmines

Dioxin and Consumer Responsibility

UN Funding

Affirmative Action

Juvenile Justice

Women's Convention

Fast Track

A Global NAFTA

Minimum Wage

Torture Victims

Campaign Finance Reform

Religious Persecution

Announcement:

1998 Briefing "Voices for Justice: Local Action for Global Justice"

The annual interreligious legislative briefing will be held March
29-April 1, 1998 at the Holiday Inn on the Hill in Washington, DC.

Contact the Women's Division's Office of Public Policy for more
information.

Welfare Reform

The welfare overhaul law (PL 104-193) ended the six-decade federal
guarantee of providing public assistance to all eligible poor mothers and

children. Instead, states got broad new authority over welfare programs.

In August, nearly one million legal immigrants lost federal Food Stamps benefits. Approximately 65% of legal immigrant Food Stamp recipients were female, one in six under age 18, and one in six over age 65.

Under the new law, states may use state funds to provide nutrition assistance to legal immigrants affected by welfare reform. Only twelve states—California, Washington, Massachusetts, Rhode Island, Nebraska, New York, Maryland, Minnesota, Illinois, New Jersey, Texas, and Florida have established programs to provide food assistance to legal immigrants. While these programs help meet the need, none of them fully replaces the lost federal assistance.

On the positive side, through the budget deal, legal immigrants who were in the US as of August 22, 1996, regained access to the Supplemental Security Income (SSI) program—a benefit paid to the low-income elderly, blind and disabled.

Urge your state legislators to pass a state-funded food stamp program for legal immigrants.

Landmines

Senators Leahy (D-VT) and Hagel (R-NE) and Representatives Quinn (R-NY) and Evans (D-IL) introduced legislation that would unilaterally ban new US deployments of anti-personnel landmines beginning in 2000. S 896/HR 2459

would allow the president to waive the ban in the case of anti-personnel mines in Korea. A majority of the Senate expressed support for banning anti-personnel landmines. The House has taken no action on the bill.

President Clinton announced September 17 that the US would not sign the international treaty to ban landmines. With the White House and the Defense Department publicly on record as being adamantly opposed to the mine-ban treaty, legislative action on this subject seems unlikely.

The Women's Division, at its 1997 Annual Meeting, recognized the efforts of United Methodist Women to urge the US to sign the international treaty banning landmines; and voted to join the US Campaign to Ban Landmines and to support the bus tour of ban campaigners leading to Ottawa, Canada for the treaty signing in December 1997.

It's not too late! More than 100 nations have already signed the treaty but others can join at any time.

President Clinton needs to continuously receive messages from you that the US should commit to ending the use of landmines and sign the treaty.

Dioxin and Consumer Responsibility

The Women's Division, at its 1997 Annual Meeting, heard about the impact of dioxin on women's and children's health. A resolution was passed that the Women's Division begin to model environmental responsibility with respect to dioxin contamination. The Women's Division will use

chlorine-free paper for all its copying and publishing needs; switch to chlorine-free products wherever possible (e.g. toilet paper, paper towels, linens, non-chlorine bleaches) in all its offices and facilities; and encourage United Methodist Women to do likewise.

Dioxin is one of the most serious toxins in our environment. It has been linked to a variety of reproductive cancers, including breast cancer.

Dioxin is formed in several ways, including manufacturing processes involving chlorine. The pulp and paper industry is one of three major sources of dioxin in the US.

Responsible consumers can help eliminate further production of dioxin by purchasing chlorine-free products for homes, churches, work places and for meeting and organizational resources. Contact the Women's Division Washington Office for more information.

In addition, concerned consumers should urge their members of Congress to support The Zero Chlorine Discharge Act, HR 1188. Introduced by Representative Nadler (D-NY), this bill would require pulp and paper manufacturing facilities to end any discharge into navigable waters of organochlorine compounds (such as dioxins), byproducts, or metabolites formulated as a result of the use of chlorine or any other chlorinated oxidizing agent in the pulp and paper manufacturing process.

UN Funding

After exhaustive negotiations, two of the main players, Senators Helms

(R-NC) and Biden (D-DE), agreed on a plan for the US to pay \$819 million of our debt to the United Nations. While the Helms-Biden plan had problems (it didn't include the full \$1.3 billion owed and required the UN to meet arduous and perhaps unachievable conditions in order to get the money), it was the only viable plan to pay the debt.

Through a political game of cat and mouse, the plan was lost in bargaining between the White House and Congress just before Congress recessed for the year. Conservative House Republicans were willing to give the Clinton administration the UN money, a plan to reorganize the State Department and \$3.5 billion for the International Monetary Fund (IMF) but only if President Clinton would not object to restrictive abortion language attached to international family planning aid.

Clinton refused, and when the Republican leadership was forced to compromise on the abortion provision in the separate foreign operations spending bill, conservatives refused to support the UN money, State Department reorganization and IMF. Anti-abortion leader Representative Christopher Smith (R-NJ) said he has assurances from top Republican House leadership that the UN money will not be approved if Clinton is unwilling to compromise on abortion restrictions on international family planning money.

Urge President Clinton to publicly recommit the US to paying our debt to the United Nations in his State of the Union address on January 27, 1998. Contact your members of Congress and urge them to support full payment of the UN debt without conditions.

Affirmative Action

The movement to eliminate affirmative action is slowing down. The Civil Rights Act of 1997, (HR 1909, sponsored by Representative Canady (R-FL)), a bill to ban affirmative action in federal hiring and contracting, proved too controversial in the first session of the 105th Congress and was dropped by the House Judiciary Committee. While the Supreme Court ruled California's Proposition 209 as constitutional, voters in Houston, TX, defeated an initiative to limit affirmative action. Although efforts to eliminate affirmative action are moving slowly, accurate interpretation and active support for affirmative action continues to be important, particularly as voters are faced with new state and local initiatives.

In Congress, the Canady bill may be resurrected in 1998 through a pairing with HR 1031 (Representative J.C. Watts, R-OK) to establish "Renewal Communities" that would qualify for tax breaks and create federal scholarships for children in low-income families. Postponing a fight with Senate opponents to affirmative action, President Clinton named Bill Lann Lee acting assistant attorney general for civil rights. This recess appointment has no time limit and gives Lee full authority and support to carry out the duties of the position. In 1998, Clinton will continue to seek Senate confirmation of Lee to the job.

Juvenile Justice

The Juvenile Violent and Repeat Offender Act (HR3 & HR1818 / S10) was passed by the House and is awaiting action by the full Senate. This

legislation would encourage states to prosecute more violent juvenile offenders in adult courts and would revamp juvenile crime prevention programs.

President Clinton is seeking stronger provisions for prosecution of gun-related crimes. He also wants a provision requiring that each handgun be sold with a separate childproof gun lock and more money for prevention programs.

Expect action on this bill in 1998. Urge your Senators to reject S10 and to support anti-crime legislation that deals with the roots of crime, gun control and alternative sentencing, particularly related to youth.

Women's Convention

The International Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) is an international human rights treaty that comprehensively addresses women's rights within political, cultural, economic, social, and family life. Governments that ratify the treaty are obligated to take action to end discrimination against women.

At the 1993 World Conference on Human Rights, the United States' position stated, "Violence and discrimination against women don't just victimize individuals; they hold back whole societies . . . Guaranteeing human rights is a moral imperative with respect to both women and men. It is also an investment in making whole nations stronger, fairer, and better."

The United States has signed but not ratified CEDAW. Members of United Methodist Women have written thousands of postcards over several years calling on the Senate to ratify the treaty. President Clinton and Secretary of State Madeleine Albright have also called for US ratification.

Contact your Senators regularly about CEDAW. Urge them to push for a Senate vote to ratify the "Women's Convention." Ratification requires a vote of support from at least two-thirds (67) of the Senators.

Fast track

Presidential fast track authority guarantees that once the president submits a trade agreement to Congress for ratification, lawmakers must take an up-or-down vote within 90 days. This process does not allow amendments and limits discussion and debate. In 1997, President Clinton requested renewal of his fast track authority from Congress. The 1997 debate revolved around the role of labor and environmental issues in trade negotiations.

Between 1975 and 1993, five US presidents were granted fast track authority by Congress. President Clinton used his fast track authority in 1993 to complete the North American Free Trade Agreement (NAFTA). The Women's Division opposed the NAFTA and the process as being undemocratic and damaging to women and their families, workers and the environment in the United States, Mexico and Canada.

Since then, fast track has become increasingly controversial, particularly since the NAFTA hasn't met the Clinton administration's promises of significant economic improvements for the US and its workers. Under NAFTA, multinational businesses have reaped profits while real wages have declined in Mexico, the US, and Canada.

President Clinton may resubmit his request for fast track trade authority in 1998. Urge your members of Congress to oppose fast track and encourage them to engage in public discussions about the real impact of free trade agreements on the economy, workers, the environment, and the health of women and their families in the US and in other countries.

A Global NAFTA

The Multilateral Agreement on Investment (MAI) is a new international agreement that would further deregulate trade and establish rights for foreign investors. It's being drafted very quietly and without public awareness by a group of the 29 most developed countries at the Organization for Economic Cooperation and Development (OECD). The MAI would require nations to open virtually all sectors of their economies to foreign investment, treat foreign corporations the same as local companies, and bar governments from altering these new investor rights. In short, it would take the North American Free Trade Agreement (NAFTA) to a global scale. As currently drafted, the MAI includes no requirement that investors abide by international labor standards, human rights practices, or environmental regulations.

The MAI is built on the principle that international corporate investors should be able to compete with local companies for all the world's resources, labor, and consumer markets. This means that countries could not prevent large foreign companies from overwhelming smaller local industries under the MAI, foreign companies would not have obligations to hire local employees, or to invest in the communities where they're located.

Drafters of the MAI hope to complete the agreement by May 1998. To become effective in the US, the MAI will have to be ratified by the Senate or have votes of support from a majority in the House and Senate. Many members of Congress don't know anything about the MAI.

Help educate your members of Congress in the House and the Senate. Contact them and ask for more information about the Multilateral Agreement on Investment. Also, express concern that an agreement that has far-reaching consequences for public health, jobs and the environment is being drafted out of public view. Urge a more open, democratic, public discussion about the MAI.

Minimum Wage

In the summer of 1996, Congress voted to increase the federal minimum wage from \$4.25 to \$5.15 per hour. Signed into law in August 1996, the minimum wage rose \$.50 an hour on October 1, 1996 and \$.40 an hour on September 1, 1997.

The higher minimum wage has substantially boosted the earnings of low-wage workers

and primarily benefitted low-income working families. It has not caused the wide-spread job loss feared by opponents of a just minimum wage.

Even with the recent increases, today's minimum wage still doesn't pay above the federal poverty line. And the overwhelming majority of minimum wage jobs do not offer health care and other employment benefits. In 1965, the minimum wage was worth \$7.35 in 1997 dollars. Compared to the current rate of \$5.15 per hour, today's minimum wage workers earn \$2.20 less (in 1997 dollars) than workers earned in 1965.

Look for a renewed effort in 1998 to raise the minimum wage. Senator Kennedy (D-MA) plans to introduce a bill to raise the minimum wage \$.50 each year for the next three years, making it \$6.65 an hour on September 1, 2000. After that third year, the minimum wage would be indexed to rise annually and automatically as the cost of living increases.

Torture Victims

An estimated 400,000 torture survivors live in the US. These are generally people who were subjected to politically-motivated torture by repressive

regimes, because of what they believe, what they said or did, or what they represented.

Contrary to popular opinion, torture is rarely used to extract information from individuals. Instead, it is designed to destroy the individual, to render victims helpless and dependent. Torture survivors are left disabled by the torture experience. They endure severe and ongoing psychological and physical problems that prevent their effective integration into our communities. Effective rehabilitation can help disabled, brutalized torture survivors adapt and become productive members of our society.

On February 4, 1998, a bill will be introduced to deal with the care of torture survivors in the US and abroad. The Comprehensive Torture Victims Relief Act will be sponsored by Senators Wellstone (D-MN) and Grams (R-MN), and Representatives Smith (R-NJ) and Lantos (D-CA). It would fund rehabilitation and care of torture survivors; protect torture survivors in the immigration process; and specify training of resettlement and immigration officials who deal with torture survivors during resettlement and asylum processes.

Urge your members of Congress to sponsor the Comprehensive Torture Victims Relief Act. For more information contact the Center for Victims of Torture, 717 East River Rd., Minneapolis, MN 55455, 612/626-1400.

Campaign Finance Reform

While the issue of campaign finance reform will probably be alive during the 1998 election season, its legislative future is uncertain. Senate Majority Leader Trent Lott has promised a vote on campaign finance reform no later than March 6, 1998. Senators McCain (R-AZ) and Feingold (D-WI) have built bipartisan support for their bill (S 25) that would ban the unregulated contributions to political parties known as soft money and limit independent, issue-oriented advertising that implicitly promotes candidates. Since Senator Lott opposes the McCain-Feingold bill, he will put his own bill forward as the main bill.

Senators McCain and Feingold can offer their bill as an amendment. In the House, leaders have agreed to permit votes in February or March on unspecified proposals.

Religious Persecution

The Christian Coalition's top legislative priority, the Religious Persecution Act (HR 2431/S 772) lost steam as opposition increased from the business community. The bill would create a White House Office of Religious Persecution Monitoring, and impose sanctions on foreign governments found involved in such persecution. Sanctions would include a ban on exports to the US, a prohibition on all non-humanitarian aid, US opposition to loans by multilateral development banks or the International Monetary Fund and a denial of visas to those identified as persecutors.

There has been no action on this bill in the Senate. With pressure from

the Christian Coalition, the House International Relations Committee may try to report it out and send it to the whole House for a vote.

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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In Congress, both sides take up

tax-cut banner

Archer targets income brackets, marriage penalty,

interest

By Christy Harlan and Larry

Lipman

American-Statesman

Washington Staff

Published: Jan. 21, 1998

WASHINGTON -- Declaring that

high taxes have

"degenerating social

consequences" for American

families, the House's point man on tax policy pledged Tuesday to deliver more relief for taxpayers this year.

"The reason families are struggling today is because the government is taking their money before they have a chance to invest in themselves, their children and their communities," said Rep. Bill Archer, R-Houston, chairman of the House Ways and Means Committee.

To get some of the money back to families and individuals, Archer said his committee would examine expanding the 15 percent tax bracket to include people who are now in a higher bracket. The committee will also reopen last year's debate on relieving taxes on estates and easing the "marriage penalty" on joint income of certain couples. He also suggested eliminating taxes on individuals' first \$400 in income from interest and dividends.

Archer included the tax cuts on a long legislative wish list that covers everything from absent fathers to Social Security to U.S. trade policy. The list reflects the wide reach of the committee that Archer has led for three years and his personal goal for the committee this year: "to strengthen our families and children while protecting people from big

government."

The most ambitious of Archer's family-oriented plans would peel \$1 billion from the pending national settlement with tobacco companies and create a block grant for states to encourage men to be better fathers.

The initiative, called "Fatherhood Counts," will be spearheaded by Rep. E. Clay Shaw Jr., R-Fla., as a counter to the Clinton administration's plan to boost federal support for child care. Archer said the block grant would pay for private groups' programs "that promote marriage, work, payment of child support and better parenting in order to get fathers more involved with their families."

Money for the block grant would come from attorneys' fees in the national tobacco settlement, Archer said.

"The amount of money the trial lawyers are seeking is obscene, and I say that as a lawyer myself," Archer said. "We shouldn't make lawyers richer; we should make children stronger."

His plan assumes that Congress will approve a tobacco settlement this year and that it will go beyond the

\$368.5 billion agreement reached between cigarette makers and 40 state attorneys general last year.

Archer's plan could set up a confrontation with fellow Texan and Republican Sen. Phil Gramm, who chairs the Senate Finance subcommittee on health. Gramm "aims to grab every last penny" from a tobacco settlement "and use it to save Medicare," said his spokesman, Larry Neal.

Archer said any conflicting plans for money from the tobacco settlement will be "worked out in the budget document. But my guess is that when we talk about programs that will give incentives for fathers to be in the home and to look after their children, I don't think there's anything that transcends that."

While Archer promised the committee would review various administration and congressional proposals offering tax breaks for child care outside the home, he said the panel also would focus on helping parents who raise their children at home.

Archer agreed with President Clinton on the need to create a bipartisan commission to recommend solutions to the long-term solvency of Social Security.

On Medicare, Archer said he would push to overturn legislation adopted last year to bar doctors from participating in the Medicare system for two years if they enter into private contracts for payment from Medicare beneficiaries.

Absent from Archer's Medicare agenda was any mention of Clinton's plan to expand the program to provide health coverage for displaced workers over 54 and for others 62 and older.

Archer also encouraged Clinton to "start now" to revive the "fast track" trade authority that allows presidents to negotiate treaties that can only be rejected by Congress, not modified. Clinton was unable to persuade enough House Democrats to support "fast track" authority late last fall, and a vote on its passage was canceled.

[Rep. Bill Archer]

Rep. Bill Archer,
R-Houston, calls for
major tax cuts at a
news conference
Tuesday. Photo by Ron
Edmonds/AP.

[Austin 360]

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by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01ISMQUAPU8008K6F@PMDF.EOP.GOV> for
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===== ATTACHMENT 2 =====

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Top News Elizabeth Dole Won't Run for Office

Sports BIRMINGHAM, Ala. (AP) -- Elizabeth Dole went to talk
about women in business -- and got asked if she wants

Lotteries to be a woman in the White House.

International Her advice to women trying to get ahead in business?

National They should be themselves and not copy men, Mrs. Dole
told the Alabama Women's Economic Summit Tuesday.

Washington She said women excel at listening, communicating and
"getting to the root of the problem." But there is

Business much work to do to make sure all the barriers are
down, the American Red Cross president and wife of

Wall Street former Republican presidential candidate Bob Dole
said.

Entertainment

Luther Lee, 70, one of the few men in the audience,
Health/Science rose at the end of her address -- holding an
Regional ``Elizabeth Dole for President" leaflet -- and won
applause when he said, ``I've looked at all the
candidates, and I don't like a one of them. I think
it's time we had a woman president."

``It was very kind, but I really don't plan to run,"
Mrs. Dole said later.

AP-NY-01-21-98 0515EST

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01/21

===== END ATTACHMENT 2 =====

===== ATTACHMENT 3 =====

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

TEXT:

[home page]

[Image]

Top News Gingrich Defends Abortion Stance

Sports By RON FOURNIER AP Political Writer

Lotteries CHARLOTTE, N.C. (AP) -- The Republican Party avoided
the stigma of ``arrogance" in refusing last week to

International punish GOP candidates who do not oppose certain
late-term abortions, House Speaker Newt Gingrich said

National Tuesday.

Washington Gingrich defended his role in helping quash an effort
at last Friday's meeting of the Republican National

Business Committee to deny party funds to candidates opposed
to legislation outlawing the so-called partial birth

Wall Street abortions.

Entertainment The procedure, more complicated than first-trimester
abortions, involves partially extracting a fetus,

Health/Science legs first, through the birth canal, cutting an
incision in the barely visible skull base and then

Regional draining the contents of the skull.

Abortion rights activists say the procedure is rare,
and used only when the fetus has severe abnormalities
or the woman has serious health problems. Abortion
foes dispute that, saying the procedure is common and

often elective.

Congress passed a bill last year outlawing it, but the legislation was vetoed by President Clinton.

Gingrich and other GOP leaders butted heads over the issue last week with religious conservatives -- a critical Republican base -- saying such a "litmus test" would alienate moderate voters.

In a brief question-and-answer session here following his standard stump speech, Gingrich said he opposes the "barbaric" abortion procedure, and would continue to vote to ban it. But he argued that the resolution was the wrong way to eliminate partial-birth abortions.

"We don't want to say to that the Republican National Committee is going to say to the primary voters of Charlotte, the primary voters of Greensboro, the primary voters of Columbia, S.C., if you pick the wrong person, we're not going to support you," Gingrich said.

"I think there's a certain arrogance in saying (RNC members) nationally are now going to dictate in the primaries in every part of the country," he said. "I thought that was the wrong approach in what is otherwise the exactly right moral principle."

Gingrich also reiterated his call for "personal, modern Social Security system," suggesting he would back reforms that would guarantee the solvency of the retirement system for older Americans and offer alternative, private investment strategies for younger workers.

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===== END ATTACHMENT 3 =====

===== ATTACHMENT 4 =====

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

TEXT:

[Image] [The Metropolitan desk] [The Metropolitan desk]
[Image]

[Image]

[Image] FW's Love Field suit is ruled a state case

[Image] [Image]

Dallas sought hearing in federal court

Dallas-Fort

Worth news 01/21/98

Metro areas: By Christopher Lee and Dianna Hunt / The Dallas

[Image] Morning News

Arlington

[Image] FORT WORTH - U.S. District Judge John McBryde on

Tuesday ordered that Fort Worth's lawsuit against

Garland / Dallas over possible new flights at Dallas Love

Mesquite Field be sent back to state District Court in

[Image] Tarrant County.

Lewisville /

Denton In a six-page order, Judge McBryde ruled that

[Image] Dallas, which wanted the case heard in federal

court, did not show that federal law overrides

Metro Plus local concerns and rights.

[Image]

Northeast Fort Worth leaders said the decision proved they

Tarrant had been right all along in arguing that the

[Image] Park matter was a local issue that belonged in state

court. Their Dallas counterparts said the legal

Cities fight was sparked by a congressional change in a

[Image] federal law and will turn on federal issues no

Plano matter where the case is heard.

Columnists: "It's encouraging," said Fort Worth Mayor Kenneth

[Image] Barr. "The judge has basically agreed with the

position Fort Worth has taken all along. I

Steve Blow continue to be optimistic that we can work

[Image] Bob something out with Dallas that will work to the

St. John advantage of both cities and [Dallas/Fort Worth

[Image] International Airport]."

Larry Powell Dallas Mayor Ron Kirk declined to comment. He

[Image] referred questions to City Attorney Sam Lindsay.

Other

columnists "You have to understand that Judge McBryde did not

rule on the merits of the lawsuit," Mr. Lindsay

Special said. "What Judge McBryde did was to remand the

areas: case to state District Court. There is nothing

[Image] that precludes the city from raising the federal

questions. I do not see how a state or federal

Dallas judge can decide this case without addressing

Discussion significant federal issues."

[Image] DISD

Discussion Mr. Barr said he and Mr. Kirk are scheduled to

[Image] DISD discuss the dispute later this week, though he

declined to be more specific.

in Turmoil

[Image] Dallas City Council member Donna Blumer described

Traffic Judge McBryde's ruling that the case belongs in

Report state court as a setback for Dallas and a victory
[Image] for Fort Worth.
White Rock "That's exactly where they wanted it," Ms. Blumer
Lake said. "I'm very surprised. I can't understand how
he could interpret this as not a federal issue,

Other areas: because it's entirely a federal issue. Congress
[Image] has made the decision."

Education

Extra Fort Worth sued Dallas in state District Court on
[Image] Oct. 10, a day after Congress altered the Wright
amendment, a 19-year-old law that limited most

Obituaries passenger flights from Dallas Love Field to Texas
[Image] and neighboring states. The changes expanded

Religion approved destinations to those in Kansas, Alabama
[Image] and Mississippi, and cleared the way for upstart

Legend Airlines to fly to any destination using
Texas modified 56-seat jets.

