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CREATOR: Jay Fenello <Jay@Iperdome.com> (Jay Fenello <Jay@Iperdome.com> [UNKNOWN])

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SUBJECT: Fwd: The Net's First Civil War

TEXT:

FYI:

>Date: Mon, 09 Aug 1999 17:04:06 -0400
>To: Becky Burr <burr@ntia.doc.gov>, paul.scolese@mail.house.gov,
> mark.harrington@mail.house.gov, james.tierney@usdoj.gov,
> Esther Dyson <edyson@edventure.com>,
> Mike Roberts <mmr@darwin.ptvy.ca.us>, comments@icann.org
>From: Jay Fenello <Jay@Iperdome.com>
>Subject: The Net's First Civil War
>Cc: list@ifwp.org, DOMAIN-POLICY@LISTS.INTERNIC.NET,
com-priv@lists.psi.com
>
>
>ICANN vs. NSI
>The Net's First Civil War
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>
>Over the last couple of weeks, a war has erupted
>over the very future of Cyberspace.
>
>Not only have diverse organizations like Ralph
>Nader's CPT and Americans for Tax Reform gotten
>involved, but Congress has held two hearings, and
>launched an investigation into possible collusion
>at the Justice Department, and illegal fundraising
>by the Clinton administration.
>
>To most casual observers, this appears to be a
>spat between the Internet Corporation for Assigned
>Names and Numbers (ICANN), and Network Solutions,
>Inc. (NSI).
>
>In actuality, much, much more is at stake.
>
>The story begins with the phenomenal success of
>the Internet. What was once a sleepy, little research
>experiment funded by the U.S. Government, the Internet
>has grown to become a world-wide frontier of freedom,
>ideas, education, entertainment and commerce.
>
>Along the way, the informal processes used to govern
>the Internet became obsolete. And when governments
>and organizations tried to address the issues that

>required world-wide decisions, they realized that
>no-one was in charge!
>
>To address this situation, a couple of alternatives
>were possible. One involved getting legislation passed
>in over 200 countries throughout the world! Not very
>likely, and certainly not very efficient.
>
>Instead, the Clinton administration proposed a U.S.
>based, non-profit corporation to assume the management
>of the coordinated technical functions of the Internet.
>This new organization would use "flow down" contracts
>that would specify every right and obligation for
>anyone wishing to use the Internet.
>
>Last year, Commerce decided that ICANN was to be this
>organization. It has been embroiled in controversy
>ever since.
>
>On the other side of this debate is NSI. NSI was the
>recipient of a government Cooperative agreement, and had
>the exclusive rights to register all domains in the .com,
>.net, .org and .edu Top Level Domains (TLDs). And while
>most people consider NSI an unfair monopoly in dire need
>of some competition, there was no such consensus about
>how to devolve their monopoly.
>
>From ICANN's perspective, NSI is administering TLDs
>which belong to the public, TLDs that are under ICANN's
>control. In other words, ICANN is claiming superior
>ownership rights in *all* domain names.
>
>ICANN's version of competition is to contract the
>administration of *their* TLDs to the lowest bidder,
>and to strictly license all domain name resellers, all

>while forcing Netizens to agree with some very heavy-
>handed policies in the process.
>
>From NSI's perspective, they have built a business
>around registering domain names, and they have built
>certain Intellectual Property rights in their client
>information and in their brands. For ICANN to claim
>superior rights on behalf of the "public" is simply
>an attempt to confiscate their property without just
>compensation.
>
>NSI's version of competition involves new TLDs being
>introduced by ICANN, with competition between TLDs
>based on price and service as the result.
>
>This, in a nutshell, describes the public fight.
>And it highlights two very different futures for
>the Internet. In one, ICANN owns/controls the assets

>underlying the Internet -- the domain names, the IP
>addresses, and the protocol numbers. This can be
>equated with a top-down, regulatory approach to
>Internet Governance.
>
>In the other, private ownership/control is coordinated
>through a "consent of the governed" approach to Internet
>governance. Individuals and organizations continue to
>own their respective Internet resources, and *choose*
>to interconnect based upon rules that are derived from
>a bottom-up consensus process.
>
>That's what this debated comes down to -- public ownership
>vs. private ownership, Socialism vs. Capitalism, the rights
>of the state vs. the rights of the individual -- and it's
>not like we haven't explored these concepts before!
>
>In many ways, the virtual world is simply a reflection
>of our real world. Attempts to bring order to the chaos
>of cyberspace are exactly the same as attempts to bring
>order to the real world.
>
>The Internet is the Internet because it embraces certain
>concepts -- freedom, private ownership, personal choice.
>The decisions we are about to make may change all of this.
>
>Let's hope we choose wisely.
>
>Respectfully,
>
>Jay Fenello
>President, Iperdome, Inc. 404-943-0524
>-----
>What's your .per(sm)? <http://www.iperdome.com>
>
>"Those who do not remember the past are condemned to repeat it."
>-George Santayana
>

RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: U09885@UICVM.UIC.EDU (U09885@UICVM.UIC.EDU [UNKNOWN])

CREATION DATE/TIME:12-AUG-1999 12:54:35.00

SUBJECT: Background Notes: Slovak Republic, August 1999

TO: DOSBACK@LISTSERV.UIC.EDU (DOSBACK@LISTSERV.UIC.EDU [UNKNOWN])

READ:UNKNOWN

TEXT:

Background Notes: Slovak Republic, August 1999

Released by the Bureau of European Affairs

U.S. Department of State

Official Name: The Slovak Republic

PROFILE

Geography

Area: 49,035 sq. km. (about the size of West Virginia).

Cities: Capital -- Bratislava (pop. 452,053).

Other cities -- Kosice (240,915), Zilina (86,685), Nitra (87,357), Presov (92,687), Banska Bystrica (84,919).

Terrain: High mountains in the north, low mountains in the center, hills to the west, Danube river basin in the south.

Climate: Temperate; average temperature in January 26.5°F; in July 68°F. Annual precipitation 24"-40".

People

Nationality: Noun and adjective -- Slovak(s).

Population (1996 est.): 5,374,362.

Annual growth rate (1996 est): 0.34%.

Ethnic groups: Slovaks 85.7%, Hungarians 10.7%, Roma 1.5%, Czechs 1%, Ruthenians 0.3%, Ukrainians 0.3%, Germans 0.1%, Poles 0.1%, other 0.3%.

Religions: Roman Catholic 60.2%, Protestant 8.4%, Orthodox 4.1%, Jewish 0.1%, other 17.5%. 9.7% report no affiliation. Languages: Slovak (official), Hungarian, Ruthenian, and Ukrainian.

Education: Literacy -- 99%.

Health: Life expectancy -- 69 yrs. males. 77 yrs. females.

Work force (2.5 million): Industry, construction, commerce 59%.

Government and other services 29%. Agriculture 12%.

Government

Type: Parliamentary republic.

Independence: The Slovak Republic was established January 1, 1993 (former Czechoslovak Republic established 1918).

Constitution: Signed September 3, 1992.

Branches: Executive -- president (head of state), prime minister (head of government), cabinet. Legislative -- National Council of the Slovak

Republic (150 seats). Judicial -- Supreme Court, Constitutional Court.
Political Parties: Movement for a Democratic Slovakia (HZDS) 43 seats;
Slovak Democratic Coalition (SDK) 42 seats; Party of the Democratic
Left (SDL) 23 seats; Party of the Hungarian Coalition 15 seats;
Slovak National Party (SNS) 14 seats; Party of Civic Understanding, 13
seats.

Suffrage: Universal at 18 years.

Administrative divisions: Eight administrative regions, 79 districts.

Flag: Three horizontal bands of white (upper), blue (middle), and red
(lower), with heraldic insignia near staff consisting of double white
cross on red field above blue base.

EconomyGDP: \$18.15 billion (1998).

Nominal per capita income (est.): \$3,360.

Natural resources: Antimony, mercury, iron, copper, lead, zinc,
magnesite, limestone, lignite.

Agriculture: Products -- milk, eggs, poultry, cattle, hogs, potatoes,
oils, grains, vegetables.

Industry: Types -- iron and steel, chemicals, automobiles, light
industry, food processing, engineering, building materials.

Trade: Exports -- \$9.37 billion: iron and steel, vehicles, machinery
and energy equipment, plastics, fiber optics. Imports -- \$11.41
billion: mineral fuels and oils, machinery, audio/video equipment,
vehicles. Trading partners -- Germany, Czech Republic, Austria,
Russia, Hungary, Italy, Poland.

Foreign Investment: \$1.42 billion.

PEOPLE

The majority of the 5.3 million inhabitants of the Slovak
Republic are Slovak (86%). Hungarians are the largest ethnic minority
(11%) and are concentrated in the southern and eastern regions of
Slovakia. Other ethnic groups include
Roma, Czechs, Ruthenians, Ukrainians, Germans, and Poles.

The Slovak constitution guarantees freedom of religion. The
majority of Slovak citizens (60%) practice Roman Catholicism;
the second-largest group are Protestants. About 3,000 Jews remain of
the estimated pre-WWII population of 120,000. The official state
language is Slovak, and Hungarian is widely spoken in the southern
region.