Lottery

Fort Worth officials contend that such flights
[Image] would violate a 30-year-old agreement between the
cities to build, promote and protect D/FW Airport.

Dallas officials called Fort Worth's lawsuit a
refusal to face reality, sought to have the case
moved to federal court and said local governments
could not override federal law.

But Judge McBryde wrote Tuesday that Dallas did
not "give full recognition" to the fact that
federal law does not pre-empt the proprietary
rights of airport owners and operators. He also
wrote that Dallas did not show that it was
Congress' intent to supplant state law with
federal law in cases such as this one, or to have
such disputes removed to federal courts.

In November, Dallas officials filed a countersuit,
asking a federal court in Dallas to declare that
Dallas is powerless to block the newly authorized
long-haul flights. That case is pending, and Mr.
Lindsay said he believes that it is unaffected by
Judge McBryde's ruling.

Other defendants in Fort Worth's state court
lawsuit include the D/FW Airport board; the
board's executive director, Jeff Fegan; Legend
Airlines; and Dalfort Aviation, which operates the
aircraft maintenance center at Love Field.
American Airlines, the largest air carrier at
D/FW, intervened in the lawsuit on Fort Worth's
side and has campaigned vigorously against
possible new flights at Love Field.

"We're pleased with the judge's order," American

Airlines spokesman Chris Chiames said Tuesday.

Legend Airlines officials declined to comment, saying they had not seen the ruling.

D/FW Airport has filed court papers supporting Fort Worth's position that the dispute is a local issue, and the airport board's chairwoman, Betty Culbreath, said she was happy to hear about Judge McBryde's decision.

"It's always been a local issue as far as we're concerned," Ms. Culbreath said. "I am a firm believer that local municipalities have a right to rule and govern those things they own."

Staff writer Todd Bensman contributed to this report.

[Image] [Back to Top](#)

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[Image] [Send a letter to the Editor about this story](#)

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[Image]

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===== END ATTACHMENT 4 =====

===== ATTACHMENT 5 =====

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[home page]

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Top News Congressmen Travel First Class

Sports By LARRY MARGASAK Associated Press Writer

Lotteries WASHINGTON (AP) -- One House staffer rang up \$1,400 in room charges for a weekend conference and another International traveled from Paris to Washington on the supersonic Concorde.

National

Washington The Concorde traveler and his boss, Rep. Tom DeLay, spent more than \$30,000 to set up meetings between the majority whip and Russian officials.

Business

Wall Street The bills were paid by special interests, corporations and even nonprofit associations -- organizations that

Entertainment spare no expense to fly members of Congress and their aides around the world, or even around their own states, travel records for 1997 show.

Health/Science

Regional By charter, corporate plane or first-class commercial travel, lawmakers -- and sometimes their aides -- are given expensive rides to luxury hotels. It's all within the rules, as long as the trip is made "official" by giving a speech, touring a plant, participating in a conference or "fact-finding."

The Greater Detroit Chamber of Commerce paid nearly \$1,900 to charter a plane -- plus \$1,230 in lodging and meals -- so veteran Rep. John Dingell, D-Mich., could attend a five-day conference at Mackinac Island in his own state. A United Jewish Appeal group in his state paid \$2,645 to fly Sen. Robert Torricelli, D-N.J., between Washington and Teterboro, N.J. on a private plane -- 230 miles each way.

A pesticide trade group chartered planes costing more than \$1,500 each for some of the lawmakers attending the organization's conference in West Virginia, just 245 miles and a four- to five-hour drive from Washington.

"That's expensive," said Rep. Robert L. Ehrlich Jr., R-Md., when reminded that his trip to Paris for meetings with European parliamentarians last November cost \$9,320 in transportation alone. Ehrlich and his wife, whose costs were included in the amount, traveled first class and cost a private group more than \$11,300, including lodging and meals for four nights. But the congressman said he came home with "a lot more knowledge of European views of issues we deal with every day."

The Associated Press reviewed records of privately financed travel, which are due 30 days after a trip, and also called a number of congressional offices for comment. Spokesmen for lawmakers and sponsoring organizations said uncertain congressional schedules often made it impossible to arrange for cheap, nonrefundable coach tickets.

Popular overseas destinations were China, Israel, Taiwan, Germany and France, while numerous domestic trips were to Arizona, Florida, California, Nevada, New York and Texas. These trips are separate from taxpayer-financed travel authorized by the congressional leadership and by committee chairmen.

Richard B. Mattox was legislative director for Rep. Bennie G. Thompson, D-Miss., last February when he

accompanied his boss to the Tobacco Institute's legislative conference in Scottsdale, Ariz.

Mattox, who was allowed to bring his wife, racked up a transportation bill of \$3,804, meals of \$316 and lodging of \$1,444 from Feb. 15-17 at the Phoenician Resort, the records showed.

"The Tobacco Institute ... knew how much the prices were going to be for airfare and lodging," said Thompson spokesman Edward Jackson. "If they chose to pay that, the congressman didn't have a problem with that." Mattox, who no longer works for Thompson, could not be reached for comment.

DeLay, R-Texas, and his chief of staff last year rang up \$30,789 in transportation, meal and lodging costs for a trip to Russia, during which the lawmaker discussed free market reforms with that country's officials. The sponsor was a conservative, tax-exempt think tank, the Washington Center for Policy and Research.

The cost included an advance trip to Moscow and St. Petersburg by aide Edwin A. Buckham a month before DeLay flew to Moscow last August.

When DeLay went on to Prague after his Russian visit, the think tank made arrangements for Buckham -- who no longer works for DeLay -- to fly back to Washington. Amy Ridenour, the group's president, said, "We told the travel agent to just find the best flight. Ed took the Concorde. I didn't realize that's what the travel agent picked."

Buckham said there were problems in flight connections and a representative of the think tank arranged the Concorde tickets from Paris to Washington. "I plead ignorance," said Buckham, whose transportation cost for the August trip was more than \$11,000. "If I had known, I wouldn't have taken it (the Concorde)."

The Edison Electric Institute paid \$4,432 in transportation costs for Sen. Frank Murkowski, R-Alaska, and his wife for a two-day trip to a conference in Tucson, Ariz. Lodging for the overnight stay was \$433.

"It seems like high airfare, but you may have to cancel because of votes," said Murkowski spokesman Chuck Kleeschulte. "So you don't get nonrefundable supersaver tickets because the person paying may be left holding the bag."

The American Crop Protection Association invited 10 House members and two senators to the group's September conference at the Greenbrier resort in White Sulphur Springs, W.Va., 245 miles from Washington.

"When there are no commercial flights, we arrange charters," said Chris Klose, a spokesman for the pesticide-makers group. And that's what the association did.

Rep. Howard Coble, R-N.C., flew on a round-trip charter at a cost of \$1,627; Rep. Eliot L. Engel, D-N.Y., took a charter one way and a commercial flight the other at a cost of \$1,213; and Rep. Thomas W. Ewing, R-Ill., had a more expensive charter-commercial combination for \$2,235.

Sen. John Ashcroft, R-Mo., took a \$1,250 charter from Springfield to Hannibal to tour a plant in his state. Ashcroft had no commercial flight available, his staff said.

And Ann Hoag, a Greater Detroit Chamber of Commerce official, said the group needed Dingell at its Mackinac conference at a specified time.

"We said, 'We need you there,'" she commented. "He said, 'Help me get there.'"

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===== ATTACHMENT 6 =====

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

TEXT:

[HoustonChronicle.com logo] 9:21 PM 1/20/1998
HoustonChronicle.com

As the Bush files are opened, it's dry
Section: Local & State details by the bundle

----- By CRAGG HINES
[Landmark Chevrolet] Copyright 1998 Houston Chronicle

HoustonChronicle.com's COLLEGE STATION -- The threads of history

Local & State News forum that began to unspool Tuesday at the George Bush Presidential Library may over the

Recent related stories: years be woven into a rich, colorful tapestry about the nation's 41st chief

* Tuesday: Library executive.

offers peek at portion

of Bush's White House On opening day, however, a sampling of some records of the initial 2 million pages of White

* January 9: Bush's House documents seemed to provide little financial bases left more than muted background detail. loaded in team sale

There was the intermittent splash of vivid hue, such as in Bush's handwritten message to President Reagan in September 1990. At the end of a "Dear Ron" note about a death in Bush's family, he added: "I'm back now, ready to wrestle Saddam to the ground."

But in large part, the first batch of records seem to deal with even the most dramatic episodes in Bush's presidency tangentially and in dry detail.

Emerging from pale file folders, stored in uniform gray boxes, were the minute-by-minute record of Bush's telephone calls to foreign leaders as the Iraqi army of Saddam Hussein plowed into Kuwait in 1990. The same a year later during the attempted Soviet coup, when Bush spoke repeatedly with Boris Yeltsin as he held out in Moscow, and finally with a shaken but freed Mikhail Gorbachev.

There's data, but not the drama or the give-and-take of policy debate. That is likely to emerge as the remaining 36 million or so documents from Bush's administration become public over the next decade or more.

"The meatier stuff, let's be honest, is going to be in the staff files," said Warren Finch, supervising archivist at the federally operated library on the Texas A&M University campus. Most of those records can be held from view for up to 12 years after the end of an administration, meaning there's seven more years to go on much of the Bush-era materials.

Because of security considerations, foreign policy documents may be held even longer. Some papers also are being withheld out of

privacy considerations, such as correspondence about potential federal appointees. And some of the files have been edited, such as the blacking out of the name of the CIA analyst who gave Bush his daily intelligence briefing.

The opening seemed a disappointment for those who may have been looking for the lurid or sensational.

"Haven't found the dirt file yet," joked one reporter as it became clear how much of the voluminous material was mundane and included such things as a Bush reply to a staffer's child who had written a poem when her dog died and sent a copy to the president.

"We felt the same way about our family dog, C. Fred," Bush wrote the fourth-grader, referring to a pet who preceded the now-famous Millie.

Library director David Alsobrook did not expect presidential scholars to be beating down the doors Tuesday morning, and he was not disappointed. All day, the heaviest request was for researcher cards, primarily from A&M faculty and students who will delve into the records later.

One of the first in line was George Edwards, director of A&M's Center for Presidential Studies, which was a main lure in getting Bush to locate his library at the College Station school.

"It's a time for celebration," Edwards said.

Inside the research room, however, there were only a couple of reporters, a student from A&M's presidential speechwriting program and a woman from Plano thinking about a book on U.S. Air Force crews missing in Laos -- as her brother has been for 33 years.

The key to the four sets of records opened Tuesday -- domestic files, speechwriting files, press office files and the diary of each day's presidential activities -- are the indexes in blue plastic ring binders.

Sometimes the index was apologetic, such as when correspondence on cuts in mass transit assistance was mixed in with a seemingly unrelated topic. That's the way it was filed originally by the White House Office of Records Management, which archivists, with a touch of denigration, refer to as "WORM."

But the index led to some interesting back and forth between Bush and his predecessors, such as a letter from President Ford, in retirement in California, touting the services of superagent Norman Brokaw of the William Morris Agency.

Bush's friends showered him with cards and letters, and, in many instances, he fired back promptly.

The Rev. Claude Payne of St. Martin's Episcopal Church in Houston, Bush's parish, sent a copy of a spoof song from a clergyman's show.

To the tune of the Battle Hymn of the Republic, the parody went:

"Mine eyes have seen the glory of a
thousand points of light,

They are twinkling in the daytime, they are
twinkling in the night.

As our kindly First Parish'ner leads us
gently to the right,

His truth is marching on."

Perhaps with tongue in cheek, Bush wrote "Dear Claude" that it "takes a lot of creative minds to produce such a composition."

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

CREATOR: ccroft (ccroft@usia.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 27-JAN-1998 17:09:00.00

SUBJECT: State of the Union Talking Points

TO: caroline j. croft (Caroline J. Croft@eop [UNKNOWN])
READ: UNKNOWN

TEXT:

--

The body text of this message exceeded the maximum size
allowed and was moved to a file attached as MESSAGE.TXT.

Tom McMahon

White House Liaison

United States Information Agency

202-619-5633

202-401-7568 FAX

===== ATTACHMENT 1 =====
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27 Jan 1998 16:17:54 -0500 (EST)

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croft_c@a1.eop.gov; Tue, 27 Jan 1998 16:17:51 -0500 (EST)
Received: from xgate.usia.gov ([198.67.64.2])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with SMTP id <01ISVLU9S3I2000HIV@STORM.EOP.GOV> for croft_c@a1.eop.gov; Tue,
27 Jan 1998 16:17:27 -0500 (EST)
Received: from Connect2 Message Router by xgate.usia.gov via Connect2-SMTP
4.31.02; Tue, 27 Jan 1998 16:13:13 -0500
Organization: USIA
X-Mailer: Connect2-SMTP 4.31.02 MHS/SMF to SMTP Gateway
X-SMF-Hop-Count: 2

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

===== ATTACHMENT 2 =====

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

TEXT:

Lisa J. Levin
01/27/98 02:46:01 PM

Record Type: Record

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

cc: David S. Beaubaire/WHO/EOP

Subject: State of the Union Background Packet on Initiatives

PREPARING AMERICA FOR THE 21st CENTURY
Background on President Clinton,s Agenda for the Nation
State of the Union Address
January 27, 1998

AN ECONOMY THAT OFFERS OPPORTUNITY

ENTITLEMENT REFORM

Reserve Surplus until Social Security is Reformed

Over the next two years, President Clinton is firmly committed to strengthening Social Security for the 21st century. He therefore proposes that we should not spend any of the projected budget surpluses on anything else until we have reformed Social Security. This proposal, which continues the fiscally responsible policies that have been the hallmark of this

Administration, is intended to reserve the surpluses in case they are needed for Social Security reform.

EDUCATION

Small Classes with Qualified Teachers to Improve Reading in Grades 1-3

President Clinton is proposing a \$12.4 billion initiative over 7 years (\$7.3 billion over 5 years) to help local schools provide small classes with qualified teachers in the early grades. This initiative will help ensure that every child receives personal attention, learns to read independently, and gets a solid foundation for further learning. The new initiative will reduce class size from a nationwide average of 22 in grades 1-3 to an average of 18, providing funds to help local school districts hire an additional 100,000 well-prepared teachers. The initiative will also provide funds to states and local school districts to test new teachers, develop more rigorous teacher testing and certification requirements, and train teachers in effective reading instruction practices. School districts will be accountable for demonstrating gains in reading achievement. These steps will help ensure that first through third grade students are receiving high-quality reading instruction in smaller classes from competent teachers.

Modern School Buildings to Improve Student Learning

For students to learn, schools must be well-equipped and be able to accommodate smaller class sizes. To address these and other critical needs, President Clinton is proposing federal tax credits to pay interest on nearly \$22 billion in bonds to build and renovate public schools. This initiative provides more than double the assistance of the Administration's earlier school construction proposal, which covered half the interest on an estimated \$20 billion in bonds. The tax credits will cost the Treasury \$5 billion over 5 years, and more than \$10 billion over ten years. Of the \$22 billion in bond authority, nearly \$20 billion for a new School Modernization Bonds. Half of this bond authority will be allocated to the 100 school districts with the largest number of low-income children, and the other half will be allocated to the states.

Education Opportunity Zones:

Helping Students in Poor Communities Reach High Standards

This initiative will strengthen public schools and help students master the basic and advanced skills where the need is greatest: in high-poverty urban and rural communities where low expectations, too many poorly prepared teachers, and overwhelmed school systems create significant barriers to high achievement. The Education Department will select approximately fifty high-poverty urban and rural school districts with: (1) a demonstrated

commitment to use high standards and tests as tools to identify and provide help to students, teachers and schools who need it; (2) a strategy to prevent students from falling behind by ensuring quality teaching, challenging curricula, and extended learning time; (3) programs to end social promotion and turn around failing schools; and (4) evidence of improved student achievement. Added investments in these communities will accelerate their progress and provide models of successful, standards-based reform for the nation. The President's initiative will invest \$200 million in FY99, and \$1.5 billion over 5 years, in raising achievement and sharing lessons learned with school districts around the country.

Early Intervention to Promote College Attendance

President Clinton will soon announce a long-term effort to bring college opportunity to children in high-poverty areas by providing their families with early information about financial aid and appropriate academic preparation, as well as mentoring and other support services to help the children stay on track through high school graduation and into college.

LEADING THE GLOBAL ECONOMY

Fast Track

America needs fast track to continue to create higher-paying jobs for more Americans. Without it, America's role as the largest exporter in the world will be put in jeopardy. And with new markets opening around the world, it is more important than ever to give the President traditional trade authority to break down trade barriers that put American products made by American workers at a disadvantage. Fast track legislation is essentially an agreement between Congress and the president on how Congress will consider United States trade agreements negotiated by the President. As part of that deal, the President agrees to extensively consult and coordinate with Congress throughout trade negotiations. In return, Congress votes on legislation implementing trade deals within a fixed period of time, on a up or down basis, and with no amendments. Every president since 1974 has enjoyed fast track authority.

Africa Trade Initiative

We are working with members from both parties to secure swift passage of legislation that will bring the promise of 21st century prosperity to African nations that are prepared to undertake the hard work of reform. This legislation will introduce a new era of prosperity and partnership between African reformers and the United States, expanding trade opportunities for African and American workers, farmers and companies, and hope and opportunity for our children. This legislation will encourage African nations to undertake sound growth policies by

expanding trade and encouraging investment.

Child Labor

This initiative will make the U.S. a world leader in the fight to reduce child labor. The initiative focuses on reducing the most intolerable forms of child labor -- slavery through forced or indentured labor, work by very young children, and work in dangerous conditions -- by increasing the nation's contribution to the International Program for the Elimination of Child Labor (IPEC) from \$3 million to \$30 million. The proposal also calls for additional agents for the U.S. Customs Service to enforce the ban on the importation of goods made with forced or indentured child labor, with a particular focus on rugs from South Asia. On the domestic front, the proposal includes a \$50 million increase in migrant education to serve 100,000 more children of migrant farm workers and a \$9 million increase in the Department of Labor budget to enforce U.S. child labor laws -- especially in the agricultural sector.

Community and Economic Adjustment Initiative

To help communities compete in a global economy, the Community and Economic Adjustment Initiative will borrow a page from the Administration's successful adjustment effort for base closure communities. Modeled after the Defense Department's highly respected Office of Economic Adjustment, the Office of Community and Economic Adjustment (OCEA) will provide grants and other assistance to communities to develop an economic adjustment strategy. The President will propose \$50 million in additional community adjustment assistance as part of the Commerce Department's Economic Development Administration's (EDA) budget. This will allow us to do more for communities that have suffered through sudden and severe economic dislocation, such as plant closings. As OEA has done for base closure communities, OCEA will closely work with the Departments of Labor, Housing and Urban Development, Transportation, and other federal agencies to make communities aware of all available federal resources and to provide a coordinated Administration response.

TRAINING

Reform of the Federal Job Training System

The President renewed his call for Congressional action to reform the job training system. In his 1995 G.I. Bill for America's Workers, he called for individual empowerment through skills grants, streamlining through One Stop Career Centers, and better results through tough performance standards. The House has passed legislation based on his vision. The Workforce Investment Partnership Act has bipartisan support and is under consideration in the Senate.

A SOCIETY ROOTED IN RESPONSIBILITY

MOVING PEOPLE FROM WELFARE TO WORK

Welfare to Work Housing Vouchers

The President's budget will provide \$283 million in FY99 for 50,000 new housing vouchers for welfare recipients who need housing assistance to get or keep a job. Families could use these housing vouchers to move closer to a new job, to reduce a long commute, or to secure more stable housing to eliminate emergencies that keep them from getting to work every day on time. These vouchers, awarded to communities on a competitive basis, will give people on welfare a new tool to make the transition to a job and succeed in the work place. The proposal will complement the President's \$100 million a year welfare to work transportation plan, part of his NEXTEA bill, which will help welfare recipients make their daily commutes.

Increasing Child Support Collections

President Clinton's crackdown on deadbeat parents is paying off: child support collections rose to a record \$13 billion in 1997, an increase of 63 percent since 1992. In the State of the Union, the President set a goal of increasing collections to \$20 billion by the year 2000.

Falling Welfare Caseloads

The President announced that we have met -- two years ahead of schedule -- the challenge he made in last year's State of the Union to move two million more Americans off of welfare by the year 2000. New caseload numbers show that welfare caseloads fell by 4.3 million since President Clinton took office, two million more than the 2.25 million decline he announced last year. The new figures, from September 1997, show 9.8 million Americans on welfare, down from 14.1 million in January 1993 -- a drop of 30 percent.

Business Welfare to Work Commitments

In his State of the Union address last year, the President challenged the business community to create jobs so that people can move from welfare to work. Today, nearly 3,000 companies have accepted the President's challenge and joined a new national effort, called the Welfare to Work Partnership, which was launched at the White House in May. Now, the President has challenged thousands more companies to join the Partnership to give even more people a chance to work their way off welfare.

HEALTH CARE

Protecting Patients Through a Consumer Bill of Rights and Genetic

Screening Protections

The President called on Congress to pass federally enforceable consumer health care protections before it adjourns this fall. This Health Care Bill of Rights should contain a range of protections, including guaranteed access to needed health care specialists to ensure that patients are provided appropriate high quality care, access to emergency room services when and where the need arises, an assurance that medical records are confidential, and access to a meaningful internal and external appeals process for consumers to resolve their differences with their health plans and health care providers. The nation's health care system has changed dramatically, with more than 100 million Americans now in managed care plans. This legislation will ensure that whether Americans have traditional health insurance or managed care, they are assured quality care. And to ensure that new advances in genetics are used to improve health rather than to discriminate, the President has called for legislation prohibiting the use of genetic screening to discriminate in health insurance and employment.

Creating a Historic 21st Century Research Fund

With Unprecedented Increases in Biomedical Research at the National Institutes of Health (NIH). Scientists are on the cusp of important new breakthroughs in biomedical research, which could revolutionize the way medical experts understand, treat, and prevent some of our most devastating diseases. To promote this progress, the President's budget contains a historic upfront investment in biomedical research -- a 1.15 billion increase in FY 1999 -- and proposes an increase in NIH funding of more than 50 percent over the next five years. Under the President's proposal, the NIH will devote over \$20 billion to biomedical research in 2003. Providing New Options for Americans Ages 55 to 65 to Obtain Health Insurance, Including Buying Into Medicare

Americans ages 55 to 65 are one of the most difficult-to-insure populations: they have less access to and a greater risk of losing employer-based health insurance; and they are twice as likely to have health problems as the population generally. The President's proposal gives this vulnerable population three new ways to gain access to health insurance by: (1) allowing Americans ages 62 to 65 to buy into Medicare, through a premium that ensures that this policy is self-financed; (2) assisting vulnerable displaced workers 55 and over by offering those who have involuntarily lost their jobs and health care coverage a similar Medicare buy-in option; and (3) giving Americans 55 and over who have lost their retiree benefits access to their former employers, health insurance.

TOBACCO

Passing Comprehensive Bipartisan Tobacco Legislation That Reduces

Teen Smoking and Changes the Way Tobacco Companies Do Business

Every day 3,000 young people start smoking and 1,000 of them will die prematurely from a tobacco-related disease. The President called on Congress to pass comprehensive national bipartisan legislation that includes five key principles: (1) it must mandate the development of a comprehensive plan to reduce teen smoking, including raising the cost of cigarettes by \$1.50 per pack over the next 10 years as necessary to meet youth smoking targets; (2) it must affirm the FDA's full authority to regulate tobacco products; (3) it must include measures to hold tobacco companies accountable, especially for marketing products to children; (4) it must include concrete measures to improve public health, from investing in research to reducing second-hand smoke to expanding smoking cessation; and (5) it must protect the financial well-being of tobacco farmers and their communities from the loss of income caused by our efforts to reduce smoking.