Despite its modern European economy and society, Slovakia has a
significant rural element. About 45% of Slovaks live in villages of
less than 5,000 people, and 14% in villages of less than 1,000.

HISTORY

From the 11th until the early 20th century, present-day Slovakia was
under Hungarian rule. The Slovak national revival was begun in the 19
century by intellectuals seeking to revive the Slovak language and
culture. The formation of the Czechoslovak Republic in 1918 following
World War I satisfied the common aspirations of Czechs and Slovaks for

independence from the Habsburg Empire.

Although Czechoslovakia was the only east-central European country to remain a parliamentary democracy from 1918 to 1938, it was plagued with minority problems, the most important of which concerned the country's large German population. In 1938, the Allies concluded the Munich agreement which forced Czechoslovakia to cede the predominantly German region known as Sudetenland to Germany. Then, in March 1939 Germany invaded what remained of Bohemia and Moravia and established a German protectorate. Slovakia had already declared its independence on March 14, 1939, and had become a Nazi German puppet state led by Jozef Tiso.

On August 29, 1944, 60,000 Slovak troops organized by the underground rose up against the Nazis and the Tiso regime in what became known as the Slovak National Uprising. Although ultimately unsuccessful, this act of resistance became an important historical landmark for the Slovaks. At the close of World War II, Soviet troops overran all of Slovakia, Moravia, and much of Bohemia.

Reunited after the war, the Czechs and Slovaks held elections in 1946. In Slovakia, the Democratic Party won the elections, but the Czechoslovak Communist Party won 38% of the total vote in Czechoslovakia and eventually seized power, in February 1948. The next four decades were characterized by strict communist rule, interrupted only briefly in 1968 when Alexander Dubcek, a Slovak, became party leader. Dubcek proposed political, social, and economic reforms in his effort to make "socialism with a human face" a reality. Concern among other Warsaw Pact governments that Dubcek had gone too far led to the invasion and occupation of Czechoslovakia on August 21, 1968, by Soviet, Hungarian, Bulgarian, East German, and Polish troops. Dubcek was removed as party leader and replaced by another Slovak, Gustav Husak, in April 1969.

The 1970s and 1980s became known as the period of "normalization," in which the apologists for the 1968 Soviet invasion prevented, as best they could, any opposition to their conservative regime. Political, social, and economic life stagnated. Because the center of the reform movement had been in Prague, normalization was less harshly felt in Slovakia. In fact, the Slovak Republic saw comparatively high economic growth in the 1970s and 1980s relative to the Czech Republic.

The 1970s were also characterized by the development of a dissident movement, especially in the Czech Republic. On January 1, 1977, more than 250 human rights activists signed a manifesto called Charter 77, which criticized the government for failing to meet its human rights obligations.

On November 17, 1989, a series of public protests known as the "Velvet Revolution" began and led to the downfall of communist rule in Czechoslovakia.

A transition government was formed in December 1989, and the first free elections in Czechoslovakia since 1948 took place in June 1990. In 1992, negotiations on the new federal constitution deadlocked over the issue of Slovak autonomy, and in the latter half of 1992, agreement was

reached to peacefully divide Czechoslovakia. On January 1, 1993, the Czech Republic and the Slovak Republic were simultaneously and peacefully founded. Both states attained immediate recognition from the U.S. and their European neighbors.

GOVERNMENT AND POLITICAL CONDITIONS

Slovakia's highest legislative body is the 150-seat unicameral National Council of the Slovak Republic. Delegates are elected for 4-year terms on the basis of proportional representation. The Slovak political scene supports a wide spectrum of political parties ranging from the successors to the Communist Party -- the Party of the Democratic Left (SDL) -- to the nationalistic Slovak National Party (SNS) on the right.

In the days following the "Velvet Revolution," Charter 77 and other groups united to become the Civic Forum, an umbrella group championing bureaucratic reform and civil liberties. Its leader was the dissident playwright Vaclav Havel who was elected President of Czechoslovakia in December 1989. Its Slovak counterpart, Public Against Violence, was based on the same ideals.

In the June 1990 elections, Civic Forum and Public Against Violence won landslide victories. Civic Forum and Public Against Violence found, however, that although they had successfully completed their primary objective -- the overthrow of the communist regime -- they were less effective as governing parties. In the 1992 elections, both Civic Forum and Public Against Violence were replaced by a spectrum of new parties.

In elections held in June 1992, Vaclav Klaus's Civic Democratic Party won in the Czech lands on a platform of economic reform, and Vladimir Meciar's Movement for a Democratic Slovakia (HZDS) emerged as the leading party in Slovakia, basing its appeal on fairness to Slovak demands for autonomy. Meciar and Klaus negotiated the agreement to divide Czechoslovakia, and Meciar's party -- the Movement for a Democratic Slovakia (HZDS)-- ruled Slovakia for most of its first 5 years as an independent state, except for a 9-month period in 1994, during which Slovakia was ruled by a reformist government under Prime Minister Jozef Moravcik. The Moravcik government succeeded the country's initial HZDS-SNS coalition government led by Meciar after a vote of no confidence in March 1994, but Meciar returned to power in December 1994.

In the run-up to elections in October 1998, Meciar's government was accused of thwarting democratic principles and imposing a biased election law. A record 84% of voters participated in the vote, giving the Dzurinda government a clear mandate for change to a reformist coalition led by economist Mikulas Dzurinda and made up of four diverse parties -- the Slovak Democratic Coalition (SDK), SDL, the Party of the Hungarian Coalition (SMK), and the Party of Civic Understanding (SOP).

Since the election, the new government has exposed widespread corruption and economic mismanagement by the previous government, which had seriously undermined efforts to maintain economic growth and integrate into Euro-Atlantic institutions.

Under the original Slovak Constitution, the president was elected by Parliament to a 5-year term. Since the Parliament was unable to agree on a successor to President Michal Kovac when his term ended March 2, 1998, most presidential powers reverted to the prime minister. In January 1999, Parliament passed a constitutional amendment allowing for direct election of the president. Kosice Mayor Rudolf Schuster was elected president in a May 1999 run-off with former PM Meciar and took office on June 15, 1999. The president serves as commander in chief of the armed forces, appoints ministers, grants pardons, and has the right to dissolve Parliament under certain circumstances. The president also signs laws and has the right to return legislation to Parliament, but Parliament can override this veto with a simple majority vote.

The country's highest court of appeals is the Supreme Court, elected by and responsible to the National Council. The 10 members of the Constitutional Court, who rule on constitutional issues, are appointed by the president from a choice of candidates nominated by Parliament.

National Security

The Slovak Armed Forces have a total of approximately 39,000 personnel, including two Army Corps and one Air and Air Defense Corps. These forces include a Rapid Reaction Battalion designed to participate in peacekeeping operations. It became operational in December 1996. Slovakia contributed an engineering battalion to the UN Transitional Administration for Eastern Slavonia (UNTAES), and has been an active participant in Partnership for Peace exercises. Opinion polls consistently show the Army to be the nation's most trusted institution. The defense budget is increasing slightly, but cuts in personnel to 36,000 are planned. Slovakia aspires to become a member of NATO, and is actively working to meet membership requirements.

Principal State Officials

President -- Rudolf Schuster

Prime Minister -- Mikulas Dzurinda

Minister of Foreign Affairs -- Eduard Kukan

Ambassador to the United States -- Martin Butora

Chargi d'Affaires to the United Nations -- Peter Tomka

Ambassador to NATO -- Peter Burian

Ambassador to the EU -- Juraj Migas

Slovakia maintains a temporary chancery in the United States at Suite

380, 2201 Wisconsin Avenue NW, Washington, D.C. 20007. Construction on a permanent chancery is due to be completed in 2000.

Slovakia maintains a foreign trade office in New York and honorary consulates in Chicago, Denver, Minneapolis, Pittsburgh, and Cleveland.

ECONOMY

Since the establishment of the Slovak Republic in January 1993, Slovakia has continued the difficult transformation from a centrally planned economy to a modern market-oriented economy. This process slowed somewhat in the 1994-1998 period due to the crony capitalism and irresponsible fiscal policies of the Meciar government. While GDP growth rates and macroeconomic performance indicators rose steadily during this period, public and private debt and trade deficits soared, and privatization, often tarnished by corrupt insider deals, progressed only in fits and starts. GDP growth peaked at 7% in 1996, declining to about 5% for 1998. Much of this growth, however, was attributable to high government spending and over-borrowing rather than productive economic activity. Economic growth slowed to 1.8% in the first quarter of 1999 and will probably not exceed 1% for the year. Inflation, which had dropped from 26% in 1993 to 6% in 1997, is again rising, standing at about 7.5% at the end of 1998. It may reach 12-13% in 1999. The trade and current account deficits reached 11% of GDP in the first half of 1998. Gross foreign debt was about \$12 billion at the beginning of 1999, more than 60% of GDP, but is expected to decline to \$10 billion by the end of the year due to a change in monetary instruments of the National Bank. In May 1999, the Government of Slovakia approved a wide-ranging package of austerity programs to cut state spending, lower social benefits, and deregulate various prices, such as those for electricity, natural gas, and public transportation. These measures are expected to lower the budget deficit to 2.5-3% of GDP, down from 6% in 1998.