CHILD CARE INITIATIVE

Double the Number of Children Receiving Child Care Subsidies to More than Two Million

The President proposed to expand the Child Care and Development Block Grant to help working families struggling to meet the costs of child care. This block grant is the primary federal subsidy program to pay for child care, enabling low-income parents to work. Funds are distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. The President's initiative will more than double the number of children served from the one million served in FY 95 (the latest year for which data are available). The President's budget will increase funding for the block grant by \$7.5 billion (plus a state match) over five years, which will enable states to provide subsidies for more than two million children by 2003.

Increase Tax Credits for Child Care for Three Million Working Families

The Child and Dependent Care Tax Credit provides tax relief to taxpayers who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. The credit is equal to a percentage of the taxpayer's employment-related expenditures for child or dependent care, with the amount of the credit depending on the taxpayer's income. The President's proposal increases the credit for families earning under \$60,000, providing an additional average tax cut of \$358 for these families and eliminating income tax liability for almost all families with incomes below 200% of poverty (\$35,000 for a family of four) that claim the maximum allowable child care expenses. The President's budget will include \$5.2 billion over five years to expand the Child and Dependent Care Tax Credit for three million working families.

Provide New Business Tax Credits

The child care initiative includes a tax credit to businesses that provide child care services for their employees, by building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resources and referral services. The credit covers 25% of qualified costs, but may not exceed \$150,000 per year. The President's budget will include approximately \$500 million over five years for these tax credits.

Promote Early Learning

Research shows that children's experiences in the earliest years are critical to their development and future success. The President's proposed Early Learning Fund provides challenge grants to communities (distributed by states) to improve early learning and the quality and safety of child care for children ages zero to five. Funds may be used for the following activities: providing basic training to child care providers (including first aid and CPR); connecting individual child care providers to centers for education and support; assisting child care providers to meet accreditation and licensing requirements; linking child care providers with health professionals, and supporting the inclusion of young children with special needs in quality child care settings; reducing group sizes and child-to-staff ratios; and providing home visits, parent education, and consumer education about child care. The President's Early Learning Fund builds on state initiatives such as North Carolina's Smart Start, which helps North Carolina's children enter school healthy and ready to succeed. The President's budget will include \$3 billion over five years for this fund.

Increase Head Start and Double the Number of Children Served by Early Head Start

Head Start provides early, continuous and comprehensive child development and family support services, preparing children for a lifetime of learning and development. The President's budget will invest an additional \$3.8 billion over five years to reach his goal of serving one million children by 2002, and doubling the number of infants and toddlers in Early Head Start to 80,000.

Step Up Enforcement of State Health and Safety Standards

Building on the military's model child care program, this proposed initiative will fund state efforts to improve licensing systems and enforce child care health and safety standards, including by increasing unannounced inspections of child care settings. The President's budget will include \$500 million over five years for this program.

Facilitate Background Checks on Child Care Providers

On the day of the White House Conference on Child Care, the President transmitted to Congress the National Crime Prevention and Privacy Compact, which will facilitate effective background checks on child care providers by eliminating state law barriers to sharing criminal history information for non-criminal purposes. Although the vast majority of child care providers are dedicated to the teaching and nurturing of children, one tragedy in child care is too many. Background checks are an important way to ensure that the people watching our children are fit for this responsibility.

Increase Scholarships and Training for Child Care Providers

At the White House Conference on Child Care, the President proposed establishing a Child Care Provider Scholarship Fund to enable states to provide scholarship funds to students working toward a child care credential. Eligible child care workers must commit to remaining in the field for at least one year for each year of assistance received and will earn increased compensation or bonuses when they complete their course work. The President proposed a federal investment of \$250 million over five years, which will support 50,000 scholarships per year. The President is also proposing to expand the Department of Labor's Child Care Apprenticeship Program to fund the training of child care providers.

Invest in Research

Because too little is known about our child care system, the President's budget will increase support for data, research, and evaluation. This research fund will also support a National Center on Child Care Statistics and a child care hotline that parents can call to get information about how to find child care in their communities and how to identify appropriate, quality care for their children. In addition, the research fund will support demonstration projects to test approaches to help new parents who choose to stay home to care for their newborns or newly adopted children. The President's budget will include \$150 million over five years for this fund.

Provides After-School Care for up to Half a Million Children a Year

The President proposes a dramatic expansion of the 21st Century Community Learning Center Program to provide start-up funds (with a local match) to school-community partnerships to establish or expand before- and after-school programs for school-age children. The program increases the supply of after-school care in a cost-effective manner by directing most funds to programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. The program also includes a set-aside to fund programs run by community organizations. The President's budget will request \$800 million of new money for this program, for a total of \$1 billion over five years.

CRIME

Juvenile Crime Strategy

This initiative recognizes the threat juvenile crime poses to our communities and calls on Congress to pass a comprehensive anti-gang and youth violence strategy. The President's proposed legislation targets gangs and violent juveniles by (1) funding for new prosecutors (\$100 million) and probation officers (\$60 million); (2) helping our kids to stay gun- and drug-free by preventing violent juveniles from buying guns when they turn 21; (3) enacting tough new sentences to punish adults who sell drugs to kids and use kids to sell drugs; (4) helping kids to stay in school, off drugs, and out of trouble with new funding to keep schools open later and to promote anti-truancy initiatives and curfews (\$95 million). In addition, the President's Child Care Initiative increases five-fold current funding for Department of Education-sponsored after school programs.

AMERICAN LEADERSHIP IN THE WORLD

NATO Enlargement

Europe's stability and America's security are closely linked. The President's call for enlarging the NATO alliance strengthens the alliance's core mission of collective defense and helps meet new threats such as regional instability. Enlargement furthers other US objectives including: Encouraging states in the region to settle border and ethnic disputes with neighbors; strengthen civilian control of their militaries; and increase tolerance for ethnic and religious minorities. NATO's enlargement, combined with the Partnership for Peace program, the NATO-Russia Founding Act and the NATO-Ukraine partnership will help erase the outdated Cold War divisions and build, for the first time, an undivided, democratic, and peaceful Europe.

Securing the Peace in Bosnia

The United States has an abiding interest in peace and stability in Bosnia and a compelling interest in the implementation of the Dayton peace accords. After 46 months of the worst war in Europe since WWII, 24 months of implementing peace have helped put Bosnia on the path to lasting peace and stability. Progress on implementation was made possible because of prudent military support. We can now see the point where civil implementation and peace can be self-sustaining -- but Bosnia's fragile peace still needs the support of American and allied troops when the current NATO mission ends in June. The President still must approve a detailed action plan being prepared by NATO military authorities after a full review of all options. The President will insist that this action plan have the following elements: an achievable mission tied to clear benchmarks, not a deadline; force must be able to protect itself; the U.S. must retain

command; European allies must shoulder their full share of responsibility; costs must be manageable; and the plan must have substantial support of the Congress and the American people.

Iraq Weapons of Mass Destruction Program (WMD)

President Clinton made clear that Iraq's efforts to develop nuclear, chemical and biological weapons are unacceptable. U.N. inspectors have done a remarkable job -- destroying more of Iraq's WMD potential than was destroyed during the Gulf War itself. But Saddam is now refusing to allow inspectors to complete their mission. All options are on the table to make sure Iraq does not pursue their WMD program with impunity and threaten the international community.

Biological Weapons

President Clinton announced tonight that the United States would lead the effort to erect stronger international barriers against the proliferation and use of biological weapons. Under this new initiative, the United States will seek to strengthen the Biological Weapons Convention (BWC) by requiring nations that have joined the BWC to submit annual declarations about facilities and activities that could be used for Biological weapon purposes and agree to a tough international inspection system including both voluntary and mandatory inspections.

Comprehensive Test Ban Treaty (CTBT)

The President's call for Senate ratification of the CTBT will allow America to maintain a safe and reliable nuclear deterrent while constraining the proliferation of nuclear material and technology to rogue states' weapons programs. CTBT will improve America's ability to detect and deter nuclear explosive testing. CTBT's global network of sensors will strengthen America's ability to monitor nuclear explosive testing across the globe, as well as deter any nation from believing it can conduct a nuclear explosive test undetected by the international community.

U.S. Arrears to the United Nations

The President also highlighted the need for prompt action on the payment of U.S. arrears to the United Nations. The failure to pay undermines our ability to reform the U.N. and hinders our leadership of that organization at very time the U.N. is working to prevent Iraq from threatening neighbors and the world with weapons of mass destruction. We also need to give the International Monetary Fund the capacity to help prevent global financial crises. Now, more than ever, our security at home and our interests abroad demand that America meet our international obligations, sharpen the tools to improve the stability of the world economy, and increase our leverage in international organizations.

A NATION THAT LIVES BY COMMUNITY

POLITICAL REFORM/REINVENTING GOVERNMENT

Free Television Time

Spending on congressional campaigns has increased more than three times the rate of inflation in the last decades and spending on television is the primary reason. In 1972, candidates spent \$25 million for political ads; in 1996, they spent \$400 million. In his State of the Union, President Clinton announced that will request that the Federal Communications Commission (FCC) require broadcasters to give candidates for Federal office free time as a condition of receiving a new, lucrative license for digital television. It is time to update broadcasters, public interest obligations to meet new political and technological realities.

Enact Bipartisan Campaign Finance Reform

The President remains committed to the enactment of bipartisan campaign finance reform. He is pleased that the leadership in Congress has agreed to schedule a vote this Spring on the McCain-Feingold and Shays-Meehan reform bills. But a vote on these bills is not enough. In his State of the Union the President challenged Congress to enact real reform this year. Acceptable campaign finance reform legislation must meet five criteria: 1) it must be bipartisan; 2) it must be comprehensive; 3) it must reduce the amount of money that is raised and spent on federal elections; 4) it must help level the playing field between challengers and incumbents; and 5) it cannot favor one party over the other.

IRS Reform

President Clinton is strongly committed to reforming the IRS. This spring the Administration will launch the first of 33 Citizen Advocacy Panels. These new panels will be locally-based, independent boards of citizens established to monitor how local IRS offices treat taxpayers and help taxpayers get their problems solved. These new panels are part of the new era of customer service underway at the IRS. The successful new IRS problem solving days, which have helped thousands of taxpayers get relief, will continue around the country on a monthly basis. Additionally, as of the first of the year, IRS phones are now operating 16 hours a day, six days a week. For the first time, IRS offices will be open Saturday mornings during the tax filing season -- March through mid-April -- to provide taxpayers a convenient opportunity to walk-in and get any questions answered. Also, the IRS expects this year to expand its award-winning Telefile program. This innovative program allowed 4.7 million taxpayers to file their returns with a quick average 10 minute

phone call last year.

COMMUNITY EMPOWERMENT

Low-Income Housing Tax Credit

Since its creation in 1986, the Low-Income Housing Tax Credit (LIHTC) has given states tax credits of \$1.25 per capita to allocate to developers of affordable housing. Even though building costs have increased 40 percent in the last decade, the amount of the credit has not been adjusted for inflation.

Therefore, President Clinton and Vice-President Gore propose to increase the cap on the LIHTC from \$1.25 per capita to \$1.75 per capita * restoring the value of the credit to its 1986 level.

Estimates suggest that the LIHTC currently helps build 80,000-90,000 affordable housing units each year. The President and Vice President's proposal to increase the cap by 40 percent will create an additional 160,000-180,000 new rental housing units for low-income American families over the next five years. This proposal will cost \$1.6 billion over five years.

Empowerment Zones

Building on the Administration's successful first round of Empowerment Zones which has helped spur the creation of jobs and private investment in America's distressed communities, the President's budget includes a request for \$1.7 billion to support flexible grants to 20 new Empowerment Zone designations. The funding will be made available to the designated communities over a 10 year period. The 15 urban designations will be funded at \$100 million each; and the five rural designations will be funded at \$40 million each. The Departments of Housing and Urban Development and Agriculture will announce a competition this Spring that will lead to the designation of the 20 new Empowerment Zones by December 1998.

&Play-by-the-Rules Homeownership Proposal

The President's FY99 budget provides funds for the Neighborhood Reinvestment Corporation to start a new initiative to help provide the opportunity of homeownership to responsible families with a perfect rental history. Under this initiative, we will help 10,000 lower-income -- and often minority -- families become homeowners. While the method of helping each family buy their own home will differ, responsible families we will be provided homeownership counseling, flexible assistance for downpayment or closing costs, second mortgage loans for debt reduction, or rehabilitation loans.

Homeownership Zones

The FY99 budget includes funds for Homeownership Zones to be used by communities to reclaim abandoned and distressed neighborhoods through the creation of large-scale developments of owner-

occupied single-family homes. Funds could be used for property acquisition, housing construction, housing rehabilitation, demolition, site preparation, homeownership counseling, relocation, housing marketing, activities to ensure fair housing, and other activities essential to homeownership.

ENVIRONMENT

Climate Change Initiative

Following the historic agreement reached in Kyoto in December 1997, and as part of the President,s and Vice President,s ongoing efforts to address climate change, the President is proposing a dramatic new program of tax cuts and R&D aimed at cutting greenhouse gas emissions. The proposed package contains tax cuts to promote energy efficiency and additional research and development spending covering the four major carbon-emitting sectors of the economy (buildings, industry, transportation, and electricity), plus carbon removal and sequestration, Federal facilities, and cross-cutting analyses and research. This package complements the other elements of the Administration,s climate change plan, which include working with industry to develop sector-by-sector initiatives to cut emissions, incorporating energy efficiency goals into Federal procurement and energy use, and restructuring the electricity industry. These efforts strive to reduce greenhouse gas emissions by improving efficiency and reducing costs to the consumer. They provide a solid step on the way to meeting the goals of the Kyoto Agreement.

Clean Water Initiative

This initiative will ease threats to the environment and public health by helping states and communities curb polluted runoff from farms and city streets, reducing exposure to harmful organisms and toxic contaminants in drinking water and fish, and promoting community-based watershed management in partnership with landowners and affected industries. The initiative targets the 40 percent of the nation,s waterways still unsafe for fishing and swimming. It provides substantial new resources to assist states in implementing these programs and to create incentives for farmers to adopt practices that protect water quality.

Food Safety Initiative

The Clinton Administration launched a new food safety initiative last year to put in place new science-based preventive systems to improve the safety of seafood, meat, and poultry and begin work on a new early warning system to help detect and respond to outbreaks of food borne illness. Our budget will seek an even more substantial increase in funding to further enhance food safety. The resources will go to a variety of initiatives, including: giving FDA authority to prevent the importation of produce from countries without safety precautions equivalent to

our own; hiring FDA inspectors to improve the safety of fruits and vegetables, both domestic and imported; developing new ways for federal inspectors to detect foodborne illnesses in meat and poultry and determine the source of contamination; improving educational outreach on proper food handling; and further expanding our early warning system and strengthening state surveillance activities for foodborne illnesses.

CIVIL RIGHTS

Reforming and Strengthening the Equal Employment Opportunity Commission (EEOC)

This initiative expands the EEOC's ADR program over three years to allow as many as 70 percent of all complainants to choose mediation, rather than the lengthy process of investigation and litigation. In the first year, the EEOC will provide ADR in a projected 16,000 cases -- 20 percent of all incoming cases and double the number currently sent to mediation. In addition, through a combination of increased use of mediation, improved information technology, and an expanded investigative staff, the EEOC will reduce the average time it takes to resolve a private sector complaint from over 9 months to 6 months, and reduce the backlog of cases from 64,000 to 28,000 by the year 2000. The proposal provides \$279 million for the EEOC for FY99 -- \$37 million or 15 percent more than the enacted 1998 budget.

THE MILLENIUM PROJECT

TECHNOLOGY

A Family-Friendly Internet

President Clinton and Vice President Gore support a strategy to protect children and create a safe, educational environment on the Internet that is consistent with our First Amendment values. This strategy includes cracking down on obscenity, child pornography, and online stalking, and encouraging the private sector to develop filtering and blocking technology for parents and teachers that is widely available and effective. This fall, the Administration will join the private sector and non-profit groups to support Internet Teach-Ins⁸ at schools and libraries, which are designed to increase awareness of safe on-line behavior for children and access to good content.

Making the Internet a Global Free-Trade Zone

The Administration is committed to creating an environment in which global electronic commerce can flourish, so that every computer will be a window open to every business, large and small. Over the next several years, Internet commerce could increase to hundreds of billions of dollars per year, boosting U. S. exports and creating new opportunities for small start-up companies. President Clinton has directed the U.S. Trade

Representative to work with foreign governments to secure agreement that all products and services delivered across the Internet and all equipment from which the Internet is built -- be free from tariffs.

Cloning

President Clinton has proposed legislation banning the cloning of human beings. The President's legislative proposal prohibits for five years the use of somatic cell nuclear technology to create a human being. The legislation directs the National Bioethics Advisory Commission to report to the President in four and half years on whether to continue the ban. The proposal is carefully worded to ensure that it will not interfere with beneficial biomedical and agricultural activities. In March 1997, the President imposed a ban on the use of federal money for cloning human beings.

Save America's Treasures

Many of our most important cultural treasures -- such as the Star Spangled Banner, the Declaration of Independence, and the Bill of Rights -- are seriously at risk. &Save America's Treasures8 is a three year, \$150 million initiative that will help stimulate support for the Nation's most important preservation priorities. The funds will be administered by the Department of Interior under the authority of the National Historic Preservation Act. Half of the money will support preservation projects identified at the national level -- the other half will go to support state and local priorities.

Message Sent To: _____

Elaine Shocas @ 6474535 @ fax
mike.froman @ treas.sprint.com
tyrer @ osdpo.secdef.osd.mil
John Hogan @ 6165117 @ fax
Anne_Shields @ ios.doi.gov
gfrazier @ usda.gov
Pdonovan @ doc.gov
satterfield-lee @ dol.gov
michael.huerta @ ost.dot.gov
Wcorr @ os.dhhs.gov
Jon_J_Cowan @ hud.gov
Elgie.Holstein @ hq.doe.gov
leslie_thornton @ ed.gov
grahar @ mail.va.gov
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Rebecca Cooper @ 7367551 @ fax
Crist_J @ al.eop.gov

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Jane.bullock @ fema.gov
lmshein @ opm.gov
Jkravitz @ usia.gov
martha.johnson @ gsa.gov
Brian.Coyne @ ssa.gov
leamond_nancy @ ustr.gov
Howard.Schloss @ treas.sprint.com
Kenneth Bacon @ 7036954299 @ fax
Bert Brandenburg @ 5145331 @ fax
Michael_Gauldin @ ios.doi.gov
Tamontree @ usda.gov
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MSkolfie @ os.dhhs.gov
Karen_Hinton @ hud.gov
Steven.Akey @ ost.dot.gov
William.Schulz @ ost.dot.gov
carrie.hyun @ ost.dot.gov
Anna.Ferrera @ hq.doe.gov
David_Frank @ ed.gov
Julie_Green @ ed.gov
John.Hansonx @ mail.va.gov
James.Holleyx @ mail.va.gov
Ucelli.Loretta @ epamail.epa.gov
Calvin Mitchell @ 2124154053 @ fax
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morrie.goodman @ fema.gov
dkwalker @ opm.gov
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Joan.E.Wainwright @ ssa.gov
Phil.Gambino @ ssa.gov
Jeanne.Saddler @ sba.gov
Carrie Goux @ 6475939 @ fax

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: larryshannon (larryshannon@ibm.net@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:11-FEB-1998 08:47:00.00

SUBJECT: bcc: Wednesday Texas Clips

TO: Lucia A. Wyman (Lucia A. Wyman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

[HoustonChronicle.com logo] 8:19 PM 2/10/1998

HoustonChronicle.com

Stockman likely broke ethics rules

Section: Local & State

By POLLY ROSS HUGHES

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[BMC Software] Bureau

HoustonChronicle.com's AUSTIN -- In apparent violation of state

Local & State News forum ethics laws, Republican Railroad Commission

candidate Steve Stockman returned a \$75,000

Recent related stories: campaign contribution last summer and

failed to properly report it.

* Today: Stockman likely

broke ethics rules The reporting lapse, which Stockman

* February 2: Railroad campaign officials admitted this week,

race draws colorful appears to violate campaign ethics rules

cast of hopefuls and could carry criminal and civil

* February 1: 4 GOP penalties, said Karen Lundquist, an

hopefuls head for attorney at the Texas Ethics Commission.

District 9 primary

Meanwhile, an aide to Stockman's Republican opponent, Tony Garza, questioned the timing of the contribution from James Lightner of Dallas and its quick return.

"It would appear that the Stockman campaign was simply trying to inflate their level of contributions during that reporting period," said Garza campaign consultant Reggie Bashur.

The \$75,000 contribution, received a day before the end of the June 30 filing period for the first half of 1997, boosted Stockman's total contributions to \$91,000. Without it, he would have reported the much smaller sum of \$16,100 raised from four other contributors.

"The Stockman campaign reports receiving a \$75,000 check from Mr. Lightner on June 29. The end of that (campaign finance) reporting period was June 30," he said. "On July 1, a check was sent back to Mr. Lightner. At the very least they owe a public explanation of what transpired."

Questioning Stockman's ethics over the timing of the returned money amounts to "making a mountain out of a molehill," said Chris Cupit, Stockman's campaign spokesman.

"Mr. Lightner made a contribution to Mr. Stockman. Mr. Stockman returned the contribution because he did not think -- at the time we were running against (Steve) Holzheuser -- and did not think he needed the contribution."

Holzheuser dropped out of the race in January.

Stockman's campaign officials concede they reported the returned money in their Feb. 9 campaign filing, rather than the Jan. 15 report covering the last half of 1997. Cupit said the campaign would file an amended report.

Candidates are required to disclose contributions they return in the same reporting period the money is given back, Lundquist said. Failure to do so could

result in the candidate being charged with a class C misdemeanor.

Or, if the commission receives a sworn complaint and verifies the charges, it could impose a civil fine of \$5,000 or three times the amount at issue.

Lundquist, however, said she thought it unlikely that Stockman would face the maximum fine of \$225,000 -- far more than the \$169,000 in cash contributions he reported raising last year.

"I would be shocked beyond belief if they were to post that high of a fine,"

Lundquist said.

Meanwhile, Cupit issued a sharply worded news release under the heading, "Stockman Demands Garza Give Money Back."

"If Garza wants to sling mud and talk about ethics, at least Steve Stockman did not go out and collect money for one race and then at the last minute before the filing deadline, go file for a different race,"

Cupit said.

"We need to talk about the ethics of
collecting \$700,000 under the pretense of
running for one office and then at the last
minute, switching to a different race."

Garza, who switched to the Railroad
Commission race on the last day possible
had earlier planned to run for land
commissioner. Tuesday, he reported raising

nearly \$1 million.===== ATTACHMENT 1 =====

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RFC-822-headers:

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11 Feb 1998 08:46:48 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDf V5.0-4 #6879) id <01ITG4I3CV0G00L5D9@PMDf.EOP.GOV> for
Lucia_A._Wyman@oa.eop.gov; Wed, 11 Feb 1998 08:46:44 -0500 (EST)

Received: from out1.ibm.net ([165.87.194.252])
by STORM.EOP.GOV (PMDf V5.1-7 #6879)
with ESMTP id <01ITG4HVNPHQ001M0T@STORM.EOP.GOV> for
Lucia_A._Wyman@oa.eop.gov; Wed, 11 Feb 1998 08:46:33 -0500 (EST)

Received: from larry (slip-32-100-58-232.tx.us.ibm.net [32.100.58.232])
by out1.ibm.net (8.8.5/8.6.9) with SMTP id NAA28082; Wed,
11 Feb 1998 13:42:05 +0000 (GMT)

X-Mailer: Mozilla 3.02 (Win95; I)

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

===== ATTACHMENT 2 =====

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

TEXT:

[Imagemap] [yp.bellsouth.com - Real Help for the Real World!]

[yp.bellsouth.com - Real Help for the Real World!]

3 Papers Pull 'Doonesbury' Strips

[The Real Yellow Pages Online]

By STACY MORFORD

Associated Press Writer

KANSAS CITY, Mo. (AP)--At least three newspapers have refused to run two ``Doonesbury" strips involving allegations that President Clinton had sex with a White House intern.

The Charleston (W.V.) Daily Mail, The Charlotte (N.C.) Observer and the Herald-Dispatch of Huntington, W.V. refused to run the strip Monday and Tuesday when the phrases ``oral sex" and ``semen-streaked dress" appeared.

``The words ... have run in The Observer's news columns. And they will again," editor Jennie Buckner wrote in a column of explanation. ``But the news columns ... aren't read by 6- or 7-year-olds. The comics pages are."

More than a dozen editors have called Universal Press Syndicate this week to complain about the cartoon's handling of the allegations. About 1,400 newspapers subscribe to the syndicated strip.

The Observer offered to fax or mail copies of the cartoon to anyone who wanted it.

It isn't the first time Garry Trudeau's work has been pulled from the comics pages.

The Observer dropped an earlier ``Doonesbury" series involving allegations that Vice President Dan Quayle was dealing drugs. Other newspapers have strips dealing with Presidents George Bush and Ronald Reagan and former Speaker of the House Thomas ``Tip" O'Neill.

This week's ``Doonesbury" strips involve a ``scandal facilitator" visiting an elementary school to talk about the allegations against the president.

The Providence (R.I.) Journal-Bulletin and other newspapers decided to move the strip to their editorial pages.

``We wanted to get it away from the comics page where kids could read it. The op/ed page is more of an adult venue," said Journal-Bulletin editorial page editor Robert Whitcomb.

Trudeau didn't immediately return telephone calls Tuesday.

AP-NY-02-10-98 2024EST

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===== END ATTACHMENT 2 =====

===== ATTACHMENT 3 =====

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

TEXT:

[submitnews] [submitsite]

[Los Angeles Times] [NATION & WORLD]

[Click to play doctor]

Wednesday, February 11, 1998

Washington Insight
From The Times Washington Bureau

PREV [F]EEDING FRENZY: As detail after salacious detail about the
STORY alleged sexual relationship between President Clinton and
former White House intern Monica S. Lewinsky has saturated
NEXT the airwaves and print media, few characters in the unfolding
STORY drama have taken a harder hit in public opinion polls than
the nation's broadcasters, reporters and editors. But the
more high-minded members of the Fourth Estate have been quick
to defend their honor, noting the important legal, political
and constitutional aspects of the story. On Tuesday, however,
the behavior of some reporters had more in common with a
seventh-grade boys' locker room than the White House briefing
room. Asked how the White House was dealing with "the
allegation that . . . the president is simply seeking to
distract attention from his own problems by going to war
against Iraq," Press Secretary Mike McCurry called the charge
"fallacious and ill-begotten." In response to McCurry's
innocent use of an adjective that resembles a term for the
sex act Lewinsky has reportedly said--and also denied--that
she engaged in with the president, ABC News correspondent Sam
Donaldson and others collapsed into fits of sophomoric
giggles.

* * *

GIVE ME A T! Demonstrating the courage to face the final

free-trade frontier, Commerce Secretary Bill Daley announced in a speech at Harvard University on Tuesday that the Clinton administration will take the issue directly to the nation's high schools and communities. "We need to take on the critics of trade more forcefully," Daley said, explaining the administration's latest effort to win the president the "fast-track" authority to negotiate trade agreements. To reach critics of free trade--who apparently lurk in the nation's high schools--the administration will expand a program aimed at training high school teachers to teach about trade issues and create a community-outreach effort to emphasize the role of trade and exports in the nation's economy.

* * *

FAN CLUB: The dozen peach roses sent to Rep. Loretta Sanchez (D-Garden Grove) last week after the House Oversight Committee dismissed the election contest that could have ousted her from Congress were not from her husband. They were not from a constituent. They definitely were not from Sanchez's defeated foe, former Rep. Robert K. Dornan. They were from one Gerald Hawes of Oakland, who'd monitored Sanchez's 14-month ordeal--floor debates, press conferences and all--via C-SPAN. "Please do not consider this a sexist gesture," Hawes wrote on the card.

* * *

STILL DISSING BUSH: Former President Bush's 1990 decision to revoke his read-my-lips pledge not to raise taxes doomed his reelection chances and turned the hero of Desert Storm into an also-ran. And now that the federal deficit is vanishing, Clinton gets most of the credit. Even most GOP leaders claim that it was Reagan's 1981 tax cut, not Bush's tax hike, that led to the new era of budget balance. Of course, Bush might be getting more credit if he hadn't later chickened out and dubbed his own decision a mistake.

* * *

FACE TIME: Last week's congressional vote to rename Washington's National Airport after Reagan has further inspired the folks at Americans for Tax Reform, a conservative group that unabashedly idolizes the nation's 40th president. The group's Grover Norquist, who came up with the airport idea after discovering that only 11 publicly owned facilities are named for Reagan, now wants to have Reagan's face chiseled onto Mount Rushmore.

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PREV

STORY -----

NEXT [submitnews] [submitsite]
STORY

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

TEXT:

[submitnews] [submitsite]

[Los Angeles Times] [NATION & WORLD]

[Click to play doctor]

Wednesday, February 11, 1998

Ginsburg and Starr Baffle Legal Peers

By DAVID G. SAVAGE, ROBERT L. JACKSON, Times Staff Writers

PREV [W] ASHINGTON--For the lawyers of the nation's capital, the
STORY overriding question of the last three weeks has not been

whether President Clinton had an affair with a former White
NEXT House intern, whether he urged her to lie about it or whether
STORY this alleged unseemliness might lead to his impeachment.

Instead, theirs has been a more pointed question: What
are these guys doing?

The lawyers are speaking--and not too kindly--of
independent counsel Kenneth W. Starr, the prosecutor who has
never prosecuted a case, and defense attorney William H.
Ginsburg, whose specialty is medical malpractice, not
criminal defense.

Before microphones and cameras, both Ginsburg and Starr
have repeatedly said they seek only to have Monica S.
Lewinsky tell the truth. Yet, after nearly a month of very
public squabbling, they have been unable to agree on a deal
that would give her complete immunity from prosecution in
exchange for her testimony.

Lewinsky may appear before a grand jury here as early as
this week. Barring a last-minute deal, she is expected to
refuse to talk, asserting her 5th Amendment right against
being "compelled in any criminal case to be a witness
against" herself.

That said, she will not be off the hook, however. Starr
could choose to prosecute her for perjury because her words
on Linda Tripp's tapes differ with her sworn affidavit in the
Paula Corbin Jones sexual-harassment suit against Clinton. By
her accounts to Tripp, she had an affair with Clinton; by her
affidavit, she did not.

Far more likely, however, is that Starr will obtain a
court order that forces her to testify, but with the
understanding her words cannot be used against her. Lawyers

call this "use immunity."

The prosecutor will then have his prize witness on the stand, but lawyers say a reluctant witness is rarely a talkative one. Starr may have blown his best chance to get the full story from a young woman anxious to tell it, they say.

"Ken Starr has totally mishandled this witness, but it's only his latest mistake," says Abbe Lowell, a white-collar-crime defense lawyer and former Justice Department prosecutor. "I believe he owed it to the president and the public to get out the truth immediately. [The prolonged negotiations] have undercut his case and created the appearance he wants to manipulate her testimony."

* * *

While the prosecutor has been sniped at for heavy-handed tactics, Ginsburg has been derided as ill-prepared and overmatched. Having invaded the turf of Washington's finest, the Los Angeles lawyer offended local sensibilities by going on television--repeatedly--to discuss his case.

His media omnipresence raised the specter of the O.J. Simpson case and its legion of celebrity lawyers.

"I don't see any strategy on his part, other than getting himself lots of exposure," says Daniel F. Rinzel, a former Justice Department attorney. "He's also managed to undermine the credibility of his client by going on TV and suggesting she has a youthful imagination. That's not a good idea if you are trying to make a deal with the prosecution."

In one interview, Ginsburg said, "All 24-year olds tend to embellish." In another, he described the president and Lewinsky as "colleagues." In a third, he said they had an "emotional" relationship.

Veteran defense lawyers say they were dumbfounded to see an attorney show his cards before he plays his hand.

"Either he's terribly stupid or he's playing games," says John P. Hume, another white-collar-crime defense lawyer.

"I think Ginsburg's erratic pronouncements in the press made Starr's people anxious about whether she would be a reliable witness," adds Thomas Green, a defense lawyer who represented Oliver L. North's secretary, Fawn Hall, a decade ago in the Iran-Contra case.

The griping from the grandstands had grown so loud last week that Ginsburg answered the criticism in Time magazine.

"My whole media campaign" has "been designed to demonstrate that my client is a responsible young woman who speaks the truth. . . . I really resent all of the tabloid-like allusions to 'Beverly Hills 90210,' because Monica was no different from affluent kids anywhere else. She grew up with the morals of the '80s and '90s."

* * *

Ginsburg's longtime law partner, Harvey T. Oringher, says the sniping from Washington lawyers is unfair.

"It's unseemly for other attorneys to second-guess him and speculate on his performance without having all the facts

and knowing what is going on," he said.

At first, Ginsburg said he balked at Starr's offer of total immunity because, he said, the prosecutor refused to put it in writing. Later, as some doubts about Lewinsky's credibility emerged and other evidence was accumulated, Starr's staff said they wanted to interview the ex-intern before giving her immunity.

They believe they were burned by former Justice Department official and Clinton pal Webster L. Hubbell, who was given immunity in the Whitewater case but then said he had nothing to tell.

In recent days, Ginsburg threatened to take Starr to court to try to enforce an earlier promise of immunity. That tactic too had been criticized as amateurish.

"Filing a motion to enforce an immunity agreement is a grandstand play, at least at this stage. This guy doesn't know what he's doing," said another former Justice Department lawyer.

The skirmishing between Ginsburg and Starr may prove of little lasting significance. Most Washington lawyers believe Lewinsky almost surely will testify before a grand jury under some grant of immunity.

"She has no intention of falling on her sword. She will not go to jail. She will appear before the grand jury whenever she is ordered," Ginsburg said Tuesday.

* * *

Times staff writer Ronald J. Ostrow contributed to this story.

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PREV

STORY -----

NEXT [submitnews] [submitsite]

STORY

===== END ATTACHMENT 4 =====

===== ATTACHMENT 5 =====

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

TEXT:

[The Wall Street Journal Interactive Edition] [PoliticsPolicy]

[The Wall Street Journal Interactive Edition]

[Section Navigation] February 11, 1998

Virginia Governor Joins a GOP Trend:
Leaders Make Promises, and Keep Them

[Image]

By JAMES M. PERRY

Staff Reporter of THE WALL STREET JOURNAL

RICHMOND, Va. -- Forty years ago, Bernard Baruch, the financier and parkbench philosopher, said Americans

In this Section: should "vote for the man who promises least; he'll be the least disappointing."

World-Wide Asia All these years later, here in Virginia and elsewhere,

Europe Republican statewide politicians are getting -- and
The Americas refining -- Mr. Baruch's message: They are making one o

r
Economy two key promises and then doing something the voters hardly anticipated: keeping them. "With cynicism at an

Earnings Focus all-time high," says American University political
Politics & Policy scientist Mark Rozell, "voters are knocked over when a

Weather politician actually delivers."

The latest example is Virginia's new governor,
Editorial Page Republican James S. Gilmore III, who won a smashing
Leisure & Arts victory running on three simple, devastating words: "No

Voices Car Tax."

[Image] "Political scientists will be studying this
campaign years from now for the clarity of its
Table of Contents message and the simplicity of its delivery," says
Kenneth Plum, a Democratic member of the House of
Delegates from Reston.

Related Sites:

Barron's Online Mr. Gilmore's pledge to put an end to the odious
SmartMoney Interactive personal-property tax levied by cities and counties on

Careers.wsj.com automobiles, light trucks and motorcycles was a deadly
silver bullet, a rarity in politics. Once it was fired,

Business Directory the hopes of the Democrats' personable, experienced
Publications Library candidate, Donald S. Beyer Jr., expired.

WSJ.COM Radio Tough Task

Hear top news of the
hour with RealPlayer Now comes the tough part for Mr. Gilmore -- keeping his

5.0 promise. The governor, still unpacking cardboard boxes

in his offices in the stately old capitol here, says,
Search/Archives: "I'm going to get this law passed, or I'm going to die

Search trying." With the state Senate in GOP hands for the
first time and the two parties sharing control of the

Briefing Books House, frustrated Democrats concede he probably will ge

t
Quotes his way, but it won't be easy.

Past Editions

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The Virginia experience is the most dramatic in the nation, but other politicians are also hard at work

Special Reports

carrying out the Baruch dictum.

Resources:

In New York, Gov. George Pataki surprised his critics b

y

Help

pushing through, as promised, a \$1.5 billion

New Features

environmental-bond issue and a reduction in property

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taxes. The result? An approval rating approaching 60% and a wide lead in the polls over all the Democrats

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thinking of running against him in November. In New Yor

k

Glossary

City, Mayor Rudolph Giuliani won broad support as a Republican in a heavily Democratic city by delivering o

n

Advertising:

a single, compelling campaign promise -- making the

Advertisers

streets safer. Republican Gov. Tommy Thompson of

E-Mart

Wisconsin began the parade of statewide politicians vowing to reform welfare, and then winning acclaim for

seeming to pull it off.

Popular Message

It all started here in Virginia with Republican George

Allen in his successful gubernatorial campaign in 1993.

He hit hard on two issues -- abolishing parole for violent criminals and overhauling the state's welfare system. Abolishing parole, though, was the key. It was

a

simple message, and a popular one. He easily swept to victory.

And then "he did what he said he would do," says Jay Timmons, who served as Gov. Allen's chief of staff. "Beyond that, his proposals worked." And when he left office earlier this year (Virginia governors can't succeed themselves), Mr. Allen's popularity rating was

about 70%, easily the best of any politician in the state.

Virginia's silver-bullet politics is catching on in various races around the country this year. Nobody can

top Republican Guy Millner, running for governor of Georgia this year. Borrowing from Mr. Allen, he propose

s

to eliminate parole for violent criminals. And, borrowing from Mr. Gilmore, Mr. Millner, the retired founder and chairman of temporary-employment firm Norre

Corp., proposes to eliminate Georgia's personal-property tax on motor vehicles, at an estimated annual cost of \$475 million.

Democrats' View

Democrats seethe over the way Republicans have simplified these issues to win so many significant political victories. It may be good politics, they say, but it is bad policy, and ultimately the voters will pay for it.

In the election last fall, Mr. Beyer, a Volvo dealer, tried to argue that repealing the car tax would be a lot more costly than Mr. Gilmore and his strategists let on.

He was right about the cost of the proposal. In the campaign, Mr. Gilmore priced the program at \$250 million in the biennial budget for this year and next. Now, he concedes, it will cost almost twice that, or \$493 million, though he says he will find ways to reimburse the counties and cities for their lost tax revenue. Just as unsettling, it now appears the rebate on taxes that car owners pay would be taxable income.

"The car tax [issue] is a fraud," says Democratic delegate Jerrauld Jones, from Norfolk. "It will mean less money for new schools and transportation and police protection. We tried to caution the voters there are prices to be paid, but nobody listened."

"The big problem is that politics is driving the governing process," says Democratic House floor leader C. Richard Cranwell, from Roanoke. "But is there enough political will to do something about it? The answer is probably no."

Diverse Tax

Voters hate the tax -- it is collected in one lump sum

once a year, based on the first \$20,000 of the assessed value of the vehicle. In Alexandria, in northern Virginia, with a high tax rate, it amounts to about \$1,000 for a new Toyota Camry. But the amount to be paid

varies widely. In a rural county in southwestern Virginia, with a low tax rate, the tax on the same car might amount to less than \$100.

Democrats from frugal low-tax cities and counties protest that car owners in the rich, high-tax counties will be the big winners. And Democratic delegate Bernie

Day from rural Patrick County in southwest Virginia doesn't think much of those high-tax jurisdictions in northern Virginia. "I tried to get a copy of Fairfax County's budget," he says, "and I was put through to the

secretary to the supervisor's assistant chief of staff.

Cutting the car tax is going to reward places like that with their waste, inefficiency and bureaucracy."

So the car tax isn't only flummoxing Democrats; it is dividing them, region against region.

Voters may have believed the car tax would be eliminated in Mr. Gilmore's first year in office. Not true. It is a gradual process. This year, voters would pay 85% of the

tax on the first \$20,000 of the assessed value of the vehicle. Next year, it would be 70%, the year after that, 50%, then 30%, and, finally, nothing at all in 2003, when Mr. Gilmore will be long out of office.

Mr. Gilmore concedes he had no idea that calling for a repeal of the dreaded car tax for most vehicle owners would be as popular as it turned out to be. "I'd mentioned the car tax in my early campaign appearances, and you felt people were going to run up on the stage and hug you," he says.

Now, surrounded by unpacked boxes, he says he doesn't necessarily regret that the repeal of the car tax may curtail his ability to meet other priorities in

Virginia. "Working people in this state must be a priority too," he says.

[Media]

[Return to top of page](#)

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===== END ATTACHMENT 5 =====

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: bergman-terry (bergman-terry@dol.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:18-FEB-1998 17:56:00.00

SUBJECT: FW: Teri Bergman on Bentsen

TO: Anne H. Lewis (Anne H. Lewis@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

I'm back on line-- sent this by FAX, since i wasn't sure if it went through,,,,,and also sent House letter and SAP. Hope you got them.

From: Kamela William

Sent: Wednesday, February 18, 1998 2:47 PM

To: Bergman Terry

Cc: Bergman Terry

Subject: FW: Teri Bergman on Bentsen

From: Kamela William

Sent: Wednesday, February 18, 1998 2:10 PM

To: Reed Gary; McGahey Richard; 'lewis_ah@leop.gov'

Cc: 'Bergman Terry'; Uhalde Raymond

Subject: Teri Bergman on Bentsen

This message is really from Teri Bergman, who currently has no

computer.

At Anne Lewis's request, I contacted Rep. Ken Bentsen's office regarding their ideas for the "Bentsen Commission" which the President committed to in his 11/5/97 list of items pursuant to a vote on Fast Track authority.

First, Bentsen is very focused on trade adjustment -- he wants to literally respond to the DLC theme of expanding the winner's circle on trade and thinks that a concerted effort to improve current trade adjustment programs is necessary.

To that end, he would like to see the Commission conduct an analysis of the existing TAA and NAFTA-TAA programs and collect examples of the best practices in states and localities. He has the impression that in some areas these programs are working, but in others the program falls short. He's therefore want us to look at what works and what doesn't (ie Texas imposing ESL requirement hampered adjustment while another state did something more innovative). That's where the Fede-State relationship item came in.

In particular, he's focused on lack of outreach and believes that many workers affected by trade don't know about the program and that others negatively affected by trade opt out -- and is particularly troubled by a low "take-up" rate for retraining. This was what sparked his interest in the wage insurance idea -- he hasn't endorsed it but saw it as another tool that might help those who are not participating in

what we have to offer now -- retraining.

I specifically asked whether they felt we could bring in other programs and cast a wider net. The answer I got was that if other best practices for dislocated workers could be lessons on how to improve the trade programs (such as the role of business-led boards in Title III; use of vouchers or perhaps the access issue in UI), then a broader mission would be OK. But they do see this as a trade exercise and moving beyond the needs of dislocated workers and what we know works best for them, might be a problem.

I know this does not fit too nicely with discussions we've had about a broader mission, but at least we now have an understanding of what Bentsen is thinking. He's eager for a briefing on our thinking about TAA; our legislative specs; any related Title III promises; and our progress on the Commission. I did tell him our budget approach and some of the realities of FACA and I think the staffer at least felt that there was some thinking in DOL about this process. I think they would be open to some fine-tuning, but some of the suggestions we've batted around go pretty far afield of their thinking.

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

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RFC-822-headers:

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id <01ITQDIPC8R400IOJQ@PMDf.EOP.GOV> for lewis_ah@a1.eop.gov; Wed,
18 Feb 1998 16:53:13 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01ITQDI5O3W000TBH2@PMDf.EOP.GOV> for

lewis_ah@a1.eop.gov; Wed, 18 Feb 1998 16:53:09 -0500 (EST)

Received: from dol.gov ([166.96.254.1]) by STORM.EOP.GOV (PMDf V5.1-7 #6879)
with SMTP id <01ITQDHGKEF0002Y1B@STORM.EOP.GOV> for lewis_ah@a1.eop.gov; Wed,

18 Feb 1998 16:52:14 -0500 (EST)

Received: by dol.gov (5.x/SMI-SVR4) id AA15438; Wed, 18 Feb 1998 16:49:19 -0500

Received: from unknown(166.96.250.72) by gatekeeper via smap (V1.3)

id sma015257; Wed Feb 18 16:49:02 1998

Received: by esfpb02.dol.gov with SMTP

(Microsoft Exchange Server Internet Mail Connector Version 4.0.995.52)

id <01BD3C8E.1D4E3850@esfpb02.dol.gov>; Wed, 18 Feb 1998 16:56:11 -0500

X-Mailer: Microsoft Exchange Server Internet Mail Connector Version 4.0.995.52

X-Ms-Tnef-Correlator:

<c=US%a=_%p=DOL%l=ESFPB02-980218215609Z-7525@esfpb02.dol.gov>

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===== ATTACHMENT 2 =====

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TEXT:

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The following is a HEX DUMP:

===== END ATTACHMENT 2 =====

Clinton Presidential Records Automated Records Management System [EMAIL]

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

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: f_sr7h000z_default_html_2.tnf

Attachment Number: [ATTACH.D33]ARMSZZ000H7RS.001

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

CREATOR: news-errors (news-errors+1.0.0.reich_b#a1.eop.gov@mx.lodo.infobeat.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:18-FEB-1998 16:20:00.00

SUBJECT: News - Afternoon Edition @ 02/18/98

TO: Brian A. Reich (Brian A. Reich@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Afternoon Edition for Wednesday, February 18, 1998

Is The Roth IRA Your Dream Investment Vehicle?

Our ROTH IRA ANALYZERSM can help you compare the results of
investing in a Traditional versus a Roth IRA.