Slovakia continues to have problems attracting foreign investment, although the Dzurinda government has introduced incentives to foreign direct investment. The most egregious privatization scandals of the Meciar period are being reviewed and many state-held companies, including banks and telecoms, will be privatized in the next 1-2 years. The new government's ambitious economic plans could founder if the coalition lacks unity on some of the more painful economic decision. Encouraging words from the EU, OECD and foreign creditors should help Dzurinda and his team boost public support for their program within Slovakia.

Germany is Slovakia's largest trading partner, purchasing about 23% of Slovakia's exports and supplying more than 25% of its imports. Other major partners include the Czech Republic, Austria, Russia, and Italy. Slovakia imports nearly all of its oil and gas from Russia. Slovakia's export markets are primarily OECD countries and the European Union. More than 50% of its trade is with EU members. The United States accounts for about 3% of total trade with Slovakia. The Slovak Republic has Most Favored Nation status and receives duty-free (GSP) benefits for many of its products.

The government has applied for membership in the OECD and the EU. Slovakia signed an Association Agreement with the EU in October 1993, which went into effect in February 1995. In 1994, Slovakia was one of the original members of the Central European Free Trade Agreement (CEFTA).

FOREIGN RELATIONS

Since Slovakia became an independent state in 1993, the government has stated that integration into Western economic and security structures is its chief foreign policy objective. While Slovakia has generally met the economic requirements for membership in these institutions and was initially favored to be in the first round of integration, international concerns about the state of democratic development are currently an obstacle for EU and NATO accession. Slovakia is in the accession process for membership in the Organization for Economic Cooperation and Development (OECD).

Slovakia and the Czech Republic entered into a Customs Union upon the division of Czechoslovakia in 1993. The Customs Union enables a relatively free flow of goods and services. CEFTA similarly has improved market access for Slovakia's neighbors. Hungary and Slovakia signed a Basic Treaty in 1995 and are currently negotiating its implementation.

Slovakia is a member of the United Nations and participates in its specialized agencies. It is a member of the Organization for Security and Cooperation in Europe (OSCE) and the World Trade Organization (WTO). It maintains diplomatic relations with 135 countries of which 44 have permanent representation in Bratislava.

U.S.-SLOVAKIA RELATIONS

Millions of Americans have their roots in Slovakia and many retain strong cultural and familial ties to the Slovak Republic. President Woodrow Wilson and the United States played a major role in the establishment of the original Czechoslovak state on October 28, 1918, and President Wilson's Fourteen Points were the basis for the union of the Czechs and Slovaks. Tomas Masaryk, the father of the Czechoslovak state and its first president, visited the United States during World War I and used the U.S. Constitution as a model for the first Czechoslovak Constitution.

Relations were cool between the two governments during the 50 years of communist rule. When the Soviets invaded Czechoslovakia in August 1968, the United States referred the matter to the UN Security Council as a violation of the UN Charter, but no action was taken against the Soviets.

The fall of the Communist regime in Czechoslovakia in 1989 and the subsequent split of the two republics on January 1, 1993, allowed for renewed cooperation between the U.S. and Slovakia. The United States has delivered more than \$200 million since 1990 to support the

rebuilding of a healthy democracy and market economy in Slovakia, primarily through programs administered by the U.S. Agency for International Development (USAID). Slovakia and the U.S. retain strong diplomatic ties, cooperate in military and law enforcement areas, and engage in economic partnership. The election of a pro-Western, reformist government in late 1998 has further boosted close ties between the countries.

Principal U.S. Embassy Officials

Ambassador -- Vacant (Ambassador-designate -- Carl Spielvogel)

Deputy Chief of Mission -- Douglas Hengel

Political Officer -- Michael Martin

Economic/Commercial Officer -- Mark Bochetti

Senior Commercial Officer -- Stephen Craven (resident in Vienna)

Consul -- Sara Potter

Administrative Officer -- Heather A. Townsend

Public Affairs Officer (USIS) -- Richard O. Lankford

Defense Attache -- Lieutenant Colonel John Markowicz

USAID Representative -- Paula Goddard

Peace Corps Director -- Nelson Chase

The U.S. embassy in Slovakia is located at Hviezdoslavovo namestie 4, 81102 Bratislava (tel: 421-7-5443-08-61 or 421-7-5443-33-38; fax: 421-7-5443-00-96). Duty hours are Monday through Friday, 8:00 a.m. to 4:30 p.m. The embassy is closed on U.S. and Slovak holidays.

TRAVEL AND BUSINESS INFORMATION

The U.S. Department of State's Consular Information Program provides Travel Warnings and Consular Information Sheets. Travel Warnings are issued when the State Department recommends that Americans avoid travel to a certain country. Consular Information Sheets exist for all countries and include information on immigration practices, currency regulations, health conditions, areas of instability, crime and security, political disturbances, and the addresses of the U.S. posts in the country. Public Announcements are issued as a means to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas which pose significant risks to the security of American travelers. Free copies of this information are available by calling the Bureau of Consular Affairs at 202-647-5225 or via the fax-on-demand system: 202-647-3000. Travel Warnings and

Consular Information Sheets also are available on the Consular Affairs Internet home page: <http://travel.state.gov> and the Consular Affairs Bulletin Board (CABB). To access CABB, dial the modem number: 301-946-4400 (it will accommodate up to 33,600 bps), set terminal communications program to N-8-1 (no parity, 8 bits, 1 stop bit); and terminal emulation to VT100. The login is travel and the password is info. (Note: Lower case is required). The CABB also carries international security information from the Overseas Security Advisory Council and Department's Bureau of Diplomatic Security. Consular Affairs Trips for Travelers publication series, which contain information on obtaining passports and planning a safe trip abroad, can be purchased from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954; telephone: 202-512-1800; fax 202-512-2250.

Emergency information concerning Americans traveling abroad may be obtained from the Office of Overseas Citizens Services at (202) 647-5225. For after-hours emergencies, Sundays and holidays, call 202-647-4000.

Passport Services information can be obtained by calling the 24-hour, 7-day a week automated system (\$.35 per minute) or live operators 8 a.m. to 8 p.m. (EST) Monday-Friday (\$1.05 per minute). The number is 1-900-225-5674 (TDD: 1-900-225-7778). Major credit card users (for a flat rate of \$4.95) may call 1-888-362-8668 (TDD: 1-888-498-3648). Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 877-FYI-TRIP (877-394-8747) and a web site at <http://www.cdc.gov/travel/index.htm> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled Health Information for International Travel (HHS publication number CDC-95-8280) is available from the U.S. Government Printing Office, Washington, DC 20402, tel. (202) 512-1800.

Information on travel conditions, visa requirements, currency and customs regulations, legal holidays, and other items of interest to travelers also may be obtained before your departure from a country's embassy and/or consulates in the U.S. (for this country, see "Principal Government Officials" listing in this publication).

U.S. citizens who are long-term visitors or traveling in dangerous areas are encouraged to register at the U.S. embassy upon arrival in a country (see "Principal U.S. Embassy Officials" listing in this publication). This may help family members contact you in case of an emergency.

Further Electronic Information

Department of State Foreign Affairs Network. Available on the Internet, DOSFAN provides timely, global access to official U.S. foreign policy information. Updated daily, DOSFAN includes Background Notes; Dispatch, the official magazine of U.S. foreign policy; daily press briefings; Country Commercial Guides; directories of key officers of foreign service posts; etc. DOSFAN's World Wide Web site is at <http://www.state.gov>.

U.S. Foreign Affairs on CD-ROM (USFAC). Published on an annual basis by the U.S. Department of State, USFAC archives information on the Department of State Foreign Affairs Network, and includes an array of

official foreign policy information from 1990 to the present. Contact the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. To order, call (202) 512-1800 or fax (202) 512-2250.

National Trade Data Bank (NTDB). Operated by the U.S. Department of Commerce, the NTDB contains a wealth of trade-related information. It is available on the Internet (www.stat-usa.gov) and on CD-ROM. Call the NTDB Help-Line at (202) 482-1986 for more information.

[end document]

RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: PlanetOut NewsPlanet <feedback@planetout.com> (PlanetOut NewsPlanet <feedback@planetout.com> [UNKNOWN])

CREATION DATE/TIME:12-AUG-1999 01:11:31.00

SUBJECT: [GLBT-NEWS:PNO] Henderson, KY Rights in Process

TO: GLBT-NEWS List <glbt-news-owner@duh.org> (GLBT-NEWS List <glbt-news-owner@duh.org> [UNKNOWN])
READ:UNKNOWN

TEXT:

NOTE TO INTERNET USERS: To unsubscribe from this list, DO NOT REPLY TO THE ADDRESS ABOVE! Send an e-mail with just the word "unsubscribe" in the message
(not the subject line) to: glbt-news-request@duh.org
If you have problems, mail: glbt-news-owner@duh.org

NEWS SOURCE: PlanetOut NewsPlanet - <http://www.planetout.com/>
BACKGROUND OF NEWS SOURCE:

PlanetOut is a web site with oodles of news, information, and just plain Web-fun for the gay community. Visit their site and support their news staff that bring you these articles. This particular article may have even more links--for the Web version of this article, go to:
<http://www.planetout.com/news/article.html?1999/08/11/4>

Henderson, KY Rights in Process
NewsPlanet Staff
Wednesday, August 11, 1999 / 10:02 PM

SUMMARY: A 3rd Kentucky city is grappling with its stance on anti-l/g/b/t discrimination, and fairness seems to be in the air.