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Visit <http://www.strong-funds.com/strong/ads/mercury/news.htm>

U.S. Front Page Stories

*** U.S. doubtful of Iraq breakthrough

*** Anti-war hecklers disrupt meeting on Iraq

*** Top Clinton advisor Lindsey testifies in sex probe

*** Clinton seeks to bring health insurance to more children

*** Gore to view El Nino damage in Calif.

*** Campaign hopes to curb highway 'road rage'

Crime and Catastrophe

- *** Search for Ala. bombing suspect continues
- *** Man questioned in death of N.J. teen
- *** Guardsmen try to block Ala. landslide
- *** Inspector General criticizes U.S. Justice seizure
- *** Chicago names new police superintendent

The U.S. Political Scene

- *** No fast track handicaps U.S. in Americas trade talks
- *** Report cautions FAA on rushing into 'free flight'
- *** Presidential hopefuls, all men, head to N.H.

The Courts

- *** Allied POWs in Japan to make final redress demands

U.S. Business and Financial News

- *** Producer prices dip sharply in Jan.
- *** Bulls refuse to give up
- *** Duracell introduces new battery

*** The Limited to limit its reach

*** U.S. housing starts ease in Jan.

World Front Page Stories

*** Annan optimistic on Iraq deal, U.S. doubtful

*** Algeria says 23 civilians massacred

*** Suharto said to rethink controversial currency plan

*** Olympics: IOC divided over marijuana issue

The World Political Scene

*** EU chief wants diplomatic solution to Iraq crisis

*** N. Irish mediator sees success despite dispute

*** Chinese premier takes it easy on day 2 in Moscow

*** Envoy urges U.S., Australia not to worsen trade row

World Business and Financial News

*** Share prices rise sharply in most Asian bourses

*** Europe stocks rise to new highs, supported by dollar

*** Deutsche Bank's profit fell in '97

*** Volvo's net profit sinks in Q4

*** Thai auto sales down 75% in January

Sports

- *** Olympics: Kwan bests Lipinski in short program
- *** Olympics: USA's Stone, Bergoust win Aerials gold
- *** Olympics: U.S. hockey dream ends with loss to Czech Republic
- *** Raptors reportedly send unhappy Anderson to Celtics
- *** Rangers fire coach Campbell
- *** Panthers sign away Packers' cornerback Evans

Science and Medicine

- *** Simpler drug regimen stops HIV in babies - report
- *** Hungarian, U.S. doctors claim new hepatitis cure
- *** Gene for human sex reversal syndrome identified
- *** Birth month could determine height - Austrian study
- *** Chimps find Canada haven from lab tests

Technology

- *** Intel CEO shows chip for sub-\$1,000 PCs
- *** Average retail PC price falls below \$1,300
- *** ISP looks to lure upset AOL members
- *** Softbank to sell stake in Ziff-Davis to public

*** Lucent forms venture capital fund

Human Interest

*** Dutch art dealer discovers unknown Rubens

*** Marciano fans want champ to get licked

*** Rabbis circle Israel seeking fall of Saddam

*** Patient gets an earful from doctor about bill

*** Talking beer cans tease drinkers

U.S. Front Page Stories

*** U.S. doubtful of Iraq breakthrough

The United States said Wednesday it doubted U.N. Secretary General Kofi Annan's trip to Baghdad would yield a breakthrough in the standoff over weapons inspections, but left the door open to a compromise. Clinton administration officials said Washington could accept a proposal that diplomats from U.N. Security Council member countries accompany U.S. arms inspectors on their search for banned weapons at sensitive "presidential sites" in Iraq. White House spokesman Mike McCurry, asked if the White House was optimistic that Annan could win a breakthrough during his visit later this week,

said: "No. But at the same point it is important to make this effort." See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968797-238>

*** Poll finds big U.S. backing for Iraq strike, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552967338-d8f>

*** U.S. planners list dozens of Iraq targets - officials. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552967181-4c1>

*** Diplomats could track Iraq observers - U.S. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552967009-564>

*** U.S. seeks enhanced ties with Iraqi dissidents, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968881-d64>

*** Anti-war hecklers disrupt meeting on Iraq

Anti-war hecklers interrupted President Clinton's foreign policy team Wednesday at a "town meeting" that the administration had hoped would be a friendly forum to explain its policy toward Iraq. "One, two, three, four, we don't want your racist war," shouted some of the handful of hecklers at The Ohio State University in Columbus, catching Secretary of State Madeleine Albright off guard and drowning out what she was trying to say. The heckling died down for awhile after the CNN moderators of the televised meeting appealed for calm and uniformed security men moved up toward the group of hecklers. At press time, the forum was still continuing. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552969073-2bb>

*** U.S., Iraq dispute raises questions about TV's role, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968980-304>

*** Top Clinton advisor Lindsey testifies in sex probe

One of President Clinton's closest advisors, Bruce Lindsey, testified Wednesday before the grand jury investigating allegations of illicit White House sex and coverup. Deputy White House Counsel Lindsey was likely to be asked about his dealings with Monica Lewinsky, a former White House intern who allegedly had a sexual relationship with Clinton and then was pressured to lie about it in a sworn statement. Clinton has denied he had a sexual relationship with her and said he never told anyone to lie. Independent counsel Kenneth Starr's team appeared to be bringing in its big guns to deal with Lindsey. For the first time in nearly four weeks of hearings, attorney Jackie Bennett was present at the courthouse. Known as an aggressive questioner, Bennett is one of three top deputies to Starr. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552968207-404>

*** Clinton seeks to bring health insurance to more children

President Clinton will take several new steps to bring millions of children not covered by health insurance into government-supported programs they are already eligible for, the White House said Wednesday. "Of the more than 10 million children in America who are uninsured, over three million are already eligible for Medicaid. However, many families are not aware that their children are eligible...and others have difficulty filling out the application," the White House said in a statement. Medicaid, which is administered

by states, is the main government program offering health insurance for low-income children. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552967765-cd6>

*** Gore to view El Nino damage in Calif.

Vice President Gore is in California Wednesday to look at the damage caused by a series of El Nino-driven storms. He'll take a helicopter tour of the flood-damaged area around San Francisco and in Rio Nido where the threat of a mudslide has forced some 150 people from their homes. Gore will be accompanied by Federal Emergency Management Director James Lee Witt. Meteorologists say rainfall in San Francisco has totaled 34.88 inches of rain since July 1. Another inch could fall on the state Thursday.

*** Campaign hopes to curb highway 'road rage'

Ron Remer is a competitive salesman who describes himself as a "recovering road rager" and now treats other drivers like a guest in his home. Three speeding tickets in four months convinced Remer to straighten up and he spoke Wednesday at an American Automobile Association Road Safety Foundation event to help launch new radio announcements against aggressive driving. Remer cursed and used derogatory gestures, but others have fired shots and used their vehicles as deadly weapons in behavior that has fast become a normal part of driving in the United States. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968273-577>

Crime and Catastrophe

*** Search for Ala. bombing suspect continues

Nearly three weeks after the fatal bombing of an Alabama abortion clinic, the search for the lone suspect in the case has stretched from the remote hills of western North Carolina to a small town in rural Missouri, officials said Wednesday. Since naming Eric Robert Rudolph over the weekend as a suspect in the Jan. 29 bombing and posting a \$100,000 reward for information leading to his arrest, the FBI has received a steady stream of calls to a telephone hotline, a spokesman said. "There's quite a variance as to the helpfulness of the information. Some (calls) are helpful, some are philosophical," FBI spokesman Craig Dahle said. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552968880-377>

*** Man questioned in death of N.J. teen

A man arrested on an outstanding warrant has been questioned about the death of a 15-year-old girl who was beaten while walking home in a small New Jersey town at the weekend, officials said Wednesday. The body of Katrina Angela Suhan was discovered Sunday, police said. She was fully clothed and had not been sexually assaulted, they added. The individual has been talked to over the last 48 hours, but until

the prosecutor releases information, everyone's a suspect," said Mayor John O'Leary of South Amboy, about 20 miles southwest of Manhattan. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552967619-17a>

*** Guardsmen try to block Ala. landslide

Alabama National Guardsmen laid sandbags Wednesday in Hunstville in an effort to block a slow-moving landslide which threatened to bury dozens of mountainside homes in mud. Officials advised residents of 37 houses below the slide and 10 more on the slope to evacuate. They said it would take two days for the two dozen guardsmen to place 10,000 sandbags in the path of the landslide on the western slope of Monte Sano mountain. Runoff from recent rains had acted as a lubricant that could send mud slipping down the slope, burying expensive homes below. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552967963-a67>

*** Inspector General criticizes U.S. Justice seizure

Justice Department Inspector General Michael Bromwich issued a report Wednesday harshly criticizing the Department's 1990 handling of the seizure and disposal of suburban Los Angeles' Bicycle Club casino. Bromwich's audit report said that seven years after the club's seizure as a result of a Florida drug-related money laundering investigation, a two-year-old agreement to dispose of the Department's interest is still pending. "The Department is in the

business of fighting crime and seizing the ill-gotten gains of criminals, not in managing complicated businesses that were once owned by criminals," he said. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968617-2a8>

*** Chicago names new police superintendent

Chicago Mayor Richard Daley named a new superintendent to take charge of the city's 13,000-member police force Wednesday, choosing a black 30-year veteran of the department. Terry Hillard, 54, will be elevated from his current post as chief of detectives to the top spot pending approval of the city council. He will replace former superintendent Matt Rodriguez who retired in November under fire for his friendship with a convicted felon. The beating late last year of a young black man by officers sparked accusations that elements of the department frequently brutalized and harassed blacks. Also recently, two police districts were stained by the indictment of officers for stealing from drug dealers.

The U.S. Political Scene

*** No fast track handicaps U.S. in Americas trade talks

Plans to launch negotiations in April for an Americas-wide free trade area are proceeding slowly, but the lack of fast-track authority is

hindering Washington's power to shape the talks, U.S. officials said Wednesday. The White House's failure to obtain fast-track negotiating authority from Congress had weakened the U.S. position and given countries like Brazil more room to press their case for a slower reduction in the continent's trade barriers, they said. "While we are still disappointed at not having fast track, economic integration is going to continue to occur," said Thomas "Mack" McLarty, President Clinton's special envoy to Latin America. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552968142-7ca>

*** Report cautions FAA on rushing into 'free flight'

A report issued Wednesday warns the FAA against giving pilots greater control over their routes under a program known as "free flight" until it can be shown to be safe. The report by a National Research Council panel on "The Future of Air Traffic Control" also makes a case for pursuing a conservative version of free flight. It advocates more route choices for pilots and airlines in traveling from point to point but without allowing a confusing flight-by-flight system to develop where control is spread between pilots, dispatchers and controllers. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968916-1ff>

*** Presidential hopefuls, all men, head to N.H.

It's a typical week in New Hampshire. Four presidential hopefuls - all Republicans this week - are visiting the snowy New England state

to test the waters for the 2000 presidential race. Unannounced Democratic hopefuls Vice President Al Gore and House Minority Leader Rep. Dick Gephardt have also made several visits to the state, home to the first presidential primary in February 2000. But something is missing. "Where are the women?" asks Laura Liswood, director of Harvard University's Council of Women World Leaders. "Not one of them is out there putting out her message, her vision for the country."

See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552965768-21c>

The Courts

*** Allied POWs in Japan to make final redress demands

Three former Allied prisoners of war will make final demands in a Japanese court Thursday for a formal apology and compensation from the Japanese government for their treatment during WW11. Arthur Titherington from Britain, Gilbert Hair from the United States and Hendrik Zeaman from New Zealand will testify before the Tokyo District Court about their harsh experiences as prisoners of the Japanese Imperial Army. It will be their last testimony before the court makes its ruling. The plaintiffs represent six organizations from Britain, the United States, Australia and New Zealand which jointly launched a lawsuit in January 1995 demanding an apology and compensation. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552963164-4b8>

U.S. Business and Financial News

*** Producer prices dip sharply in Jan.

U.S. wholesale prices plummeted in January, recording their steepest decline in more than four years, amid falling energy prices, the Labor Department said Wednesday. The department's Producer Price Index sank 0.7% in January after a 0.2% decline in December.

Stripping out the often volatile food and energy costs, the core PPI showed a more mild decline of 0.1%. In a survey, U.S. economists had forecast a 0.2% drop in the index and no change in the PPI excluding food and energy prices. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552964677-ec8>

*** Bulls refuse to give up

Modest buying continued to drive stocks higher in afternoon trading Wednesday as market bulls seemed tamed but unwilling to give up as blue chips rode through their sixth-straight day of record highs. A positive tone in Asian markets overnight, combined with inflation-friendly news from home, helped bolster market sentiment and prop up equity prices once again. About 2:45 p.m. the Dow Jones industrial average was 15 points higher at 8414. On the New York Stock Exchange, advances led declines 4-to-3 as 474 million shares

changed hands. Broader markets also edged up, with the Nasdaq Composite six points higher at 1710 and the S&P 500 index up six to 1029, also headed for a record. The bond market was quiet, with the 30-year Treasury off 18/32, yielding 5.82%.

*** Duracell introduces new battery

Gillette Co. unveiled Duracell Ultra alkaline batteries, designed to meet the power demands of high-tech electronic devices. The AA- and AAA-size Duracell Ultra batteries will last 50% longer than ordinary alkaline batteries, Gillette said. The Ultra, which will be shipped beginning in May, will be priced 20 percent higher than the current Duracell alkaline bat advertising and promotion, Duracell said. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552966221-6f3>

*** The Limited to limit its reach

The Limited, struggling to boost sales and profits, said it would close 200 Limited, Lerner, Lane Bryant and Express stores during 1998 through lease expirations as it revamps its overlapping women's divisions. Also, Limited plans to separate itself from its 84% stake in Abercrombie & Fitch through an exchange offer to shareholders. The nation's largest specialty merchant will take a \$289 million fourth-quarter charge to finance the restructuring. Last month, The Limited said it would close its money-losing Cacique lingerie chain and expand its Victoria's Secret and Bath & Body Works divisions this year. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552957048-000>

*** U.S. housing starts ease in Jan.

Builders broke ground on new homes at a slightly slower pace in January, the Commerce Department said Wednesday, but permit applications for future construction hit an eight-year high in a sign of a vigorous housing sector. Total starts fell 0.3% to a seasonally adjusted annual rate of 1.534 million in January after a steeply revised 1% gain to 1.538 million in December, the department said. The January building rate was roughly in line with Wall Street economists' forecasts for a 1.54 million unit rate. Permit applications climbed 3.5% in January to a rate of 1.534 million a year - the highest level since January 1990 - and well above the consensus estimate of 1.48 million. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552964812-f26>

World Front Page Stories

*** Annan optimistic on Iraq deal, U.S. doubtful

U.N. Secretary-General Kofi Annan said Wednesday he had a "reasonable chance" of averting military action against Iraq, but the U.S. said the odds were poor. "I think I have all your support and your prayers," Annan said after briefing Security Council members on his

plans for a last-ditch peace mission to Baghdad. Annan is due to arrive Friday in Iraq, which faces a U.S.-led military strike unless it grants U.N. inspectors full access to suspected chemical and biological weapons sites. The White House said it was not optimistic that Annan would achieve a breakthrough, but spokesman Mike McCurry said it was "important to make this effort." See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968721-d80>

*** List of some countries supporting U.S. against Iraq, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968945-f84>

*** Chronology of standoff with Iraq, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552962140-82e>

*** Algeria says 23 civilians massacred

Suspected Moslem rebels massacred 23 civilians overnight in the western province of Tlemcen, a statement by security forces Wednesday said. The statement said government security forces quickly reached the scene of the massacre in Tlemcen area, west of Algiers. They shot dead one of the assailants and were hunting the others, said the statement which gave no details on the killers. The massacre was the fourth such bloodshed of civilians within three days in Algeria.

Security forces put the total dead in the four attacks at 55. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552962335-b81>

*** Suharto said to rethink controversial currency plan

President Suharto was said Wednesday to have promised to rethink a

fixed exchange rate plan that has come under fire from Washington and threatens an international bail-out of Indonesia's battered economy.

Indonesia has been looking at a currency board pegging the rupiah to a fixed rate, most likely against the dollar, to stabilize the local currency after its plunge in value since last July. But the plan has been attacked by the International Monetary Fund, the European Union and the U.S., who have said economic conditions in Indonesia are not ripe for such a move. If the scheme goes ahead now, Indonesia could lose a \$43 billion IMF-sponsored rescue package for its economy. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552966978-8eb>

*** Olympics: IOC divided over marijuana issue

Olympic leaders said Wednesday they were determined to push for "social" drugs like marijuana to be banned despite fears that the initiative might hamper the progress of an important international campaign against doping. Leading International Olympic Committee (IOC) member Kevan Gosper said he supported a proposal by medical chief Prince Alexandre de Merode to put the drugs on the IOC's list of banned substances even though they are not performance-enhancing. Some IOC officials believe the move threatens to hamper key talks this year between the IOC and sports federations about a new medical code aimed at introducing common bans for cheats. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552961576-c64>

*** EU chief wants diplomatic solution to Iraq crisis

European Commission President Jacques Santer stressed the need for a diplomatic solution to the Iraqi crisis Wednesday, but said Baghdad must unconditionally carry out all U.N. resolutions. Santer, who heads the European Union's executive body, welcomed a planned mission by U.N. Secretary-General Kofi Annan, set to visit Iraq later this week in a last-ditch effort to avert a military strike by the U.S. and Britain. The U.N. was the "correct framework" for seeking a solution to the crisis, he added. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552966318-fa0>

*** N. Irish mediator sees success despite dispute

The chairman of Northern Ireland's troubled multi-party peace talks said Wednesday he was convinced the participants would overcome current difficulties and reach an agreement. But former U.S. senator George Mitchell also warned of further disruptions in the British-ruled province as the May 1 deadline for an agreement approached. Mitchell was speaking at the end of a three-day round of talks in Dublin which was eclipsed by an expulsion threat to Sinn Fein, the IRA's political allies. Talks involving the British and Irish governments and an array of rival parties began in June 1996 but have been blighted by guerrilla strife and political wrangling. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968652-ec6>

*** Chinese premier takes it easy on day 2 in Moscow

Chinese Premier Li Peng kept his diary all but empty on day two of his visit to Moscow Wednesday, giving an interview to three Russian journalists and then meeting diplomats at China's huge Stalin-era embassy. A Chinese embassy spokesman said Li was scheduled to leave for Beijing Wednesday evening and did not have any other formal engagements before then. President Boris Yeltsin's spokesman said Wednesday Yeltsin had agreed with Li that he would meet Chinese President Jiang Zemin informally in the second half of this year for a "no neckties" summit in Russia. The two last met in China in November. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552962657-c24>

*** Envoy urges U.S., Australia not to worsen trade row

The U.S. ambassador in Canberra urged the United States and Australia Wednesday to work harder to stop trade rows from worsening. Genta Hawkins Holmes said both countries were guilty of "governmental misconstructions (and) press hyperbole" after trade rows over a trial Australian meat inspection scheme and U.S. export credit guarantees to key Australian markets in Asia. The U.S. Department of Agriculture last week sent a strongly worded letter to Australian Primary Industries Minister John Anderson, rejecting his claims the U.S. was ready to proceed with "Project 2" meat inspection proposal, which the

U.S. had consistently rejected. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552961156-9ef>

World Business and Financial News

*** Share prices rise sharply in most Asian bourses

Shares posted solid gains in most of the major Asian-Pacific bourses Wednesday. Hong Kong's blue-chip Hang Seng Index soared 4.3%, boosted by a new government budget that will increase public spending and lower taxes for the coming fiscal year. The Korea Composite Stock Price Index soared 3.4% on the news that Standard & Poor's upgraded South Korea's long- and short-term debt ratings, and on reports that the International Monetary Fund agreed with the government to lower interbank lending rates. In Tokyo, equities declined, though, as investors expect the ruling Liberal Democratic Party's economic stimulus package, scheduled to be released Friday, will have little impact on the bourse. Meanwhile, a rise in the price of tobacco stocks and a stronger rupiah supported Indonesia's bourse.

*** Europe stocks rise to new highs, supported by dollar

Shares in Europe again rallied to new highs Wednesday, boosted by a strong U.S. dollar. Shares in Frankfurt closed floor trading at a new high for the second consecutive day. France stocks also moved further

into record territory as a consistently strong dollar helped to support blue chips. In London, the key share index also surged into record territory, unfettered by strong retail sales that triggered worries about rate increases. Belgian shares advanced, boosted by takeover rumors, low interest rates and good prospects for corporate earnings. Dutch stocks extended their gains, lifting the AEX index to an all-time intraday high. Swiss shares improved as most insurance stocks climbed on continued merger and takeover rumors. Spanish equities advanced in trading dominated by Argentaria.

*** Deutsche Bank's profit fell in '97

Deutsche Bank reports its 1997 operating profit fell by about one-third to 4 billion marks (US\$2.2 billion) due to risks in Asia. The decline was expected. Germany's biggest bank said last month that it expected profits to be down by about a third for 1997 after setting aside an additional 1.4 billion marks in risk provisions due to the Asian crisis that emerged in the fourth quarter. (USA Today)

*** Volvo's net profit sinks in Q4

Swedish automaker AB Volvo says its net profits for the quarter ended Dec. 31 fell nearly 40% compared to a year ago as lower income from outside investments counteracted strong sales. Volvo earned 1.11 billion kronor (US\$136.6 million) in the quarter, compared to 1.81 billion kronor in the same period last year. Also, Volvo says it will start to sell its medium-class cars - Volvo S40 and V40 - in North

America in mid-1999. (USA Today)

*** Thai auto sales down 75% in January

In the continuing fallout from Asia's financial crisis, auto sales in Thailand fell 75% in January compared to a year ago. The drop in total sales, from 42,975 units in January 1997 to 11,054 units this year, came with a market share shift that saw Toyota slip for the first time in six years from the top spot for all automotive sales. Taking its place was Isuzu, which sold 2,919 units in January for a 26.4% market share, compared with Toyota's 2,005 units and 18.1% market share. (USA Today)

Sports

*** Olympics: Kwan bests Lipinski in short program

Michelle Kwan, the reigning U.S. champion, took the first step toward becoming an Olympic champion Wednesday, beating rival and fellow American Tara Lipinski in the women's figure skating short program. Kwan and Lipinski, the reigning world champion, each skated clean programs Wednesday, but it was Kwan's artistry that put her in the lead heading into Friday's long program. The short program is worth one-third of the total score. Eight of nine judges ranked Kwan first during the short program, with only the French judge favoring

Lipinski. Nicole Bobek, the third American entered, fell during her routine and finished 17th.

*** Olympics: USA's Stone, Bergoust win Aerials gold

Nikki Stone and Eric Bergoust completed an American sweep of the freestyle skiing aerials Wednesday (Tuesday night in the United States) boosting the U.S. gold medal total at the Nagano Olympics to five. Three of those golds have come in freestyle skiing, where Stone used a pair of stellar jumps to win the women's aerials by a comfortable margin. Less than an hour later, Bergoust took the men's event. Stone took the lead with a score of 98.15 on her first jump and was able to hold on with a combined total of 193.00 points. Bergoust had the top jump in the first round and almost duplicated the feat in the second to capture the gold.