The Henderson, Kentucky City Commission on August 10 agreed 3 - 2 to begin consideration of an ordinance to prohibit discrimination based on sexual orientation and gender identity in employment, housing and public accommodations. The proposal from the Henderson Fairness Campaign had been recommended by the city's Human Relations Commission, despite a crowd of several hundred attending a meeting to oppose the move in a tent-revival atmosphere.

The City Commission tentatively scheduled work sessions (open to the public but not accepting public comment) for August 30 and September 21 and formal first and second readings at meetings including public comment on September 14 and 28. If passed on the second reading, the so-called Fairness Ordinance will become law. Supporters of the proposal urged the fastest possible process on the proposal to limit

its divisiveness, while opponents accused them of rushing.

Just how much public comment to accept was a question that created its own division among Commissioners, with the same three (Mayor Joan Hoffman, Michele Deep and Sonny Ward) who support the ordinance favoring time-limited public comment balanced between opinions pro and con, while the ordinance's two opponents (Robbie Mills and Russell Sights) want all who wish to state an opinion to have the chance to do so. According to the Henderson "Gleaner," Sights said that to limit debate was to border on "communism and socialism," to the dismay of Ward. Mills maintained that while the Fairness Campaign was organized in support of the measure, there was no equivalent opposition -- even though the Christian Coalition of Henderson formed for precisely that purpose, and was responsible for the record-breaking turnout at the earlier Human Relations Commission meeting.

Guidelines for public participation will be a major topic at the first work session, along with the city attorney actually presenting a draft ordinance and a legal opinion on the city's standing to adopt and enforce it. Despite Louisville and Lexington having passed similar ordinances this year -- the first Kentucky cities to do so -- Sights questioned whether Henderson could do so. Deep cited the 1996 Supreme Court decision striking down Colorado's Amendment 2 (to prohibit and/or overturn local ordinances recognizing lesbians, gays and bisexuals as minorities) as evidence that cities could expand civil rights protections. Only Ward opposed a motion by Sights to specifically require the city attorney to carry out legal research, which Ward believed to be a standard procedure for all bills.

Jefferson County, Kentucky's commission, known as the Fiscal Court, will be taking up a similar ordinance on August 24. Indications so far are that it will be enacted.

===== From the GLBT-NEWS mailing list =====

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RECORD TYPE: FEDERAL (NOTES MAIL)

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RADIO FREE EUROPE/RADIO LIBERTY, PRAGUE, CZECH REPUBLIC

RFE/RL CAUCASUS REPORT

Vol. 2, No. 32, 19 August 1999

A Weekly Review of Political Developments in the North
Caucasus and Transcaucasia from Radio Free Europe/Radio
Liberty

GEORGIAN ELECTION ALLIANCE DELAYED. On 31 July, Tamaz Nadareishvili, who heads the so-called Abkhaz parliament-in-exile comprising ethnic Georgian deputies to the Abkhaz parliament elected in late 1991, announced that his Party for the Liberation of Abkhazia (AGP) would cement an election alliance the following day with the ruling Union of Citizens of Georgia. On 2 August, however, Nadareishvili said the signing ceremony had been postponed until 10 August for reasons he declined to explain. He stressed, however, that "all formalities have been settled, [and] principal agreement has been reached." Then on 18 August, Nadareishvili announced that consultations on the alliance have been completed, and it will be finalized "soon." He added that his primary objective for pursuing the alliance was to secure the representation of his party (which has an estimated 53,000 members), in parliament. He did not mention any shared policy priorities with the SMK.

Less surprising than the repeated delays in finalizing that alliance is the willingness of the SMK even to consider it in the first place. The ruling party subscribes to Georgian President Eduard Shevardnadze's insistence that Georgia's control of the breakaway Black Sea republic of Abkhazia should be restored through peaceful negotiations, or if that proves impossible, with the help of a Kosova-style peace enforcement operation launched by NATO and/or the UN. Nadareishvili, as the name of his party indicates, advocates a military operation with Georgian participation to achieve that aim. In addition, relations between the Abkhaz leadership-in-exile and the Georgian government have been strained by the mysterious abduction in July in

western Georgia of the entire Abkhaz government in exile (see "RFE/RL Caucasus Report," Vol.2, No. 28, 15 July 1999). Nadareishvili has accused a Georgian Defense Ministry battalion of staging that abduction.

This latest delay in finalizing the SMK-AGP alliance, however, may be related to other aspects of the ongoing search for a solution to the Abkhaz conflict. Meeting in Moscow on 4 August, Abkhaz President Vladislav Ardzinba and Georgian Minister of State Vazha Lortkipanidze succeeded in overcoming most, but not all, of their disagreements over the wording of a draft protocol on the return to Abkhazia of ethnic Georgians who fled during the 1992-1993 war or the renewed fighting in May 1998. The Georgian side reportedly undertook to decide within one week whether to endorse the draft protocol, but there have been no subsequent reports that it has indeed done so.

Tough bargaining may be taking place behind the scenes, but it is unclear which side is calling the shots. It would be understandable for the SMK not to want to risk losing the votes of the AGP's 53,000 members, and of the additional 100,000-plus Georgian displaced persons from Abkhazia who regard Nadareishvili as their leader. But at the same time, if Nadareishvili is demanding that Tbilisi take a tougher stance in its ongoing negotiations with Sukhumi, the Georgian leadership may be reluctant to comply.

One further piece of information may be of relevance: on 17 August, "Dilis gazeti" quoted parliament deputy Irakli Batiashvili, a former head of Georgian intelligence, as accusing the Georgian leadership of withdrawing its (clandestine) support for the Georgian guerrilla formations that have operated with impunity in Abkhazia for the past few years, murdering dozens of Russian peacekeepers and Abkhaz policemen. (Liz Fuller)

GEORGIA SAYS ABKHAZIA HARBORS ISLAMIC MILITANTS. In an interview with Caucasus Press on 18 August, former Georgian State Security Minister Shota Kviraia claimed that the presence of Islamist militants in Abkhazia (presumably en route for Chechnya or Daghestan, although he did not say so explicitly) constitutes a threat to Georgia. Kviraia said that numerous Wahhabists arrive in Abkhazia from Muslim countries, bringing with them large quantities of weaponry.

The same day, Astamur Tania, who is an advisor to President Ardzinba, denied that there is any danger of Islamic fundamentalism in Abkhazia, noting that "Muslims and Christians live side by side" in Abkhazia, and "the religious factor does not play a leading role" there.

Tania further noted that the ideologists of Islamic fundamentalism in the North Caucasus promote the idea of

an Islamic state independent of Russia that would incorporate Abkhazia. Such a state is of no interest to Abkhazia, Tania said, as Abkhazia has already determined its status as an independent republic. (Liz Fuller)

TENSIONS EMERGE IN DEMIRCHIAN'S PARTY. Hmayak Hovannisian, who was one of the founding members of parliament speaker Karen Demirchian's People's Party of Armenia (HZhK), argued on 13 August that the presence of non-reformed former Communist bosses in the former Armenian Communist Party First Secretary's entourage threatens his pre-election pledge to improve life in Armenia.

Hovannisian's criticism of unnamed prominent HZhK members who have "failed to rid themselves of the hypnosis of old approaches" was the latest in a series of mutual verbal attacks between the younger and older generations within the HZhK that could jeopardize the unity of Demirchian's party, which is one of two constituent members of the Miasnutyun bloc - the winner of the May elections. The two party factions are led by Hovannisian and deputy parliament speaker Ruben Miroyan, with the latter believed to enjoy greater support from Demirchian.

"Those individuals are unable to change and must leave the political arena so that [the Armenian] people don't suffer more losses," Hovannisian said in an apparent reference to Miroyan and his allies. But he made it clear that his feud with Miroyan will not cause a split in Miasnutyun as long as Demirchian and the bloc's second co-head, Prime Minister Vazgen Sarkisian, have no major policy differences. Miasnutyun's unity hinges on the success of the government's economic policy, Hovannisian said.

Capitalizing on Demirchian's huge popularity, Miasnutyun campaigned on a largely populist platform that called for greater involvement by the state in economic affairs. But post-election developments indicate that there will no major shift in the economic policy agreed upon with Western lending institutions.

Hovannisian deplored the fact that there has been little change so far in the government's tax collection policy, which he said threatens to shrink the already small middle class in Armenia. He argued that it is the middle class rather than the large "economic monopolies" with government connections that bear the brunt of rising tax rates and tougher methods of tax collection.

A political scientist by training, Hovannisian worked for several years as an expert in the lower house of the Russian parliament before joining Demirchian in 1998 to help him set up the HZhK as a center-left party advocating a "European socialism." He is known as its chief ideologist and the author of its platform.

(Ruzanna Khachatryan)

ARMENIA STILL SUFFERING AFTER-EFFECTS OF RUSSIAN CRISIS.

One year after a grave financial crisis pushed Russia to the brink of economic collapse, Armenia has yet to recover from its repercussions. Having largely maintained relative financial stability, the country has nonetheless failed to avoid an industrial downturn and a sharp decline in vital remittances from thousands of Armenians working in Russia. With the Russian economy reportedly on the mend, the situation in Armenia is beginning to stabilize, but analysts warn that more woes may lie ahead.

Among the factors that helped Armenia fend off a major financial meltdown, economists note the small size of its financial market, low dependence on expensive internal borrowing and the tight fiscal-monetary policies pursued by the government and Central Bank. Indeed, inflation has been at a record-low single-digit level and the exchange rate of the national currency, the dram, has changed little since August 1998.

But the crisis did take its toll on Armenia's financial system. Yields on short-term government bonds shot up from 35 to 60 percent after cash-strapped Russian investors quit the market. As a result, foreign financial companies' share in the Armenian market for state treasury bills has fallen from 60 to 20 percent.

The worst effects of the crisis have been experienced by Armenia's manufacturing sector where many industrial enterprises lost their traditional markets in Russia. Industrial output fell in the second half of last year despite overall economic growth. The decline continued into the first quarter of this year. And Russian industrial groups have had to axe their planned investment projects in Armenia.

According to some estimates, monthly money transfers from Russia have fallen by half to \$6 million over the past year. The resulting lower domestic consumption and demand has reduced imports.

In another significant change, Russia and other former Soviet republics have ceased to be Armenia's main trade partners. Trade with CIS countries accounted for 43 percent of the country's external economic turnover in the first half of 1998. The figure was half that during the same period this year. On the other hand, countries of the European Union currently have an all-time high 32 percent share in Armenia's foreign trade.

As the economic decline in Russia bottomed out, Armenian industrial output again started to grow in the second quarter of this year at a robust 7 percent rate. Heghine Manasian, an analyst for the EU's Armenia Economic Trends project, finds this tendency particularly encouraging. But she cautions that the

previous cabinet's underestimation of the negative consequences of the Russian crisis has cost Yerevan dearly.

This is evidenced by its serious budget shortfall which has delayed the release of more loans from the International Monetary Fund and World Bank. Manasian says the present government's decision to raise taxes will "reduce economic activity" and push consumer prices up. This will hardly help the Armenian economy. (Atom Markarian)

QUOTATIONS OF THE WEEK. "[Daghestan] is radically different from what occurred in Chechnya. That was a war by separatists who had 95 percent of the population behind them. This is aggression by Islamic extremists against Russia." -- Yabloko chairman Grigorii Yavlinskii, quoted in "The New York Times," 15 August 1999.

"Chechnya, North Ossetia, Ingushetia, and Karachaevo-Cherkessia are all links on the same chain. Unresolved problems inevitably lead to new conflicts. Dagestan is an illustration of this." -- Acting Russian Prime Minister Valdimir Putin, addressing the Russian State Duma on 16 August (quoted by Interfax).

"We consider the holding of free and fair municipal elections to be an important step in the democratic process in Azerbaijan. One of the key issues flagged by the OSCE following last year's presidential elections was the composition of the Central Electoral Commission. It indicated that the law on the commission approved by the parliament does not provide for an adequate representation of the major political interests.[...] The OSCE recommended that the law be amended to ensure a fully-fledged multiparty election commission at all levels. [...] We urge the government of Azerbaijan to implement the recommendations of the OSCE." -- U.S. State Department spokesman James Rubin, speaking at a briefing on 18 August.

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SUBJECT: Background Notes: Hungary 08/99

TO: DOSBACK@LISTSERV.UIC.EDU (DOSBACK@LISTSERV.UIC.EDU [UNKNOWN])
READ:UNKNOWN

TEXT:

U.S. Department of State, August 1999
Bureau of European Affairs

Background Notes:
Hungary

Official Name:
Republic of Hungary

PROFILE

Geography

Area: 93,030 sq. km. (35,910 sq. mi.); about the size of Indiana.
Cities: Capital--Budapest (est. pop. 2 million). Other cities--Debrecen (220,000); Miskolc (208,000); Szeged (189,000); Pecs (183,000).
Terrain: Mostly flat, with low mountains in the north and northeast and north of Lake Balaton.
Climate: Temperate

People

Nationality: Noun and adjective--Hungarian(s).
Population (est.): 10.1 million.
Ethnic groups: Magyar 92%, Romany 4% (est.), German 2%, Slovak 1%, others 1%.
Religions: Roman Catholic 68%, Calvinist 21%, Lutheran 4%, Jewish 1%, others, including Baptist
Adventist, Pentecostal, Unitarian 3%.
Languages: Magyar 98%, other 2%.
Education: Compulsory to age 16. Attendance--96%. Literacy--99%.
Health: Infant mortality rate--15/1,000. Life expectancy--men 66 yrs., women 75 yrs.
Work force (4 million): Agriculture--8%. Industry and commerce--42%. Services--32%. Government--7%.

Government

Type: Republic.

Constitution: August 20, 1949. Substantially rewritten in 1989, amended in 1990.

Branches: Executive--president of the Republic (head of state), prime minister (head of government),

Council of Ministers. Legislative--National Assembly (386 members, 4-year term). Judicial--Supreme

Court and Constitutional Court.

Administrative regions: 19 counties plus capital region of Budapest.

Principal political parties: Fidesz-Hungarian Civic Party--center-right; Hungarian Socialist Party

(MSZP)--center-left; Independent Smallholders' Party (FKGP)--populist-agrarian right; Alliance of Free--center-right; Hungarian Justice

and Life Party (MIEP)--far right, Hungarian Democratic People's Party (MDNP)--center-right. Christian

Democratic People's Party (KDNP)--Christian center-right.

Economy

GDP (1998): \$45.5 billion.

Annual growth rate: 4.4%; 5.5%-6.0% forecast through 2001.

Per capita GDP (1997): \$4,500.

Natural resources (1998): Fertile land, bauxite, brown coal.

Agriculture/forestry (7% of 1997 GDP): Products--meat, corn, wheat, potatoes, sugarbeets, vegetables, fruits, sunflower seeds.

Industry/construction (26% of 1997 GDP): Types--machinery, vehicles, chemicals, precision and measuring equipment, computer products, medical instruments, pharmaceuticals.

Trade (1998): Exports--\$19.1 billion: machinery, vehicles, medical instruments: food and beverages, agricultural products.

Major markets--EU (Germany, Austria, Italy), CEFTA, CIS, U.S. Imports--\$21.1 billion: machinery, vehicles, consumer manufactures, energy, food and beverages.

Major suppliers--EU (Germany, Austria, Italy, France), CIS, CEFTA, U.S.

Exchange rate (1998): About 220 forint=US\$1.

HISTORY

Since its conversion to Western Christianity before AD 1000, Hungary has been an integral part of Europe. Although Hungary was a monarchy for nearly 1,000 years, its constitutional system preceded by several centuries the establishment of Western-style governments in other European countries. Following the defeat of the Austro-Hungarian Dual Monarchy (1867-1918) at the end of World War I, Hungary lost two-thirds of its territory and nearly as much of its population. It experienced a brief but bloody communist dictatorship and counterrevolution in 1919, followed by a 25-year regency under Adm. Miklos Horthy. Although Hungary fought in most of World War II as a German ally, it fell under German military occupation following an unsuccessful attempt to switch sides on October 15, 1944. In January 1945, a provisional government concluded an armistice with the Soviet Union and established the Allied

Control Commission, under which Soviet, American, and British representatives held complete sovereignty over the country. The Commission's chairman was a member of Stalin's inner circle and exercised absolute control.

Communist Takeover

The provisional government, dominated by the Hungarian Communist Party (MKP), was replaced in November 1945 after elections which gave majority control of a coalition government to the Independent Smallholders' Party. The government instituted a radical land reform and gradually nationalized mines, electric plants, heavy industries, and some large banks. The communists ultimately undermined the coalition regime by discrediting leaders of rival parties and through terror, blackmail, and framed trials. In elections tainted by fraud in 1947, the leftist bloc gained control of the government. Postwar cooperation between the U.S.S.R. and the West collapsed, and the Cold War began. With Soviet support, Moscow-trained Matyas Rakosi began to establish a communist dictatorship.

By February 1949, all opposition parties had been forced to merge with the MKP to form the Hungarian Workers' Party. In 1949, the communists held a single-list election and adopted a Soviet-style constitution which created the Hungarian People's Republic. Rakosi became Prime Minister in 1952. Between 1948 and 1953, the Hungarian economy was reorganized according to the Soviet model. In 1949, the country joined the Council for Mutual Economic Assistance (CMEA, or Comecon), a Soviet-bloc economic organization. All private industrial firms with more than 10 employees were nationalized. Freedom of the press, religion, and assembly were strictly curtailed. The head of the Roman Catholic Church, Cardinal Jozsef Mindszenty, was sentenced to life imprisonment.