*** Olympics: U.S. hockey dream ends with loss to Czech Republic

The United States made an early and unexpected exit from the Olympics, losing to the Czech Republic 4-1 in the quarterfinals Wednesday as Dominik Hasek made 38 saves and Jaromir Jagr and Jiri Dopita each had a goal and an assist. Coming off last year's surprising victory in the World Cup, the United States entered this tournament as a co-favorite with Canada. But the Americans lost three of four games and managed to score only five even-strength goals. The Czech Republic will face Canada in the semifinals. Mike Modano scored the lone goal for the American team. *** For a current medal count,

see <http://www.infobeat.com/stories/cgi/story.cgi?id=2552964467-92a>

*** Raptors reportedly send unhappy Anderson to Celtics

Point guard Kenny Anderson refused to report to Toronto and has reportedly been unloaded by the Raptors in a seven-player deal with the Boston Celtics one day before the NBA trading deadline. The ABC Radio Network's "Fabulous SportsBabe" reported Wednesday the Raptors have traded Anderson, injured power forward Popeye Jones and injured center Zoran Tabak to the Celtics for guards Chauncey Billups and Dee Brown and forwards John Thomas and Roy Rogers. The "Fabulous SportsBabe" also reported the Raptors were expected to send Brown to the Minnesota Timberwolves in exchange for guards Chris Carr and Michael Williams, but that Minnesota pulled out of the deal.

*** Rangers fire coach Campbell

Mired in ninth-place in the Eastern Conference with the highest payroll in NHL history, the New York Rangers fired head coach Colin Campbell Wednesday. The move comes in the midst of the NHL's Olympic break, eight days before the Rangers are scheduled to resume their season at Toronto on Feb. 26. No replacement has been named, but the New York Daily News reported former Edmonton Oilers and Buffalo Sabres coach and general manager John Muckler may replace Campbell in the next few days if a deal can be worked out. Despite having eight players selected to Olympic teams and a payroll at \$44 million, the Rangers own a 17-24-16 record and are six points behind the eighth

and final playoff spot in the Eastern Conference.

*** Panthers sign away Packers' cornerback Evans

The Green Bay Packers have reportedly lost unrestricted free agent cornerback Doug Evans to the Carolina Panthers. ESPN is reporting Wednesday that Evans has agreed to a five-year, \$22.5 million contract with the Panthers, making him the second-highest paid defensive back in the NFL. The deal reportedly includes a \$7.5 million signing bonus. The 27-year-old Evans has been the Packers' starter at right cornerback for the last four seasons and topped the team in passes defended over the last three years.

Science and Medicine

*** Simpler drug regimen stops HIV in babies - report

A simplified regimen of the drug AZT can stop mother-to-child transmission of the HIV virus that causes AIDS and should quickly be adopted in poor countries, researchers said Wednesday. A trial in Thailand showed the cheaper and simpler course of drugs worked just as well in saving babies from infection. They recommended trials underway in Africa immediately drop controversial placebo systems, in which mothers and babies get no drugs, and replace them with the "short course" therapy. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552968274-fc6>

*** Hungarian, U.S. doctors claim new hepatitis cure

A group of Hungarian and U.S. scientists say they have found a cure for hepatitis B and C which has no side effects and costs less than a fifth of current methods of treatment. Results of phase two tests of the treatment using a naturally occurring virus developed by Laszlo Csatory of the United Cancer Research Institute in Alexandria, Va., are to be published in the March edition of the international journal *Anticancer Research*. Infections of hepatitis B (HBV) reached epidemic proportions in the 1970s but the number of cases has been reduced in recent years through international preventive vaccination programs.

See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552963236-268>

*** Gene for human sex reversal syndrome identified

British and Italian researchers said Wednesday they had identified a gene they believe causes sex reversal syndrome, in which people have the chromosomes of one sex but the physical attributes of the other. Scientists had already suspected that the DAX1 gene played a role in the troubling condition. Now they believe they have proof. "The evidence we have strongly suggests that DAX1 is the gene responsible for human sex reversal syndrome. Just a simple duplication of the gene in a double dose apparently leads to sex reversal," said Robin

Lovell-Badge, of the MRC National Institute for Medical Research. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552967095-138>

*** Birth month could determine height - Austrian study

Birth month may determine more than just your horoscope, it could affect how tall you are, Austrian researchers said Wednesday. A survey they conducted on more than 507,000 Austrian soldiers showed that men born in the spring tend to be taller than those born in the autumn, but they had no explanation yet why that was the case. The researchers could not fully explain the link between height and birth month, but they suspected it had something to do with sunlight and the activity of the pineal gland, which secretes a hormone called melatonin. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552967232-b46>

*** Chimps find Canada haven from lab tests

On a frigid winter day, Gloria Grow hands out homemade popsicles to her 15 charges, knowing they will soon lose interest and drop them on an already littered floor. "It's like a big, crazy daycare," Grow said, laughing and using her sweatshirt to wipe away the volley of spittle that is testing the limits of her waterproof mascara. The daycare center is a building the size of a school gymnasium situated on a 103-acre farm just outside Montreal. Grow's unruly wards are not children but chimpanzees, 15 rambunctious refugees from a New York University research laboratory that is closing down. Her sanctuary is the first in Canada for chimpanzees formerly used in laboratory testing. There are about a dozen such centers in North America. See

Technology

***** Intel CEO shows chip for sub-\$1,000 PCs**

Intel chairman and chief executive Andrew Grove revealed his company's strategy for the exploding sub-\$1,000 PC market and showed its new processor under development, code-named "Covington." Grove, speaking at an Intel Developers Forum, said the first iteration of the new processor will use the same P6 architecture in Intel's Pentium II line, with less costly packaging. He also said Intel will shortly launch a new brand name for this product line to distinguish it from its higher-end product family, aimed at different market segments. He reiterated that the chip will ship in mid-1998. "We are aggressively moving the Intel architecture into the entry level, which we call basic computing," Grove said. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552956563-b6e>

***** Average retail PC price falls below \$1,300**

The average price of a personal computer in retail locations fell to less than \$1,300 for the first time, according to market researcher Computer Intelligence, and prices are expected to keep falling. On average, desktop PC prices declined more than 20 percent from January

1997 after a period of "reasonable stability" in 1996, Computer Intelligence said. "We don't expect this trend will stop or slow down dramatically, either, with \$799 machines in the market now and \$699 products on the shelf next Christmas," said Aaron Goldberg, an executive vice president of the La Jolla, Calif., firm. "We won't be surprised if the average price falls (to) between \$1,100 and \$1,150 by December."

*** ISP looks to lure upset AOL members

Another Internet service provider weighed in with a plan to target customers of America Online Wednesday, who now face a 10% increase in their rates to receive unlimited Net access. US Internet, a Minnesota-based ISP that says it has "tens of thousands" of customers, launched the "888-Leave-AOL" program for customers interested in switching from AOL. The promotion includes waiving the \$24.95 setup fee and guaranteed price protection for the next two years. US Internet charges \$19.95 per month for unlimited Net access - \$2 less than AOL plans to charge. As the nation's largest access provider with some 11 million members, AOL often is a target for marketing campaigns by the competition. Despite the slings and arrows, AOL continues to grow and its stock price is trading at historic highs. (Cnet)

*** Softbank to sell stake in Ziff-Davis to public

Japan's Softbank Corp., a leading personal-computer software

distributor, said Wednesday it will list its wholly owned U.S. subsidiary Ziff-Davis Inc. on the New York Stock Exchange through an initial public offering of \$460 million of new shares. The listing will take place sometime around April, the company said. Softbank also said it will raise an additional \$1.5 billion through senior notes and long-term bank loans. A Softbank spokeswoman said the company couldn't comment further on the details of the listing. Ziff-Davis publishes technology magazines and Internet publications, including PC Week, MacWeek and Yahoo! Internet Life. (Business Wire)

*** Lucent forms venture capital fund

Lucent Technologies has formed a new venture capital fund with an initial \$100 million to invest worldwide in the fastest-growing technology areas, the company said Wednesday. Lucent, which spun off from AT&T in 1996, said Lucent Venture Partners Inc. will zero in on emerging technologies such as wireless, data networking, semiconductors and communications software. The group, which will consider direct investment or partnerships with other capital firms, is expected to make its first investment later this quarter. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552965875-bba>

Human Interest

*** Dutch art dealer discovers unknown Rubens

An Amsterdam antiques dealer has unearthed a previously unknown work by 17th century Flemish master Peter Paul Rubens. Salomon Lilian said he had snapped up the small oil sketch at an obscure Paris auction, where it was being sold by Rubens' heirs after more than two centuries in the family collection. The work, depicting Honor and Virtue, was a study for a major painting commissioned around 1629 and is now in the collection of the Prince of Liechtenstein. The panel, which has never before been on public show, was dirty but in good condition, he said. The rediscovered panel will be offered for sale at next month's European Fine Art Fair. Lilian's asking price is \$412,000. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2552966808-7ab>

*** Marciano fans want champ to get licked

Fans and family of boxer Rocky Marciano fought Tuesday to make sure the former heavyweight champion triumphs again - this time in a contest to grace a postage stamp. Fans from Marciano's hometown of Brockton, Mass., have cast thousands of votes for him in balloting by the U.S. Postal Service for a new stamp in honor of personalities and memorabilia from the 1950s. Marciano, who retired in 1956 as the only heavyweight champion who never lost a professional fight, is one of five sports figures and events on the ballot. He died in 1969.

*** Rabbis circle Israel seeking fall of Saddam

Dozens of prominent rabbis circled Israel seven times by plane Wednesday on a spiritual mission aimed at toppling Saddam Hussein and protecting Israel against a possible chemical attack. The two-hour mission mimicked the biblical story in which the walls of Jericho fell after Joshua circled the city seven times. Expedition leader David Batzri organized an identical flight before the 1991 Gulf War during which Iraq fired 39 Scud missiles at Israel. The Scuds killed one person, hurt scores of others and caused widespread property damage. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2552966822-577>

*** Patient gets an earful from doctor about bill

A Kenyan doctor who removed a bean stuck in the ear of a young girl forced it back when her parents said they couldn't afford the bill, local newspapers reported Wednesday. The Daily Nation said the doctor successfully removed the bean from the child's ear and then presented the parents with a bill for 350 shillings (US\$5.75). When they said they had only 270 shillings with them, the doctor grabbed the child, forced the bean back into her ear and ejected the family from his office. The Kenya Medical Association said it was investigating the incident.

*** Talking beer cans tease drinkers

Lonely barflies can now find solace in a beer can that talks. Two thousand talking beer cans are already available in Venezuela, South

America's thirstiest beer market, promising monetary prizes under a promotion by Brazilian brewer Brahma. Emblazoned with a grinning mouth, the red and gold cans contain a light-activated recording that announces in a tinny voice prizes ranging from \$50 to \$2,000 when opened. South America's largest brewer launched the \$800,000 Venezuelan campaign at the beginning of February.

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by PMDF.EOP.GOV (PMDf V5.0-4 #6879) id <01ITQCFRT3Q800TB2U@PMDf.EOP.GOV> for
reich_b@a1.eop.gov; Wed, 18 Feb 1998 16:21:50 -0500 (EST)
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with ESMTP id <01ITQCEZS9IY0031ZB@STORM.EOP.GOV> for reich_b@a1.eop.gov; Wed,

18 Feb 1998 16:21:15 -0500 (EST)
Received: from sender4.lodo.in.merc.com (news-errors@mx.lodo.infobeat.com)
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(version 3.34, queueup copyright InfoBeat Inc. 1998)
with stdio id EOPA1AAEMB19096; Wed, 18 Feb 1998 14:20:42 -0700 (MST)
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ARMS Email System
RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: economist-politics-return (economist-politics-return@postbox.co.uk@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 8-APR-1998 16:30:00.00

SUBJECT: Politics This Week (April 4th - April 10th 1998)

TO: Allan Villabroza (Allan Villabroza@eop [UNKNOWN])
READ:UNKNOWN

TO: Ana Duque (Ana Duque@eop [UNKNOWN])
READ:UNKNOWN

TO: Catherine A. Poynton (catherine a. poynton@eop [UNKNOWN])
READ:UNKNOWN

TO: Christine J. Lindsey (Christine J. Lindsey@eop [UNKNOWN])
READ:UNKNOWN

TO: Christopher S. Johns (Christopher S. Johns@eop [UNKNOWN])
READ:UNKNOWN

TO: Dag Vega (Dag Vega@eop [UNKNOWN])
READ:UNKNOWN

TO: james boden (james boden@eop [UNKNOWN])
READ:UNKNOWN

TO: John R. Pfeiffer (John R. Pfeiffer@EOP [UNKNOWN])
READ:UNKNOWN

TO: Jonathan Orszag (Jonathan Orszag@eop [UNKNOWN])
READ:UNKNOWN

TO: Jozelyn R. Davis (Jozelyn R. Davis@eop [UNKNOWN])
READ:UNKNOWN

TO: Michael W. Williams (Michael W. Williams@eop [UNKNOWN])
READ:UNKNOWN

TO: Peter R. Orszag (Peter R. Orszag@eop [UNKNOWN])
READ:UNKNOWN

TEXT:

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SEEKING PEACE

+ NORTHERN IRELAND's peace talks entered their final phase, as the British and Irish governments struggled to get the various factions to agree on a blueprint for peace before an Easter deadline.

+ France and Britain ratified a treaty banning the testing of NUCLEAR

WEAPONS, the first nuclear-armed countries to do so.

+ The French government denied reports that WIM DUISENBERG, the Dutchman who runs the European Monetary Institute, will become the head of the European Central Bank and will serve a full eight years in the job. The French say their own central bank's head, Jean-Claude Trichet, is still in the running.

+ BORIS BEREZOVSKY, perhaps Russia's most powerful tycoon, said he would support Viktor Chernomyrdin, recently sacked as prime minister, when he runs for president in 2000.

+ At least 63 UKRAINIANS died in an accident in a coal mine in Donetsk.

+ In GEORGIA, five supporters of a former president, the late Zviad Gamsakhurdia, were killed in an attack on a funeral march. In February, the current president, Edward Shevardnadze, survived an assassination attempt.

+ Tension rose between RUSSIA AND LATVIA after a bomb exploded near the Russian embassy in Riga. President Yeltsin proposed diverting Russian oil exports away from Latvian ports. Russia says civil rights are

denied to Latvia's large Russian-speaking immigrant population.

+ The leaders of Serbia's separatist province of KOSOVO boycotted talks with Serbia's president, saying they would negotiate only under international mediation. Serbia, which opposes mediation, said it would hold a referendum on the issue.

+ There was sympathy for East Asian leaders at the second annual EUROPE-ASIA MEETING in London, but no extra money to help them cope with the region's economic crisis, beyond what Europe already contributes to the IMF.

NO PEACE IN SIGHT

+ Claiming that it was dissident members of HAMAS'S MILITARY WING who killed a Hamas bomb maker in Ramallah last week, not Israelis, the Palestinian Authority arrested five Hamas activists. Hamas rejected the PA's finding, claiming that confessions had been extracted by torture. It continued to threaten revenge against Israel.

+ The arrest of Gholam-Hossein Karbaschi, TEHRAN'S MAYOR, on charges of corruption polarised Iran's establishment. Some believe that his real crime was his closeness to the reformist president.

+ General Georg Meiring, head of South Africa's defence forces, resigned under pressure after a judicial inquiry found that his recent allegations of a COUP PLOT were groundless.

+ Bombs in two hotels in Uganda's capital, Kampala, killed four people. The government blamed the country's SUDAN-BACKED REBELS for them.

WAR-LIKE

+ Pakistan successfully tested a surface-to-surface MISSILE with a range of 1,500km (930 miles). India said in response that it had a missile that could reach anywhere in Pakistan. The United States said it was investigating whether China had helped Pakistan to make the missile.

+ For the first time since 1994, NORTH KOREA agreed to direct talks with South Korea. Talks had been broken off after the South declined to express regrets for the death of the North's leader, Kim Il Sung.

- + As part of a new agreement with the IMF, INDONESIA closed seven troubled banks and placed seven others under official supervision.
- + Australia was edging towards an early general election as a bill limiting ABORIGINE LAND RIGHTS faced defeat in the federal Parliament.
- + A court blocked for a week an anti-union move to sack about 1,400 dockers at AUSTRALIA'S PORTS.

DOWN TO BUSINESS

- + President Clinton, in bouncy mood after the dismissal of the Paula Jones case, went to Kansas City to take part in the first of several "national forums" to discuss the future of SOCIAL SECURITY, the federal pensions system.
- + In response to the Arkansas school shootings, Mr Clinton announced a permanent ban on the import of 58 different kinds of ASSAULT WEAPONS.
- + Leaders from North and South America prepared for a 34-COUNTRY SUMMIT

in Santiago. They will talk about education, poverty, democracy and drugs. They will formally launch negotiations on a free-trade area of the Americas, but without the fanfare once foreseen: Bill Clinton still lacks fast-track authority.

+ COLOMBIA's second-largest guerrilla movement, the ELN, revealed that its leader, Manuel Perez, had died (in February) of hepatitis. Spanish-born, he was once a priest.

+ BRAZIL's coalition parties reacted uneasily to an extensive pre-electoral cabinet shuffle, but found something in it for all their needs. Not for Brazil's, said critics.

+ A general strike in BOLIVIA went into its second week. Few workers were taking part, but some main roads were repeatedly blocked, and seven people died in clashes with the police.

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id <01IVMV4CKUR4004CJ7@PMDF.EOP.GOV>; Wed, 8 Apr 1998 17:30:54 EDT

Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #22921)
with ESMTTP id <01IVMV49A5ZK005SKC@PMDF.EOP.GOV>; Wed,
08 Apr 1998 17:30:49 -0400 (EDT)

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by STORM.EOP.GOV (PMDF V5.1-10 #22921)
with SMTP id <01IVMV3MT9WC000H5A@STORM.EOP.GOV>; Wed,
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id ha987019; Wed, 08 Apr 1998 21:25:32 +0100

Received: from nobody by stingray.ivation.co.uk with local (Exim 1.62 #2)
id 0yN1Tw-0005St-00; Wed, 08 Apr 1998 21:30:04 +0100

Errors-to: list-support@economist.com

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This marker identifies a responsive email, already made available within another collection.

Collection: 2014-0749-F

Bucket: Default

Creation Date: 1998-04-16

Subject: Early Report 4/16: SUMMIT OF THE AMERICAS; G-7, IMF MEETINGS

Creator: USIA_Media_Reaction
USIA_Media_Reaction@notes1.usia.gov@INET@LNGTWY [UNKNOWN]

ARMS Email System

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: economist-politics-return (economist-politics-return@postbox.co.uk@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:16-APR-1998 14:19:00.00

SUBJECT: Politics This Week (April 11th - April 17th 1998)

TO: Allan Villabroza (Allan Villabroza@eop [UNKNOWN])
READ:UNKNOWN

TO: Ana Duque (Ana Duque@eop [UNKNOWN])
READ:UNKNOWN

TO: Catherine A. Poynton (catherine a. poynton@eop [UNKNOWN])
READ:UNKNOWN

TO: Christine J. Lindsey (Christine J. Lindsey@eop [UNKNOWN])
READ:UNKNOWN

TO: Christopher S. Johns (Christopher S. Johns@eop [UNKNOWN])
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TO: Dag Vega (Dag Vega@eop [UNKNOWN])
READ:UNKNOWN

TO: james boden (james boden@eop [UNKNOWN])
READ:UNKNOWN

TO: John R. Pfeiffer (John R. Pfeiffer@EOP [UNKNOWN])
READ:UNKNOWN

TO: Jonathan Orszag (Jonathan Orszag@eop [UNKNOWN])
READ:UNKNOWN

TO: Jozelyn R. Davis (Jozelyn R. Davis@eop [UNKNOWN])
READ:UNKNOWN

TO: Michael W. Williams (Michael W. Williams@eop [UNKNOWN])
READ:UNKNOWN

TO: Peter R. Orszag (Peter R. Orszag@eop [UNKNOWN])
READ:UNKNOWN

TEXT:

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America's economy is being inflated by over-valued shares and monetary expansion * Northern Ireland's peace deal * How the world will celebrate the Millennium * Using PCs to search for aliens * Israel reflects on half a century * The death of the man who killed 2m Cambodians * How to encourage renewable energy * Sharing top jobs * How to shave *

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AT LAST

+ An agreement intended to bring PEACE to Northern Ireland will create a new assembly for the province and institutional links between northern and southern Ireland. All sides agreed that the unification of Ireland could be achieved only on the basis of consent. Early opinion polls suggest that over 70% of Northern Ireland's voters will endorse the deal in a referendum on May 22nd.

+ Communist Party members, who make up the biggest block in RUSSIA's lower house of parliament, the Duma, said they would continue to vote against Sergei Kiriyenko, President Boris Yeltsin's nominee for prime minister.

+ ANDREI NIKOLAEV, a former general who commanded Russia's border guards, and who might run for president in 2000, won a by-election for a seat in the Duma.

+ Turkish generals said they had captured a top guerrilla leader of the separatist KURDISTAN WORKERS PARTY in a raid into northern Iraq.

+ In a budget for 1999, SWEDEN's Social Democratic government, which faces an election in September, said that unemployment would fall by half, to 4%, by the end of 2000. It also predicts a budget surplus by next year.

+ ROMANIA's parliament voted to back a new government under Radu Vasile and approved his plan for faster economic reform. Doctors declared the condition of the Czech president, VACLAV HAVEL, to be "critical" after he suffered a perforated intestine while on holiday in Austria. But he

seemed to be recovering after an operation.

+ The Union for French Democracy, a part of FRANCE's last conservative government, fell into greater disarray when two founding members resigned in protest against the expulsion from the party of three regional leaders for doing deals with the far-right National Front in order to stay in power.

SUMMITEERING

+ Leaders of 34 countries assembled in Santiago, in Chile, for the second SUMMIT OF THE AMERICAS. Bill Clinton was going without fast-track authority to negotiate free trade. Canada, which will chair the first 18 months of the negotiations, urged others to press on regardless.

+ President Clinton's BUDGET DIRECTOR, Franklin Raines, resigned to return to the private sector. He was succeeded by his deputy, Jack Lew.

+ A PARAGUAYAN who murdered a Virginian woman in 1992 was executed by lethal injection, despite appeals from the government of Paraguay, the International Court of Justice and America's own secretary of state.

+ At least 38 people died as TORNADOES struck Mississippi, Alabama and Georgia.

+ A committee of the provincial legislature suspended General Antonio Bussi as governor of ARGENTINA's Tucuman province. Governor there in "dirty war" days, he was elected to the same job in 1995, but was recently found to have a secret Swiss bank account.

+ MEXICO expelled a dozen foreigners who, the government said, had been meddling politically in Chiapas state.

TWO SIDES

+ The International Atomic Energy Agency reported that Iraq had "satisfactorily completed its undertaking to produce a consolidated version of its full, final and complete declaration of its CLANDESTINE NUCLEAR PROGRAMME." However, a report by non-nuclear weapons inspectors sounded a warning note about Iraq's compliance on the inspection of "presidential" sites.

+ A report by a former Dutch foreign minister, Max van der Stoep, to the UN Human Rights Commission describes Iraq's REGIME OF TERROR and estimates that it has executed 1,500 people in the past year, mainly in a "prison-cleansing" campaign.

+ GHOLAM-HOSSEIN KARBASCHI, Tehran's reforming mayor, was released on bail. His arrest by conservatives on corruption charges had caused widespread unrest.

+ Algerian newspapers reported the arrest of officials and pro-government militiamen in western Algeria on suspicion of KILLING CIVILIANS over the past six years. Almost 100 people died violently in the first week of April.

+ P.W. BOTHA, who was South Africa's president in the 1980s, went on trial for refusing to testify to the Truth and Reconciliation Commission.

+ Ex-President Joseph Momoh of SIERRA LEONE and 13 others went on trial for treason. Remnants of the military regime which was overthrown by the Nigerian-led West African force in February are putting up fierce resistance in the east of the country.

POWER CUT

- + POL POT, leader of the Khmers Rouges during their 1975-79 reign of horror in Cambodia, in which some 2m people died, was himself reported to be dead.
- + Enron withdrew from a project to build a \$6 billion hydro-electric power plant in NEPAL, fearing a fall in demand for electricity as a result of Asia's economic problems. The American firm continues to invest in India.
- + NORTH AND SOUTH KOREA met in their first direct talks since 1994, but failed to agree over the provision of fertiliser and food aid.
- + Australia faced its worst INDUSTRIAL DISPUTE for years as government and employers sought to break trade-union power in the docks.
- + Brunei was badly affected as fires in Indonesia, started to clear land, once again spread ACRID SMOKE across South-East Asia.

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id <01IVYQP219M8000EG9@PMDf.EOP.GOV>; Fri, 17 Apr 1998 05:33:32 EDT

Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
with ESMTP id <01IVYQP0MD1S000FU6@PMDf.EOP.GOV>; Fri,
17 Apr 1998 05:33:30 -0400 (EDT)

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Received: from nobody by stingray.ivation.co.uk with local (Exim 1.62 #2)
id 0yPtFX-0007Sr-00; Thu, 16 Apr 1998 19:19:03 +0100

Errors-to: list-support@economist.com

Precedence: bulk

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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Robert D. Kyle (Robert D. Kyle@EOP@LNGTWY@LNGTWY [UNKNOWN])

CREATION DATE/TIME:17-APR-1998 20:24:00.00

SUBJECT: Re: Weekly Report - Reminder

TO: Brian A. Barreto (Brian A. Barreto@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Message Creation Date was at 17-APR-1998 20:24:00

NEC International Principals Meeting: Gene Sperling chaired an NEC

Principals

meeting to reach agreement on an Administration position toward important

new

global trade negotiations in the WTO. We are preparing a memo on this

subject,

which we will send to you soon. Principals also discussed the current

status

of efforts to launch a new US-EU Trade Initiative. Finally, NEC prepared

a

two-page document setting forth the artgument that the Administration

continues

a robust trade agenda, even without fast track authority. This has been

circulated to Principals and is being used on the Santiago trip and

elsewhere.

Africa Trade Bill: Gene and Sandy co-chaired a small meeting this week to

plot

strategy for advancing the Africa trade bill in the Senate. The bill

currently

is being help up by Lott, who would like the Administration's support for

attaching the Caribbean Basin Initiative legislation to the Africa bill

before

he encourages Sen. Roth to move it. NEC/NSC is working closely with Larry

Stein to advance the bill.

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

CREATOR: usistgo (usistgo@rdc.cl@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:18-APR-1998 14:17:00.00

SUBJECT: [Fwd: Riley/McLarty Briefing transcript]

TO: Elizabeth R. Newman (Elizabeth R. Newman@eop [UNKNOWN])
READ:UNKNOWN

TEXT:

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

TEXT:

RFC-822-headers:

X-Mailer: Mozilla 4.04 [en] (Win95; U)

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

===== ATTACHMENT 2 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

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18 Apr 1998 15:18:53 EDT

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with ESMTP id <01IW0PF1W3PC000S69@PMDF.EOP.GOV> for newman_e@a1.eop.gov; Sat,

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X-Mailer: Mozilla 4.04 [en] (Win95; U)

===== END ATTACHMENT 2 =====

===== ATTACHMENT 3 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

From: usistgo@rdc.cl@INET@EOPMRX@LNGTWY

*To: usistgo@rdc.cl@INET@EOPMRX@LNGTWY

*To: eichler@usia.gov@INET@EOPMRX@LNGTWY

*To: bgomez@usia.gov@INET@EOPMRX@LNGTWY

*To: lwdavis@usia.gov@INET@EOPMRX@LNGTWY

*To: markk@fiu.edu@INET@EOPMRX@LNGTWY

*To: iwptrade@sprintmail.com@INET@EOPMRX@LNGTWY
*To: monsen@usia.gov@INET@EOPMRX@LNGTWY
*To: egreen@usia.gov@INET@EOPMRX@LNGTWY
*To: carey@usia.gov@INET@EOPMRX@LNGTWY
Date: 4/18/98 2:15pm
Subject: Riley/McLarty Briefing transcript
THE WHITE HOUSE

Office of the Press Secretary
(Santiago, Chile)

For Immediate Release April 18, 1998

PRESS BRIEFING BY
SPECIAL ENVOY FOR THE AMERICAS MACK MCLARTY
AND SECRETARY OF EDUCATION RICHARD RILEY

The Hyatt
Santiago, Chile

1:25 P.M. (L)

MR. MCLARTY: Good afternoon. As you know, the Summit of the Americas began this morning, which reflected the President's third trip to the hemisphere within a year and I think reflected the priority that our administration places on our hemispheric partnership and the importance of sustained engagement. Not only the opening commentaries by President Clinton and President Frei, but certainly the opening session on education I think reflect the new realities in the region.

The President's principal theme in his opening comments, as you know, is that we have seen a quiet revolution in many ways as profound as the fall of the Berlin Wall, but that progress and reform, future growth and democracy are not guaranteed. And the real purpose of this summit, if you look at an architecture that was put in place, a foundation, in Miami at the first Summit of the Americas, is to really pour fresh cement reinforcing the foundation of freedom and to cement, to help democracy strengthen and take hold for good.

The agenda was clearly a consensus agenda, and it was obvious in the educational discussion that education is very much at the center in terms of the Latin American, Central American, and Caribbean leadership. They see that critical to responding to the needs and desires of their respective people, just as we do in the United States and the only real way to inclusive growth in this increasingly interconnected global economy.

There were a number of speakers at the educational session, and I'll let Secretary Riley talk about some of the specific issues. I think the President of El Salvador emphasized parental involvement in education,

the fact that their illiteracy rate had dropped from 40 percent to below 20 percent . There was a common theme of the importance of teachers and the size of classrooms, and there was also a common theme of the importance of the environment and that being part of the educational reform.

The Prime Minister of Trinidad and Tobago made one of the more stirring speeches or commentaries and actually received applause during the meeting when he basically talked about no one who is poor is in possession of assets, and education was a valuable asset. He talked about the cycle, the lack of education because countries are poor, and countries are poor because they lacked education.

I think, particularly in the smaller economies, although President Cardoso emphasized it as well in Brazil, is the distance learning and technology, which I think is at the heart of some of the educational reform and activities of this summit.

The President spoke specifically about having both equity in education and excellence, and one of the important shifts in education at this summit I think you will see is a strengthening of the resources at the primary and secondary level, and broader access for education for all. You will see, I think, increased funding not only on an individual country basis, but a dramatic increase in funding from the Inter-American Development Bank and the World Bank. The President also talked about distance learning technologies -- he spoke specifically of his experience at the Manguera School in Brazil, when we traveled there in October.

There was also a discussion in the educational period about it reinforcing human rights and building a civil society.

I think, you saw a couple of things that are important to note. First, when President Clinton spoke, I don't think, at least within the last decade, you would have seen a United States President that would have been greeted with the warmth and regard and respect after making a commentary at an opening session of this type. And that was apparent, I think, after his opening address.

Secondly, in the educational discussion, I think it reflected, again, an outward confident-looking leadership that was willing to acknowledge some of the concerns about education in the region. And that is particularly, I think, important in how these reforms are attacked, addressed, and undertaken -- and particularly when you consider that half of the population in Latin America is under 21 years of age.

I have noted, I think -- Secretary Riley and I met with the CODEL before we came to the press briefing center -- that the strengthening of education throughout the hemisphere clearly is in our U.S. interest. First, it creates a middle class in ownership and democracy -- a middle class to buy U.S. goods and services. It clearly is an anecdote to the temptation to enter the drug trade and encourages families to stay home, instead of illegally immigrate to the United States or other countries.

The democracy session is next to fill out the agenda that Barry noted -- poverty session, microenterprise, land titling, and of course, education will be discussed again in this afternoon session, regarding poverty alleviation. Trade and economics will begin today and will finish tomorrow.

The opening session clearly reflected I think a consensus agenda, a responsible agenda, that is promoting a stronger social contract as we pursue more business contracts through economic integration and trade. And to us, and I think in the hemisphere, those are two sides of the same coin: strengthening our respective democracies as well as moving forward in terms of economics and trade.

Secretary Riley.

SECRETARY RILEY: I think it's noteworthy and exciting that virtually all of these countries have placed education as a top priority. Certainly our President has. And to have them all come together and make that kind of statement really is very, very interesting -- all in this hemisphere, a lot of these democracies are, in terms of, historical importance, relatively new, and the fact that the gap in education is often very wide, it's a problem in every country that is being worked on -- but to see them realize that to make democracy work they literally are going to have to resolve this idea of having all the people be able to improve their education.

And the fact is that, with telecommunications and with this global economy, transportation, all of the democratic changes that have taken place over the last decade or so, we are all linked closer than we've ever been. And again, this education link I think is very significant.

Our President, of course, is a leader in supporting the importance of education in this hemisphere. We are next week, by the way, in the U.S. Senate, going to be discussing some very significant education matters. The President's agenda, especially the construction issue, will be debated, so we're looking forward to that.

One thing the plan of action that is being talked about here involves like how do you get the disadvantaged better opportunities for education, higher standards in reading, writing, math, and science, the TIMSS study, which we've been very involved in in our country. Several countries indicated that they plan to get involved in TIMSS repeat to really become part of the assessing process. Better teacher preparation was of great interest. Greater parental and community involvement, as Mack mentioned. Technology is, of course, a very serious issue and one that all countries are interested in; democratic values, those issues that deal with making better democracies through education.

I talk, as some of you have heard, about educational diplomacy. When this linkage has taken place in these democracies, there is no more important kind of diplomacy, in my judgment, than that of working together for improvement of education.

And let me mention one thing specifically that I would hope you would

be interested in and to follow up on -- one area is developing the quality of information on the Internet for use in the classrooms all across the Americas. The United States, of course, again dealing with this education gap -- so working together in each of our own countries, we can provide really engaging and high-quality instructional materials to benefit our students and teachers throughout the various countries, especially those poor students and especially in isolated communities.

And we have here in the next room I think a prototype example, here at the summit, to show this potential. It's called Americas.edu.org is the website, and it can afford teachers the access and opportunity of teaching resources and materials in many countries of the Americas that were never thought possible. And a lot of American businesses have helped develop this prototype, and it shows the real potential benefits to American students and future American business opportunities of this joint effort.

So I urge all of you, when we're finished here, to take a quick look at it. Dr. Linda Roberts, in the yellow coat, is head of my education division in the department and can be available there or for questions if you have any. But I think it gives you a good idea of the kind of potential we are talking about. This is the first day of it, but imagine when we come back at the next summit where we'll be with this kind involving rich information coming in from all of these countries into this important website then that can be used by all countries.

Questions?

Q The President said today that the United States may not yet have fast track legislation, but we will. I wonder what would you point to in Congress since fast track legislation was defeated that would lead you to believe that that's not just wishful thinking.

MR. MCLARTY: Well, I think I would begin with a very strong first term record on trade, where we had, I think, over 200 agreements signed -- not all took congressional approval, but two very important matters, the NAFTA and the GATT, did take congressional approval. Secondly, the debate on fast track was one, I think, where we had a majority, and a clear majority, in the Senate, an overwhelming majority of the governors across the country, and both of those majorities were on a bipartisan basis. Regrettably, we fell a few votes short in the House.

I think as the benefits become increasingly clear -- and I think we heard that yesterday in a very appropriate, thoughtful way at the Chilean Congress, and I think the members of Congress who are here are seeing and sensing that Latin America, for example, although fast track is much broader than that, is a natural market, but not a market that can be taken for granted.

And I would remind you, as the free trade area discussions are launched at this summit -- and that is a formidable accomplishment, to have a broad and deep consensus to launch negotiations with an agreed-upon goal of a hemispheric trade pact by the year 2005 -- I think that will add to the momentum and energy to reconsider this matter. And I believe it

will be on a successful basis. I think the Congress will give the President the tools to complete this authority, to complete, therefore, the hemispheric trade pact.

Q Mack, if I could follow on that. Have you seen anything that would tell you that organized labor opposition or opposition from the environmental movement is dissipating? Are there any positive signs to point to that says we're making headway here?

MR. MCLARTY: David, we continue to work very carefully and assiduously on a bipartisan majority, and I think the dynamics are changing a bit. We met with a number of groups before we left, and I think again the essential need for the United States to have the ability to shape these agreements in our interest, I think is becoming increasingly apparent.

Now, when we can develop that consensus, I'm not going to make a prognosis on that. But I think the benefits are -- frankly, you can see them in these discussions, why it is in our interest in the United States, particularly in the areas of the environment and of worker rights, labor rights, which the President, of course, noted in his opening comments.

Q Mack, do you have a timetable? Do you have a time when you're going to go back to Congress and mount a campaign, which some say you didn't really do the last time, and say, okay, we're going to do this? Are you going to do it immediately following the congressional election?

MR. MCLARTY: Bill, I don't think we know or have a precise time. I think Ambassador Barshefsky said here the other day, we will continue to work with members of Congress to see when we can develop a consensus, and I don't know whether that will be this year, next year, but I think the benefits will become increasingly clear, and indeed are doing so. I just said I'm not going to predict a timetable.

Q Is the United States worried about being left behind now that so many other nations in Latin America have formed their own free trade agreements with each other?

MR. MCLARTY: I think the competition in this interconnected global economy is rather clear, but I think in terms of the launch of the FTAA, we are well-positioned for the launch. I think at the trade ministerial in Costa Rica, there was a very clear structure set out. I think much like in the Uruguay Round, we can begin these negotiations in a very good position. Ultimately, you will need negotiating authority, fast track authority, to complete that agreement.

Q On the special committees that deal with labor and environmental issues, how do you expect that to address the issues that opponents of fast track have? And what is the agenda in that special committee? What do you actually plan to do there?

MR. MCLARTY: Of course, tomorrow will -- this afternoon and tomorrow will be where trade and economics are discussed, so I think that is, frankly, the proper time and place to get into more level of detail.

But I do think, as the President pointed out this morning, this consultative mechanism to make certain that all sectors, all constituencies have an opportunity for input in this process is absolutely critical, not only in this trade agreement, but in all other trade agreements as well.

Q But how does that address the concerns of fast track opponents?

MR. MCLARTY: Oh, I think an open process is certainly critical to work through any kind of legislative discussion or any matter of that type, so I think it doesn't completely reach a consensus, but it is certainly the right way, I think, to proceed.

Q Mr. Secretary, the Inter-American dialogue produced a set of recommendations about the education initiative. One of the key things that they pointed out is that expenditures per pupil in public schools throughout Latin America lagged way behind expenditures in private schools, and indeed behind public schools everywhere else on the globe. How does this initiative address that problem, if at all?

SECRETARY RILEY: Well, I think we had some very interesting statements by these chiefs of state this morning that they were indeed prioritizing, shifting of their emphasis to education, first of all, to the primary schools. As you know, that's part of the -- coming out of the Miami Summit and this summit, to complete that by the year 2005, and then 75 percent of the secondary education.

So I think to see that shift made -- and several of them mentioned numbers that they were definitely increasing the percentage of their investment in education, especially K through 12 -- that's very clear to me, and I think that's one of the things -- it's so important for these countries in this hemisphere to come together and have it kind of a hemispheric priority. I think that's very significant.

You're exactly right. In some countries that's a major problem, that kids in the public schools often were not the kids to go on to college. And that is recognized, I think, throughout the hemisphere that it has got to change. And we can provide some great leadership, I think, in that area.

Q Mr. McLarty, I was just looking over these resources available for the summit, \$45 billion. Can you tell me how much is new money that's coming because of the summit and how much is just still in the pipeline -- how much real money are we talking about?

MR. MCLARTY: The substantial funding for education, which Secretary Riley can speak to or perhaps wants to comment on, will be a substantial increase in funding from both the Inter-American Development Bank and the World Bank. And I think we will have at least a doubling of those resources from the Inter-American Development Bank and at least a 50 percent increase from the World Bank. And I think those are substantial resources -- or to put in your terms, that is real money to support the efforts of individual educational reform. It does not take the place of it, but it certainly supports those efforts.

Q What role has the summit -- I mean, are they doing this on their own, would they have done it anyway, or are all the countries lobbying them to --

MR. MCLARTY: No, you would have not had this kind of consensus and emphasis on education and commitment to educational reform, I think, without some process to lift and highlight this issue much along the lines that Secretary Riley has talked about. And again, I would remind or underscore, this agenda has been a consensus agenda, and this clearly reflects the priorities of the leaders in the hemisphere, and it clearly reflects the people they represent. And they are willing to make substantial reform in order to change the educational system for the better, they believe, and I think they are correct.

SECRETARY RILEY: Let me add just one word, and again, tomorrow is when these issues will be discussed. But a lot of the funds that we hear referred to over the three-year period -- \$8.5 billion, or whatever -- a lot of that is shifting of priorities. It's not necessarily new money, but it is, again, reflecting how these intergovernmental interests are shifting toward education.

Q Mr. McLarty, can you tell us what's going on at the summit on the press freedom issue, and also what the status is of the OAS mechanism that was being set up to handle press freedom complaints?

MR. MCLARTY: The democracy discussion is in session right now, and both the strengthening of the judiciary system, the establishment of a justice studies center, and strengthening of freedom of expression, freedom of the press are part of that democracy basket.

It was agreed upon unanimously to move forward with what is called a special rapporteur in the Inter-American Human Rights Commission, which is part of, but an independent body of, the OAS. That would advocate press freedoms, would serve as an early warning mechanism where freedoms were not being exhibited or were being suppressed. And also the crimes of impunity, as I think probably all of you are well aware of -- there have been over 200 journalists killed in the hemisphere, in all the countries in the hemisphere, including our own, in the last 10 years -- some of those crimes have not -- or criminals have not been brought to justice. So this will be a way to highlight the importance of freedom of expression, freedom of the press, and a mechanism -- a mechanism to strengthen the enforcement of that.

Through an existing organization, I might add, not a new one.

Q I'd like to ask you, what is the administration's reaction to Prime Minister Jean Chretien's decision to visit Cuba in eight days? And will this be discussed in the bilateral meeting between Prime Minister Chretien and President Clinton?

MR. MCLARTY: The bilateral meeting has not taken place. I think in terms of Prime Minister Chretien's schedule, of course, that is his decision. I think we would very much hope and expect him to emphasize the importance of democracy, certainly of human rights, and a civil

society in Cuba when he visits there. I think Mr. Berger can also comment perhaps not only on that issue, but also he will have a full report on the special rapporteur in the democracy session.

Q I have a question about the administration's position on education spending here, vis-a-vis the amount of money that these Latin American countries are spending on new armaments. Are there mixed signals here? On the one hand, the administration is willing to sell these advanced weapons to these Latin American countries. Chile is going to spend \$1 billion this year on new airplanes. And 10 percent of Chile's budget is devoted to the military. But at the same time, you're encouraging them to spend more on education. Are there mixed signals here, or how do you square the two of those?

MR. MCLARTY: Well, I'll take the first part, Dick, and then you can comment on the second.

No, I don't think there are mixed signals. I think if you look at the expenditures within the region, you will see increasing expenditures on education, including Chile, which was the example you raised. And I think, in terms of defense spending, you will see increased openness and transparency. Here in Chile they have a full white paper, so to speak, on all of their military expenditures.

The real essence of the change in policy that the President adopted, with very careful thought, concerning the ban, if you will, or the negative presumption on arms sales, really grows out of the fundamental tenet of the summit, and that is the democracy, the civil control of the military that we now see in Latin America. We still have a policy of restraint; we will still look at this on a case-by-case basis. But rather than apotheosize about some potential, let's talk about realities.

And what we see in the region are an emphasis on education, to lift citizens' lives and to prepare them for the 21st century; an emphasis on trade and integration. But in the area of the military, we see cooperation becoming the norm, not the exception. And we see very responsible confidence-building peacekeeping measures not only in the region -- in Peru-Ecuador, in the Guatemala peace accord settlement, but also in Iraq, Bosnia, and around the world.

So I think those are the realities of the region. And, of course, that is a very, I think, healthy and constructive development.

SECRETARY RILEY: In terms of education, as Mack said, it's going to be very clear that the export of technology -- educational technology, education through technology -- from this country is going to be a tremendous source of revenue and of improvement to the hemisphere. So the education part, the answer has to be, yes, but it's going to be very good for businesses in this country because it's really, people are craving that kind of transfer of information and educational help.

Q I'm curious about the new drug policy that's being talked about here at the summit. Is that intended as a replacement for certification, or

is that intended to work hand in hand with certification? And is it any kind of indication that that hasn't been working -- that certification as a process hasn't been working?

MR. MCLARTY: The answer is, no. I think, certification and multilateral cooperative efforts, which have been taking place for -- in recent years, have clearly the same goal, and that is to effectively address and make progress against drug traffickers and drug lords. The certification, of course, is a law on our congressional books. We'll continue to enforce it. I do think we say a significant increase in the cooperative efforts taking place and really a very aggressive posture in the hemisphere that recognizes this problem, first, as a threat to national security -- as President Zedillo said a number of years ago -- and a threat to their very fabric of society.

So I think we will see the full agreement on a multilateral drug alliance -- we already have bilateral arrangements with Mexico and Venezuela -- and I see that consistent with a strong, unified effort in the effort against drugs. The certification effort, again, has the same goal -- it is not meant as one or the other. And we see also the Organization of American States -- the CCAT program, as it's called -- being a very effective mechanism in that regard.

Q We've been given a table of resources available for Santiago Summit initiative, which totals about \$45 billion through the World Bank and U.S. resources. Could you elaborate on that please, and could you tell us what the Inter-American Bank will do?

MR. MCLARTY: I don't have the exact -- I've seen, I believe, the information in the chart that you are referring to, and I think you will find a very careful coordination between the World Bank and the Inter-American Development Bank. I think one is \$45 billion over a period of years; the other is \$55 billion. And I think much of the World Bank effort, if I recall correctly, is specifically targeted at some infrastructure projects as well broad educational reform.

The Inter-American Development Bank not only has funds for educational reform that Secretary Riley spoke of, but also has a specific targeting of microenterprise and land titling, which I think is very important because, despite strong macroeconomic growth in the region, as the Prime Minister of Trinidad and Tobago talked about, this jobless growth, where you actually have the importation of labor -- and we've seen this in our own country; in fact, the President referred to it, where I believe there were some 40,000 job applications in the computer industry, where you actually have an importation of labor needed and still have some high unemployment rates, particularly within the region -- that's what those funds are targeted to do.

Q Can you tell us something about the First Lady's visit to an indigenous community this afternoon? Apparently, there's a protest over a land dispute because unions were taking over land. Can you comment on that at all?

MR. MCLARTY: I'm not familiar with the protest other than that's a

very positive sign of a working democracy that people can express their opinions. The First Lady has been consistent, I think, as I noted in some comments earlier before we came here. She has traveled the region, I believe, four or five times; the Vice President has traveled the region, I believe, five times. She has been consistent in the strong emphasis she has placed on education, on health care issues -- including women and all aspects of society and indigenous people. And I think her trip to the southern lake region is consistent with other efforts that she has made. I don't know anything about the specific matter that you asked about.