Forced industrialization and land collectivization soon led to serious economic difficulties, which reached crisis proportions by mid-1953, the year Stalin died. The new Soviet leaders blamed Rakosi for Hungary's economic situation and began a more flexible policy called the "New Course." Imre Nagy replaced Rakosi as prime minister in 1953 and repudiated much of Rakosi's economic program of forced collectivization and heavy industry. He also ended political purges and freed thousands of political prisoners. However, the economic situation continued to deteriorate, and Rakosi succeeded in disrupting the reforms and in forcing Nagy from power in 1955 for "right-wing revisionism." Hungary joined the Soviet-led Warsaw Pact Treaty Organization the same year. Rakosi's attempt to restore Stalinist orthodoxy then foundered as increasing opposition developed within the party and among students and other organizations after Khrushchev's 1956 denunciation of Stalin. Fearing revolution, Moscow replaced Rakosi with his deputy, Erno Gero, in order to contain growing ideological and political ferment.

1956 Revolution

Pressure for change reached a climax on October 23, 1956, when security

forces fired on Budapest students marching in support of Poland's confrontation with the Soviet Union. The ensuing battle quickly grew into a massive popular uprising. Gero called on Soviet troops to restore order on October 24. Fighting did not abate until the Central Committee named Imre Nagy as prime minister on October 25, and the next day Janos Kadar replaced Gero as party first secretary. Nagy dissolved the state security police, abolished the one-party system, promised free elections, and negotiated with the U.S.S.R. to withdraw its troops. Faced with reports of new Soviet troops pouring into Hungary despite Soviet Ambassador Andropov's assurances to the contrary, on November 1 Nagy announced Hungary's neutrality and withdrawal from the Warsaw Pact. He appealed to the United Nations and the Western powers for protection of its neutrality. Preoccupied with the Suez Crisis, the UN and the West failed to respond, and the Soviet Union launched a massive military attack on Hungary on November 3. Some 200,000 Hungarians fled to the West. Nagy and his colleagues took refuge in the Yugoslav Embassy. Kadar, after delivering an impassioned radio address on November 1 in support of "our glorious revolution" and vowing to fight the Russians with his bare hands if they attacked Hungary, defected from the Nagy cabinet; he fled to the Soviet Union and on November 4 announced the formation of a new government. He returned to Budapest and, with Soviet support, carried out severe reprisals; thousands of people were executed or imprisoned. Despite a guarantee of safe conduct, Nagy was arrested and deported to Romania. In June 1958, the government announced that Nagy and other former officials had been executed.

Reform Under Kadar

In the early 1960s, Kadar announced a new policy under the motto of "He who is not against us is with us." He declared a general amnesty, gradually curbed some of the excesses of the secret police, and introduced a relatively liberal cultural and economic course aimed at overcoming the post-1956 hostility toward him and his regime. In 1966, the Central Committee approved the "New Economic Mechanism," through which it sought to overcome the inefficiencies of central planning, increase productivity, make Hungary more competitive in world markets, and create prosperity to ensure political stability. However, the reform was not as comprehensive as planned, and basic flaws of central planning produced economic stagnation. Over the next two decades of relative domestic quiet, Kadar's government responded to pressure for political and economic reform and to counterpressures from reform opponents. By the early 1980s, it had achieved some lasting economic reforms and limited political liberalization and pursued a foreign policy which encouraged more trade with the West. Nevertheless, the New Economic Mechanism led to mounting foreign debt incurred to share up unprofitable industries.

Transition to Democracy

Hungary's transition to a Western-style parliamentary democracy was the first and the smoothest among the former Soviet bloc, inspired by a nationalism that long had encouraged Hungarians to control their own destiny. By 1987, activists within the party and bureaucracy and

Budapest-based intellectuals were increasing pressure for change. Some of these became reform socialists, while others began movements which were to develop into parties. Young liberals formed the Federation of Young Democrats (Fidesz); a core from the so-called Democratic Opposition formed the Association of Free Democrats (SZDSZ), and the neopopulist national opposition established the Hungarian Democratic Forum (MDF). Civic activism intensified to a level not seen since the 1956 revolution.

In 1988, Kadar was replaced as General Secretary of the Communist Party, and reform communist leader Imre Pozsgay was admitted to the Politburo. That same year, the Parliament adopted a "democracy package," which included trade union pluralism; freedom of association, assembly, and the press; a new electoral law; and a radical revision of the constitution, among others. A Central Committee plenum in February 1989 endorsed in principle the multiparty political system and the characterization of the October 1956 revolution as a "popular uprising," in the words of Pozsgay, whose reform movement had been gathering strength as Communist Party membership declined dramatically. Kadar's major political rivals then cooperated to move the country gradually to democracy. The Soviet Union reduced its involvement by signing an agreement in April 1989 to withdraw Soviet forces by June 1991.

National unity culminated in June 1989 as the country reburied Imre Nagy, his associates, and, symbolically, all other victims of the 1956 revolution. A national roundtable, comprising representatives of the new parties and some recreated old parties--such as the Smallholders and Social Democrats--the Communist Party, and different social groups, met in the late summer of 1989 to discuss major changes to the Hungarian constitution in preparation for free elections and the transition to a fully free and democratic political system.

In October 1989, the communist party convened its last congress and re-established itself as the Hungarian Socialist Party (MSZP). In a historic session on October 16-20, 1989, the Parliament adopted legislation providing for multiparty parliamentary elections and a direct presidential election. The legislation transformed Hungary from a people's republic into the Republic of Hungary, guaranteed human and civil rights, and created an institutional structure that ensures separation of powers among the judicial, executive, and legislative branches of government. But because the national roundtable agreement was the result of a compromise between communist and noncommunist parties and societal forces, the revised constitution still retained vestiges of the old order. It championed the "values of bourgeois democracy and democratic socialism" and gave equal status to public and private property. Such provisions were erased in 1990 as the need for compromise solutions was obviated by the poor performance of the MSZP in the first free elections.

Free Elections and a Democratic Hungary

The first free parliamentary election, held in May 1990, was a plebiscite of sorts on the communist past. The revitalized and reformed

communists performed poorly despite having more than the usual advantages of an "incumbent" party. Populist, center-right, and liberal parties fared best, with the Democratic Forum (MDF) winning 43% of the vote and the Free Democrats (SZDSZ) capturing 24%. Under Prime Minister Jozsef Antall, the MDF formed a center-right coalition government with the Independent Smallholders' Party (FKGP) and the Christian Democratic People's Party (KDNP) to command a 60% majority in the parliament. Parliamentary opposition parties included SZDSZ, the Socialists (MSZP), and the Alliance of Young Democrats (Fidesz). Peter Boross succeeded as Prime Minister after Antall died in December 1993. The Antall/Boross coalition governments achieved a reasonably well-functioning parliamentary democracy and laid the foundation for a free market economy.

In May 1994, the socialists came back to win a plurality of votes and 54% of the seats after an election campaign focused largely on economic issues and the substantial decline in living standards since 1990. A heavy turnout of voters swept away the right-of-center coalition but soundly rejected extremists on both right and left. Despite its neocommunist pedigree, the MSZP continued economic reforms and privatization, adopting a painful but necessary policy of fiscal austerity (the "Bokros plan") in 1995. The government pursued a foreign policy of integration with Euro-Atlantic institutions and reconciliation with neighboring countries. But neither an invitation to join NATO nor improving economic indicators guaranteed the MSZP's re-election; dissatisfaction with the pace of economic recovery, rising crime, and cases of government corruption convinced voters to propel center-right parties into power following national elections in May 1998. The Federation of Young Democrats (renamed Fidesz-Hungarian Civic Party (MPP) in 1995) captured a plurality of parliamentary seats and forged a coalition with the Smallholders and the Democratic Forum. The new government, headed by 35-year-old Prime Minister Viktor Orbán, promised to stimulate faster growth, curb inflation, and lower taxes. Although the Orbán administration also pledged continuity in foreign policy, and has continued to pursue Euro-Atlantic integration as its first priority, it has been a more vocal advocate of minority rights for ethnic Hungarians abroad than the previous government.

GOVERNMENT

The President of the Republic, elected by the National Assembly every 5 years, has a largely ceremonial role but powers also include appointing the prime minister. The prime minister selects cabinet ministers and has the exclusive right to dismiss them. Each cabinet nominee appears before one or more parliamentary committees in consultative open hearings and must be formally approved by the president. The unicameral, 386-member National Assembly is the highest organ of state authority and initiates and approves legislation sponsored by the prime minister. A party must win at least 5% of the national vote to form a parliamentary faction. National parliamentary elections are held every 4 years (the last in May 1998). A 15-member Constitutional Court has power to challenge legislation on grounds of unconstitutionality.

Principal Government Officials

President--Arpad Goncz
Prime Minister--Viktor Orban (Fidesz)
Minister of Foreign Affairs--Janos Martonyi (Fidesz)
Ambassador to the U.S.--Geza Jeszenszky
Ambassador to the UN--Andre Erdos

The Hungarian Embassy is located at 3910 Shoemaker St. NW, Washington, DC 20008 (tel. 202-362-6730). Hungary has consulates in New York City and Los Angeles.

NATIONAL SECURITY

Hungary spearheaded the movement to dissolve the Warsaw Pact Treaty Organization in 1990 and has since worked to modernize and Westernize its armed forces. The prospect of imminent NATO membership has led the government to focus on assuring the interoperability of the Hungarian Home Defense Forces (Honvedseg) with those of its future allies. This requires not only a slow, expensive overhaul of military hardware but also a major restructuring of organization, military doctrine, and training. Hungary has been an active participant in the Partnership for Peace since 1994, as well as the NATO-led IFOR/SFOR operations in Bosnia, and regularly contributes to UN peacekeeping missions.

The Honvedseg's largest service is the army, followed by the air force and a small naval contingent that patrols the Danube River. The size of the armed forces is now 58,000, down from over 130,000 in 1989. The current mandatory conscription period for Hungarian males is 9 months, although the new government has declared that it wants to reduce this to 6 months as part of a plan to professionalize the army. The Orban administration also has pledged to increase defense spending by 0.1% of GDP for the next 4 years to bring Hungary's military budget in line with those of NATO countries. In 1997, Hungary spent about 123 billion HUF (\$560 million) on defense. Hungary became a member of NATO on March 12, 1999. Hungary provided airbases and support for NATO's air campaign against Serbia and has provided military units to serve in Kosovo as part of the NATO-led KFOR operation.

ECONOMY

The Hungarian economy prior to WWII was primarily oriented toward agriculture and small-scale manufacturing. Hungary's strategic position in Europe and its relative lack of natural resources also have dictated a traditional reliance on foreign trade. In the early 1950s, the communist government forced rapid industrialization after the standard Stalinist pattern in an effort to encourage a more self-sufficient economy. Most economic activity was conducted by state-owned enterprises or cooperatives and state farms. In 1968, Stalinist self-sufficiency was replaced by the "New Economic Mechanism," which reopened Hungary to foreign trade, gave limited freedom to the workings of the market, and allowed a limited number of small businesses to operate in the services sector.

Although Hungary enjoyed one of the most liberal and economically

advanced economies of the former Eastern bloc, both agriculture and industry began to suffer from a lack of investment in the 1970s, and Hungary's net foreign debt rose significantly--from \$1 billion in 1973 to \$15 billion in 1993--due largely to consumer subsidies and unprofitable state enterprises. In the face of economic stagnation, Hungary opted to try further liberalization by passing a joint venture law, enstating an income tax, and joining the International Monetary Fund (IMF) and the World Bank. By 1988, Hungary had developed a two-tier banking system and had enacted significant corporate legislation which paved the way for the ambitious market-oriented reforms of the post-communist years.

The Antall government of 1990-94 began market reforms with price and trade liberation measures, a revamped tax system, and a nascent market-based banking system. By 1994, however, the costs of government overspending and hesitant privatization had become clearly visible. Cuts in consumer subsidies led to increases in the price of food, medicine, transportation services, and energy. Reduced exports to the former Soviet bloc and shrinking industrial output contributed to a sharp decline in GDP. Unemployment rose rapidly--to about 12% in 1993. The external debt burden, one of the highest in Europe, reached 250% of annual export earnings, while the budget and current account deficits approached 10% of GDP. In March 1995, the government of Prime Minister Gyula Horn implemented an austerity program, coupled with aggressive privatization of state-owned enterprises and an export-promoting exchange rate regime, to reduce indebtedness, cut the current account deficit, and shrink public spending. By the end of 1997 the consolidated public sector deficit decreased to 4.6% of GDP-- with public sector spending falling from 62% of GDP to below 50%--the current account deficit was reduced to 2% of GDP, and government debt was paid down to 94% of annual export earnings.

The Government of Hungary no longer requires IMF financial assistance and has repaid all of its debt to the fund. Consequently, Hungary enjoys favorable borrowing terms, and its sovereign foreign currency debt issuances carry investment-grade ratings with positive outlooks from all major credit-rating agencies. In 1995 Hungary's currency, the forint (HUF), became convertible for all current account transactions, and subsequent to OECD membership in 1996, for almost all capital account transactions as well. Since 1995, Hungary has pegged the forint against a basket of currencies (in which the German mark is 70% and the U.S. dollar 30%), and the central rate against the basket is devalued at a preannounced rate, currently set at 0.8% per month. The government privatization program will end on schedule in 1998: 80% of GDP is now produced by the private sector, and foreign owners control 70% of financial institutions, 66% of industry, 90% of telecommunications, and 50% of the trading sector.

After Hungary's GDP declined about 18% from 1990 to 1993 and grew only 1%-1.5% up to 1996, strong export performance has propelled GDP growth to 4.4% in 1997, with other macroeconomic indicators similarly improving. These successes allowed the government to concentrate in 1996 and 1997 on major structural reforms such as the implementation of a fully funded pension system, reform of higher education, and the

creation of a national treasury. Remaining economic challenges include reducing fiscal deficits and inflation (expected to fall to 13% by the end of 1998), maintaining stable external balances, and completing structural reforms of the tax system, health care, and local government financing. The overriding goal of Hungarian economic policy, however, will be to prepare the country for accession to the European Union at the earliest possible date. Although many challenges remain, the prospects of EU membership with the next decade are excellent.

Prior to the change of regime in 1989, 65% of Hungary's trade was with Comecon countries. By the end of 1997, Hungary had shifted much of its trade to the West. Trade with EU countries and the OECD now comprises over 70% and 80% of the total, respectively. Germany is Hungary's single most important trading partner. The U.S. has become Hungary's sixth-largest export market, while Hungary is ranked as the 72d largest export market for the U.S. Bilateral trade between the two countries increased 46% in 1997 to more than \$1 billion. The U.S. has extended to Hungary most-favored-nation status, the Generalized System of Preferences, Overseas Private Investment Corporation insurance, and access to the Export/Import Bank.

With about \$18 billion in foreign direct investment (FDI) since 1989, Hungary has attracted over one-third of all FDI in central and eastern Europe, including the former Soviet Union. Of this, about \$6 billion came from American companies. Foreign capital is attracted by skilled and relatively inexpensive labor, tax incentives, and a good telecommunications system.

FOREIGN RELATIONS

Except for the short-lived neutrality declared by Imre Nagy in November 1956, Hungary's foreign policy generally followed the Soviet lead from 1947 to 1989. During the communist period, Hungary maintained treaties of friendship, cooperation, and mutual assistance with the Soviet Union, Poland, Czechoslovakia, the German Democratic Republic, Romania, and Bulgaria. It was one of the founding members of the Soviet-led Warsaw Pact and Comecon, and it was the first central European country to withdraw from those organizations, now defunct.

As with any country, Hungarian security attitudes are shaped largely by history and geography. For Hungary, this is a history of more than 400 years of domination by great powers--the Ottomans, the Habsburgs, the Germans during World War II, and the Soviets during the Cold War--and a geography of regional instability and separation from Hungarian minorities living in neighboring countries. Hungary's foreign policy priorities, largely consistent since 1990, represent a direct response to these factors. Since 1990, Hungary's top foreign policy goal has been achieving integration into Western economic and security organizations. Hungary joined the Partnership for Peace program in 1994 and has actively supported the IFOR and SFOR missions in Bosnia. The Horn government achieved Hungary's most important foreign policy successes of the post-communist era by securing invitations to join both NATO and the European Union in 1997.

Hungary also has improved its often-chilled neighborly relations by signing basic treaties with Romania, Slovakia, and Ukraine. These renounce all outstanding territorial claims and lay the foundation for constructive relations. However, the issue of ethnic Hungarian minority rights in Slovakia and Romania periodically causes bilateral tensions to flare. Hungary was a signatory to the Helsinki Final Act in 1975, has signed all of the CSCE/OSCE follow-on documents since 1989, and served as the OSCE's Chairman-in-Office in 1997. Hungary's record of implementing CSCE Helsinki Final Act provisions, including those on reunification of divided families, remains among the best in eastern Europe. Hungary has been a member of the United Nations since December 1955.

U.S.-HUNGARIAN RELATIONS

Relations between the United States and Hungary following World War II were affected by the Soviet armed forces' occupation of Hungary. Full diplomatic relations were established at the legation level on October 12, 1945, before the signing of the Hungarian peace treaty on February 10, 1947. After the communist takeover in 1947-48, relations with Hungary became increasingly strained by the nationalization of U.S.-owned property, unacceptable treatment of U.S. citizens and personnel, and restrictions on the operations of the American legation. Though relations deteriorated further after the suppression of the Hungarian national uprising in 1956, an exchange of ambassadors in 1966 inaugurated an era of improving relations. In 1972, a consular convention was concluded to provide consular protection to U.S. citizens in Hungary.

In 1973, a bilateral agreement was reached under which Hungary settled the nationalization claims of American citizens. In January 1978, the United States returned to the people of Hungary the historic Crown of Saint Stephen, which had been safeguarded by the United States since the end of World War II. Symbolically and actually, this event marked the beginning of excellent relations between the two countries. A 1978 bilateral trade agreement included extension of most-favored-nation status to Hungary. Cultural and scientific exchanges were expanded. As Hungary began to pull away from the Soviet orbit, the United States offered assistance and expertise to help establish a constitution, a democratic political system, and a plan for a free market economy.