Q Secretary Riley, specifically, what are the mechanisms for follow-up and implementation? There have been some studies of the Miami Summit, the education part of that, and it was found that the IDB's effort sort of lagged badly behind what was expected. Does any particular nation or entity have responsibility for making sure that what's in the initiative is actually carried out?

SECRETARY RILEY: Mack can speak more to the structure in terms of the next summit and preparing for that, in Canada I guess. Two parts of the involvement here for education -- one significant part is what happens nationally, what happens within the country, what are they doing to improve their own education, what are we doing. Those matters are really maybe hemispheric, coming together and making commitments among ourselves. But that is a very important part of education any way you look at it. Our schools and our education, of course, are the responsibility of our states and our local schools, the federal government having an important priority of support of that. So the national part is really a very important part of it.

What is happening in Ecuador, what's happening in Brazil, what's happening in Mexico and the U.S. -- we are looking more at things like the TIMSS study for math and science, which is a very big help, and as I indicated earlier, you're going to see more and more of that in South America, so you can really compare how progress is moving along. That's the national part.

The other part is partnership, and that can go in hundreds of directions, all of which are important. This idea of working together, this website that is available for you to take a look at is a concrete example of the kind of things working together that we can move forward in education.

The idea of the banking arrangements and financial investment in education -- again nationally, that's very important, but again, also, from the Americas' standpoint, through those agencies is also important. So there will be follow-through in all of the educational areas, but we're all looking at what we're doing nationally and then in ways that we can partner with each other.

MR. MCLARTY: Let me just -- I do think the Miami Summit put an architecture in place, and I think the implementation has been emphasized. I think we are getting better at that as this summit process moves forward, to have specific benchmarks, specific timelines,

whether it be in education, in the multilateral drug alliance -- of course, the marketplace judges the economic side in a rather specific way. But I think there is a structure in place now, not only an architecture and a foundation, and specific mechanisms to move forward, not only country to country but in a multilateral way as well.

Q When President Clinton said this morning the United States may not have fast track, but we will -- is he saying that the free trade area of the Americas is going to be impossible for the U.S. if he doesn't get fast track?

MR. MCLARTY: I certainly felt his statement was cast in a positive tone, that he felt, as he stated in his State of the Union, that he was committed to open and fair trade, as he has been since day one, and he believed that would be achieved. And that, I think, will be reflected in the launch of the free trade area tomorrow, when our Presidents meet.

Q But if he doesn't get fast track, does he believe that American participation in a free trade agreement can still go ahead?

MR. MCLARTY: I didn't interpret his comment that way.

Q You essentially seem to be saying, we need this legislation and people will come to the realization that we need this legislation. But when it failed, President Clinton himself expressed frustration with his inability to sell the American people on the benefits of free trade. Do you see anything that's happened that gives you hope that people are coming to this realization? I mean, you make the case and he makes the case but is anyone buying the case?

MR. MCLARTY: Well, I think at this particular meeting, the emphasis on this authority, while not improper, should not deemphasize the importance of the launch of the free trade area negotiations. That is a very important achievement and agreement. And what we saw at least in the Uruguay Round was a launch of negotiations that kept an energy, a momentum, and progress in open and fair trade that did lead to the passage of negotiating authority.

I do think that the benefits will become increasingly clear, and I think the discussion of how we move forward in this inter-connected economy -- and I think they have a direct bearing on a lot of things we've talked about in this press briefing today on education. I think that is part of the overall discussion, and I think what is clear is that the President is committed to this goal.

Q Could you elaborate on the initiative to protect migrant workers, their rights throughout the hemisphere and also, perhaps, tell us a bit on the chances of the OAS commission actually being able to carry out such a mission?

MR. MCLARTY: The issue of immigration clearly is a complicated issue, and I think our policy has been consistent from the United States standpoint, and that is to respect human rights, but, at the same time,

strictly enforce the laws of illegal immigration. So I think those two are not mutually inconsistent -- in fact, just the opposite. I think there are mechanisms through various bodies, including the OAS, that look into specific cases of abuse. But the press freedoms that we talked about earlier is an entirely separate matter from the migrant issue that you raise.

Q How soon will the multilateral antidrug system be up and running? And to what extent can you convince other countries that that's going to happen when congressmen are here in this meeting telling everybody that they are not going to support it?

MR. MCLARTY: Well, I think I'm not sure that that's quite the sentiment in terms of support or lack of support. I think the goals of certification and the multilateral drug effort are absolutely the same. As for the timing, there is already a framework I think that has been agreed upon.

I don't know about the specific timeline of implementation for the standards and the way this particular matter will be finally put in place. I think it will be well within the year -- General McCaffrey and others, General Reno, who is here, could speak to that in a more specific nature than I. But I think there is -- I have found no disagreement in my discussion about increasing our level of cooperation in the hemisphere regarding the effort against drugs and to reduce the demand for drugs as well as directly attack the supply of drugs. I've found no disagreement on that issue.

Thank you.

SECRETARY RILEY: As I mentioned, this web site prototype is back here in this next room, for any of you that are interested. Eventually, of course, we'll have very rich data entered into it from all of the different countries in the Americas, but it is really just today that it was introduced. So, please, take a look at it if you would.

END 2:05 P.M. (L)

===== END ATTACHMENT 3 =====

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

CREATOR: anderson (anderson@chip.mic.cl@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:22-APR-1998 11:02:00.00

SUBJECT: CHIP News for April 22, 1998

TO: Steven J. Ronnel (Steven J. Ronnel@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
April 22, 1998

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HEADLINE: STUDY SAYS TRILLIUM HEADED FOR FAILURE

Project Could Be Underway By May 29

KEYWORDS: ENVIRONMENT; ECONOMY

SOURCE: CHIP NEWS

TEXT: (The following story was written by Lake Sagaris, an independent journalist who writes regularly for Business Week, The World and other media, and contributes occasionally to CHIP News).

An independent study released Tuesday says Forestal Trillium's project for harvesting native lenga in Tierra del Fuego is unlikely to succeed as currently designed.

Terram Foundation, an independent study center, prepared the analysis as part of its 1998 program for Protecting Chile's Native Forests, which includes economic studies, lobbying efforts and legal actions, where appropriate, with regards to several forestry projects in Chile.

Trillium's US\$200 million Rio Condor project would manage 103,000 hectares of old-growth lenga forest, and, the company

says, is designed for indefinite sustainability.

The Magallanes Regional Environmental Commission (Corema) approved the venture in late January, under certain conditions, but legal wrangling has kept the project in limbo. Following the approval by Conama, Greenpeace and other environmental opponents filed a motion to withdraw the approval, arguing there had been insufficient citizen participation. In addition, the Magallanes Corema had imposed the condition on Trillium that it must offer guarantees in the event of an ecological disaster or the premature closure of the project. Trillium filed a complaint saying the Corema had overstepped its bounds.

National Environmental Commission (Conama) Director Rodrigo Egana said Tuesday that the agency will decide these issues on May 29.

Marcel Claude and Myriam Urzua, both members of the board of directors of Terram Foundation, said a serious study of the economic, social and environmental viability of Rio Condor has revealed its shortcomings. "If the company uses sustainable forestry techniques, the project won't be profitable," Claude said.

Urzua, an architect, warned that many people mistakenly believe that mega-projects lead automatically to regional development. She cited the case of Chuquicamata, the world's second largest open-pit copper mine, and the city of Calama, where the copper mine's presence has not brought enormous prosperity or progress. Claude also criticized both the regional and the national government's support for the Trillium project. He said that none of the ministries (Economy, National Properties,

Foreign Investment Committee, etc.) involved carried out independent studies of the project's viability before the government threw its full support behind it.

"It's discouraging to see the government, which is trying to modernize, accept such a mediocre project," Claude said. "These ministries have seen absolutely no evidence that it will be socially, economically or environmentally beneficial."

Critics say the company also has a poor reputation in its hometown of Bellingham, Washington, and on Tuesday Greenpeace said it is launching an international boycott to halt the project.

Claude further pointed to discrepancies between the company's claims that it has spent US\$80 million to date on developing the project and the Foreign Investment Committee's records, which show that the company has brought only US\$30 million into the country in the past eight years.

"This represents either illegal entry of funds into Chile or a communications strategy that grossly exaggerates the project's value," said Claude, who emphasized the lack of quality information about the project.

He challenged authorities to convoke a group of independent experts to evaluate the project and warned that otherwise, it is headed for failure, just as the Magellan Forest project (Empresa Magallanica de Bosques) failed, leaving losses of US\$2 million. Among the irregularities in the Trillium project, the Terram study mentioned:

- The company is using an estimated growth rate of 6.19 cubic meters per hectare per year, as much as double other

estimates for the rate of lenga growth.

- The company study failed to examine 75% of the area involved and based its figures on estimates, rather than an actual inventory of the forest.

- The state lost US\$5.5 million due to the below-market values at which the land was sold to the company.

CHIP News will be carrying regular information from the Terram project on CHIP's environmental web site (www.chiper.cl), along with offering advisory and other assistance in the area of international communications.

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HEADLINE: CURRENT EVENTS BRIEFS

KEYWORDS: POLITICS; ECONOMY; INTERNATIONAL; ENVIRONMENT

SOURCE: EL MERCURIO

SOURCE: LA TERCERA

TEXT: Today's other headline stories in brief:

-- SUPREME COURT REJECTS VILLA BAVIERA MOTION. The Criminal Division of the Supreme Court Tuesday rejected two motions by residents of the former Colonia Dignidad to end police action on colony grounds, near the southern town of Parral.

Acting under court order from Special Prosecutor Hernan Gonzalez, Carabineros Police have been occupying Villa Baviera for a month, in search of the German colony's fugitive leader Paul Schaefer, who is wanted for molesting nine children. The colonists filed two motions arguing that police were violating their rights with abusive practices, and that five arrests the officers made on March 24 were illegal.

The Talca Court of Appeals dismissed the motions, and the Supreme Court upheld their decision yesterday. The Supreme Court's decision further offered its full support for Judge Gonzalez, including his thesis that Schaefer remains hidden on colony grounds, possibly in hidden underground tunnels.

In related news, a Parral Court said Tuesday that it did not know the whereabouts of more than 100 young colonists, out of a normal population of 230. A head count in Villa Baviera found that only elderly residents, women, and those with administrative positions were present.

Also Tuesday, the Second Court of Appeals of Talca released on bail seven colony leaders charged with aiding and abetting Schaefer.

-- GEPHARDT BLASTS SUMMIT. Richard Gephardt, minority leader in the U.S. House of Representatives, attacked Tuesday agreements made at last weekend's Summit of the Americas in Santiago to proceed with hemispheric free trade and integration.

"If the global economy goes forward, workers in Brazil, Mexico and Argentina should have the same rights as American workers," Gephardt said before a meeting of the AFL-CIO, the largest labor organization in the U.S. "If workers in other countries do not exercise their rights, ours will not be able to either."

Gephardt is the leading legislative spokesperson opposed to free trade in the U.S. Last November his efforts denied President Clinton's request for Congressional fast track authority, which would expedite the free trade negotiating process. Gephardt says

free trade agreements and hemispheric integration will not safeguard workers' right and environmental regulations.

Gephardt came to Chile last year to meet with labor groups in an effort to create a regional campaign against free trade. Chile, however, has embraced free trade and has bilateral free trade agreements with Canada and Mexico, and is an associate member of Mercosur, a member of APEC and is negotiating a free trade pact with the European Union.

President Frei yesterday said the Summit was a great success. "There was only one winner at the summit and the one winner was Chile," he said.

-- GOVT SHIFTS MAPUCHE NEGOTIATING STANCE. Two local government officials met yesterday with Mapuche groups occupying land owned by forestry companies in Region IX, just a couple of days after the government said it would not negotiate with the indigenous people until they end their takeovers.

The Santa Rosa de Colpi forestry property was peacefully abandoned earlier this week by the Mapuche, while police forcefully evicted 33 Mapuches off property in Pidenco. Two large occupations continue in Region IX, and businesses are growing restless for a solution. The government said over the weekend that businesses "can not take justice into their own hands" and that they must work with local authorities. Both businesses and local authorities said they would not negotiate with the Mapuche until the occupations end.

The Mapuche claim the land belonged to their ancestors and say that the forestry companies should sell it to them.

The local representative for indigenous affairs, Guillermo Pierce, led a small delegation yesterday to meet with the Mapuche on the occupied land. He urged them to end the takeover rapidly and peacefully. The government initiative provoked angry responses from businesses leaders in Santiago. Fernando Leniz, president of Corma, the forestry industry lobby, said the Mapuche will have new incentives to take land if the government negotiates with them.

-- ENVIRONMENTAL ALERT CALLED OFF. Light rain in the Santiago area on Monday night dissipated low clouds and dense smog, said officials at the Metropolitan Region Environmental Commission (Corema), who called off yesterday an air pollution alert that was to last through Wednesday.

Rain frequently clears the skies above Santiago, which can become dangerously polluted in the winter. High levels of carbon monoxide and industrial particles in the air caused officials to announce the environmental alert on Monday. They can predict weather and environmental conditions up to 48 hours in advance.

By mid-day Tuesday, air pollution indices had returned to normal levels. Meteorologists said possible precipitation and wind should keep pollution levels low over the next couple of days.

-- INTERNATIONAL NAVY MEETING CONVENES. Naval delegations from 19 countries kicked off the XIX Inter-American Naval Conference Monday in Vina del Mar, pledging to reinforce gains made by political leaders at last week's Summit of the Americas in Santiago.

Some 17 active squadrons from all over North and South

America are participating, and navies from two nations - Mexico and Nicaragua - are observing. The largest delegation is that of the United States. Delegates are meeting at the Conference Town convention center in Renaca.

The leaders will attend closed-door work sessions to design plans for technology swaps, naval integration in the hemisphere and other maritime issues. Leaders said they would continue the pledge made at the Summit of the Americas to increase hemispheric integration and ensure peace and democracy.

-- TERMITES TAKE OVER SANTIAGO. Termites have invaded 28 Santiago communities and have caused major housing problems in a number of areas, special government researcher Hector Musso said Monday.

Musso has been studying the termite infestation in Santiago in recent months with help from the State Development Corporation (Corfo). His Study on the Impact and Prevention of the Underground Termite is due in late May. Musso said the community of Quinta Normal has suffered the most damage.

"Houses have sunken significantly into the ground and are slanted. I fear that a strong gust of wind will knock them right over," Musso said.

Political leaders reacted to the termite problem by pledging aid money for residents affected by the infestation. Local leaders from Quinta Normal and Independent Democratic Union (UDI) leader Jovino Novoa are working on a bill which would require the Housing Ministry to give subsidies to residents of damaged houses. The subsidies would vary depending on the socio-economic level

of the residents.

Novoa, who is a senator in the Quinta Normal district, said the UDI will back the bill in Congress because "termites are not a political issue."

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HEADLINE: WILL THE CONCERTACION ALLIANCE ENDURE?

As Pinochet's Power Declines, The Reason For The Alliance's Existence Also Wanes

KEYWORDS: POLITICS

SOURCE: REVISTA HOY

TEXT: (Ed note: The following editorial analyzing the recent conflicts in Chile's governing Concertacion political alliance was written by Ascanio Cavallo, editor of Revista Hoy).

For the first time in 10 years the Concertacion political alliance has had to seriously think about its survival. It is paradoxical that the issue comes to the fore as a result of the recent defeat of the accusation against retired General Augusto Pinochet. Perhaps there was no other way. Perhaps the alliance has been in a kind of state of asphyxia, with no way out other than with a strong shot of adrenaline, one of those strong emotional kicks that the alliance always knows where to find - the electroshock provided by the retired general.

The accusation had its origins in the December 1997 election and, more recently, in the change in the Army command. The low vote count in the elections made the Concertacion politicians take notice, especially in Christian Democrats. The poor vote results were linked, to a greater or lesser degree, to the politicians' strict

allegiance to the government, or better said, the transition process. The government was stupefied by the large number of null votes and abstentions.

The change in the military command engineered by Defense Minister Edmundo Perez Yoma also helped generate a climate for the accusation, because in the eyes of many it showcased the excessive concessions that have been accorded the general.

In the end what was at issue was the way the Frei government and, ultimately, Patricio Aylwin's government handled themselves. But this supposed a kind of critical openness that the Concertacion, psychologically speaking, was not prepared for. President Frei's criticism of the accusation [became] less and less veiled, suggesting a kind of neurosis [had] set in.

Perhaps what needs to be revisited is the old notion that Pinochet unites his adversaries. Or at least add an addendum: Pinochet's power unites the opposition, but his loss of power will slowly lead to the dissolution of his opposition. The opposition against the military regime had a greater base when Aylwin assumed power and ... has slowly diminished ever since. Will it fall completely to pieces once Pinochet is no longer senator?

Prophets proclaiming the end of the Concertacion alliance have existed even since before the alliance first began. The libido of the right politicians has fed off this dream for nearly a decade, based on the incompatibility between [the alliance's] participants.

The truth is, these past few decades Chilean politics has been full of incompatibility. Perhaps most notably within the parties themselves. Adolfo Zaldívar has little in common with Andres

Palma - both Christian Democrats. Socialist Party leader Enrique Correa nothing in common with Socialist Party Deputy Juan Pablo Letelier. And the PPD's Sergio Bitar, what does he have in common with Guido Girardi?

These differences did not arise with the constitutional accusation against Pinochet. They are known by everyone. They have been evident throughout the transition process, and if they did not emerge sooner, it is only because no one wanted to give their adversaries ammunition

The accusation was not designed to satisfy any legal principle, but rather to vent a feeling of frustration, of injustice. The sentiment is strong in one part of the Concertacion, while the other part feels successful, triumphant and satisfied, because despite the current limitations, democracy has been restored. The divide between both visions is not strictly political, but for the first time it has become a political issue.

The cost of breaking up the alliance under current circumstances is too great for the members, unless they find new associates, which do not appear to be available anywhere. Which is a good reason why the current upheaval will end with a restoration of order, even if just formal order.

But it is a good reason for political leaders to begin a review of their shared alliance these past years. So that they don't become like one of those unlucky couples that wake up one morning to discover that they don't want to grow old together.

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HEADLINE: BUSINESS BRIEFS

KEYWORDS: ECONOMY; INTERNATIONAL; NAFTA

SOURCE: EL MERCURIO

SOURCE: EL DIARIO

TEXT: Today's top business stories:

-- REAL ESTATE SALES DROP 55 PERCENT. Real estate sales dropped 55 percent in the first quarter of 1998 compared to the same period in 1997. Sales velocity has decreased to levels similar to those during Chile's economic crisis in 1983.

The supply of new homes and apartments dropped 68 percent over the last year. This drop is due to a decrease in demand for new homes, which has caused construction companies to cancel real estate projects. The cancellation of real estate projects falls in line with the Superintendency of Banks' recent recommendation to the entire real estate sector to analyze each project in terms of the Asian economic crisis and its possible repercussions.

Experts from various construction companies estimated that houses take between six and nine months to sell, while apartments take between 12 and 15 months. Offices take 15 months to sell. Construction companies Boetsch and Socovesa agreed that the real estate sector will be seriously affected if this sales decline continues.

-- ENDESA NEGOTIATES US\$650 MILLION IN BONDS. Chilean electric company Endesa launched yesterday a four-year, US\$2.4 billion investment plan. Depreciation of assets will cover US\$1.4 billion, while capital increases and debt restructuring will cover the remaining US\$1 billion.

The company decided at a shareholders' meeting to issue US\$650 million in public offer Yankee bonds on the U.S. market. Despite the opposition of minority shareholders, the group also decided to reduce dividends for 1998 to 75 percent, a move proposed by the board of directors to sustain the company's investment plan over the next few years. Endesa's shareholders also approved a US\$300 million capital increase, which will be carried out within the next few months.

The capital raised from the Yankee bond issue will be used to refinance short-term credit and acquire assets. Endesa President Rodrigo Errazuriz said this means a short-term restructuring of 5 percent of company debt. The company hopes the bonds will be approved in the first half of the year, with a pay period of 30 years.

-- ENDESA MAY PULL OUT OF GASATACAMA PROJECT.

Chilean electric company Endesa is studying the possibility of pulling out of the GasAtacama gas pipeline project, in which it is one of the principal investors. Endesa has signed contracts to invest US\$300 million in the pipeline, and has already paid US\$120 million. The GasAtacama project has already begun construction of a gas pipeline to link northern Chile and Argentina. It will also involve construction of a combined-cycle generator in Mejillones to supply the Great North Interconnected System (SING) market. The project's other major partner, U.S.-based CMS Energy, said the project would go with or without Endesa's participation.

Endesa representatives said two weeks ago at a GasAtacama

board of directors meeting that the company would not be willing to continue participating in the project if two other similar pipeline projects in the north go forward. GasAtacama directly competes with the Norandino gas pipeline, headed by Tractabel and Edelnor. The two projects were at the point of merging when CMS refused, saying it would not give up control of the project to these companies. Experts have warned that the demand for natural gas in the north is not sufficient to support two pipelines.

Conversations between Endesa and CMS are currently stalled, but the construction continues at full swing. This Friday, GasAtacama will hold a ceremony in San Salvador de Jujuy to mark the official commencement of construction in Argentina. Argentine President Carlos Menem and other government authorities will attend.

-- PARQUE ARAUCO TO INVEST US\$300 MILLION.

Chilean mall operator Parque Arauco announced yesterday plans to invest US\$300 million during 1998 in its Chilean and Argentine operations. The company expects sales of US\$2 billion in 1998, which will mark a 14 percent increase over 1997. In Argentina, Parque Arauco is currently studying the acquisition of three malls in Cordoba, and will purchase lots in Rosario and Buenos Aires. In Rosario, the company submitted the best technical study for the bidding of a lot close to the train station. The bidding will be decided within the next 10 days. This project will cost Parque Arauco US\$100 million.

To finance its Argentine operations, the company is currently in negotiations with a number of banks for a credit of

US\$100 million per year, which will allow Arauco to reprogram its liabilities. A US\$200 million takeover bond, with a life of five to six years, will take care of this credit. This will improve the company's capital/debt relationship and help them plan for future investment projects.

-- POLAR EXPECTS EARNINGS OF US\$13 MILLION. Chilean Coca-Cola bottler Polar anticipates 1998 earnings of US\$13 million, up from 1997 earnings of US\$10.8 million. Company President Eduardo Chadwick said he expects Polar's operations in Argentina to gain importance in the company's earnings, as they only represented 15 percent of total earnings in 1997.

Polar will refine its Argentine operations by improving its profit margin, which is at 6.9 percent, well below the 17 percent it has achieved in Chile. This is especially relevant since Polar's sales volume in Argentina is superior to that of Chile.

Polar expects to sell 52 million cases of soda this year, 30 million in Argentina and 22 million in Chile, which represents a 13 percent increase in volume over last year. Chadwick also said Polar will merge its Chilean and Argentine operations to improve its comparative advantages in both countries.

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-- BASIC ECONOMIC INDICATORS :

Dollar's value: Observed, 452.65; Accord, 470.86

Interbank, 452.50

Today's Unidad de Fomento, UF: \$14,224.31

Copper Price: Up 1.59% to US\$0.84===== ATTACHMENT 1 =====
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