Between 1989 and 1993, the Support for East European Democracy (SEED) Act provided more than \$136 million for economic restructuring and private sector development. The Hungarian-American Enterprise Fund offers loans, equity capital and technical assistance to promote private-sector development. The U.S. Government has provided expert and financial assistance for the development of modern and Western institutions in many policy areas, including national security, law enforcement, free media, environmental regulations, education, and health care. Direct investment in Hungary by American companies is rising rapidly. When Hungary acceded to NATO in April 1999, it became a formal ally of the United States. This move has been consistently supported by the 1.5 million-strong Hungarian-American community.

Principal U.S. Embassy Officials

Ambassador--Peter F. Tufo
Deputy Chief of Mission--Thomas B. Robertson
Political Counselor--Kyle Scott
Economic Counselor--Jean A. Bonilla
Commercial Officer--John J. Fogarasi
Public Affairs Officer--James Nealon
Environment/Science/technology Attache--Nina Fite
Administrative Counselor--Lawrence C. Mandel
Consul--Susan Alexander
Defense Attache--Col. James Mault
USAID Director--Patricia Lerner

The U.S. Embassy in Hungary is located at Szabadsag Ter 12,
Budapest 1054 (tel. (36) 1-475-4400).

TRAVEL AND BUSINESS INFORMATION

The U.S. Department of State's Consular Information Program provides Travel Warnings and Consular Information Sheets. Travel Warnings are issued when the State Department recommends that Americans avoid travel to a certain country. Consular Information Sheets exist for all countries and include information on immigration practices, currency regulations, health conditions, areas of instability, crime and security, political disturbances, and the addresses of the U.S. posts in the country. Public Announcements are issued as a means to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas which pose significant risks to the security of American travelers. Free copies of this information are available by calling the Bureau of Consular Affairs at 202-647-5225 or via the fax-on-demand system: 202-647-3000. Travel Warnings and Consular Information Sheets also are available on the Consular Affairs Internet home page: <http://travel.state.gov> and the Consular Affairs Bulletin Board (CABB). To access CABB, dial the modem number: 301-946-4400 (it will accommodate up to 33,600 bps), set terminal communications program to N-8-1 (no parity, 8 bits, 1 stop bit); and terminal emulation to VT100. The login is travel and the password is info. (Note: Lower case is required). The CABB also carries international security information from the Overseas Security Advisory Council and Department's Bureau of Diplomatic Security. Consular Affairs Trips for Travelers publication series, which contain information on obtaining passports and planning a safe trip abroad, can be purchased from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954; telephone: 202-512-1800; fax 202-512-2250.

Emergency information concerning Americans traveling abroad may be obtained from the Office of Overseas Citizens Services at (202) 647-5225. For after-hours emergencies, Sundays and holidays, call 202-647-4000.

Passport Services information can be obtained by calling the 24-hour, 7-day a week automated system (\$.35 per minute) or live operators 8

a.m. to 8 p.m. (EST) Monday-Friday (\$1.05 per minute). The number is 1-900-225-5674 (TDD: 1-900-225-7778). Major credit card users (for a flat rate of \$4.95) may call 1-888-362-8668 (TDD: 1-888-498-3648).

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 877-FYI-TRIP (877-394-8747) and a web site at <http://www.cdc.gov/travel/index.htm> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled Health Information for International Travel (HHS publication number CDC-95-8280) is available from the U.S. Government Printing Office, Washington, DC 20402, tel. (202) 512-1800.

Information on travel conditions, visa requirements, currency and customs regulations, legal holidays, and other items of interest to travelers also may be obtained before your departure from a country's embassy and/or consulates in the U.S. (for this country, see "Principal Government Officials" listing in this publication).

U.S. citizens who are long-term visitors or traveling in dangerous areas are encouraged to register at the U.S. embassy upon arrival in a country (see "Principal U.S. Embassy Officials" listing in this publication). This may help family members contact you in case of an emergency.

Further Electronic Information

Department of State Foreign Affairs Network. Available on the Internet, DOSFAN provides timely, global access to official U.S. foreign policy information. Updated daily, DOSFAN includes Background Notes; Dispatch, the official magazine of U.S. foreign policy; daily press briefings; Country Commercial Guides; directories of key officers of foreign service posts; etc. DOSFAN's World Wide Web site is at <http://www.state.gov>.

U.S. Foreign Affairs on CD-ROM (USFAC). Published on an annual basis by the U.S. Department of State, USFAC archives information on the Department of State Foreign Affairs Network, and includes an array of official foreign policy information from 1990 to the present. Contact the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. To order, call (202) 512-1800 or fax (202) 512-2250.

National Trade Data Bank (NTDB). Operated by the U.S. Department of Commerce, the NTDB contains a wealth of trade-related information. It is available on the Internet (www.stat-usa.gov) and on CD-ROM. Call the NTDB Help-Line at (202) 482-1986 for more information.

[end document]

RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: allan berg <bergax@cs.jmu.edu> (allan berg <bergax@cs.jmu.edu> [UNKNOWN])

CREATION DATE/TIME:20-AUG-1999 09:03:45.00

SUBJECT: 20 August 1999 NMIA ZGram (fwd)

TO: Recipient List Hidden by JMU mail server <list@jmu.edu> (Recipient List Hidden by JMU mail server <list@jmu.edu> [UNKNOWN])
READ:UNKNOWN

TEXT:

----- Forwarded message -----

Date: Thu, 19 Aug 1999 22:16:10 -0500

From: Zhi <cyberwynd@postoffice.att.net>

To: webmaster@nmia.org

Subject: 20 August 1999 NMIA ZGram

20 August 1999 ZGram?

Good Morning All,

Well, the Potomac Chapter of NMIA is kicking off their fall season with a super event! Please note that you do not have to be a member to attend! The Potomac Chapter, National Military Intelligence Association, will meet Thursday, September 16, at the Bolling AFB Enlisted Club. Guest speaker at the noon luncheon will be Rick Francona, author of the new book *Ally to Adversary: An Eyewitness Account of Iraq's Fall From Grace* (Naval Institute Press, Annapolis, June 1999). The author will autograph his book from 1100, and copies will be on sale. For information and reservations call voicemail (703) 921-1800 or email <<lj@pcic.net> by September 14.

Lieutenant Colonel Rick Francona is a retired US Air Force intelligence officer and exceptional linguist with broad Middle East experience. As the point man for sensitive US support to Iraq in 1987-88 during its war with Iran, he walked the streets of Baghdad, toured military facilities, and established close contacts with high-ranking Iraqis. He was General Schwarzkopf's lead interpreter during the Gulf War, and was a principal author of OSD's report to Congress on the conflict. Later, he served as Air Attache in Damascus. His book chronicles his firsthand insider experience on the evolution of Iraq from ally to adversary. This program will be taped for later airing by C-Span 2 Book TV.

Today's Updates:

US?

1. Up in Arms: Department of Defense Saving Real Privates With Virtual Training (Washington Post, 19 Aug 1999)
2. US President Clinton names ambassador to Nicaragua (Reuters, 19 Aug 1999)

RoW?

3. Immigrant trade in Panama part of global network (Miami Herald, 19 Aug 1999)
4. Milosevic Foes Gear Up For Mass Protest In Belgrade (Central Europe Online, 19 Aug 1999)
5. Serb Opposition Rallies Record Number To Protest (Central Europe Online, 19 Aug 1999)
6. Poll Shows Over 70 Pct. Of Serbs Want Milosevic Out (Central Europe Online, 19 Aug 1999)
7. Former Slovak Communist Leader May Be Amnestied (Central Europe Online, 19 Aug 1999)
8. Russia, U.S. Hold Talks On New Arms Control Treaty (Russia Today, 19 Aug 1999)
9. West Stays Away At Moscow Air Show (Russia Today, 19 Aug 1999)
10. Russian Mob May Have Laundered Billions At Bank Of New York (Russia Today, 19 Aug 1999)
11. Russia Cuts Crude To Lithuania Due To Dagestan Crisis (Russia Today, 19 Aug 1999)
12. Russia Admits Mistakenly Bombed Neighbor Georgia (Russia Today, 19 Aug 1999)
13. Swiss Freeze Russian Tycoon's Assets (Russia Today, 19 Aug 1999)
14. German citizen sentenced to 10 years for aiding Lebanese militants (AP, 19 Aug 1999)
15. Ethiopia says its forces have killed rebel leader (AP, 19 Aug 1999)
16. Nigeria's new civilian government to cut military (AP, 19 Aug 1999)
17. Taliban warn U.S. against use of force to hunt bin Laden (AP, 19 Aug 1999)
18. India's nuclear muscle flexing (The Christian Science Monitor, 19 Aug 1999)

19. Prominent guerrilla leader shot dead in northeastern India (AP, 19 Aug 1999)

20. China set to upgrade Iran missiles (South China Morning Post, Reuters, 19 Aug 1999)

21. Lanzhou described as 'war zone' (South China Morning Post, 19 Aug 1999)

22. China - Details of every adult to go online (South China Morning Post, 19 Aug 1999)

23. Thais run huge arms trade (Sydney Morning Heralds, 14 Aug 1999)

24. South Korean soldiers stage mock battle in training exercise (AP, 19 Aug 1999)

Technology?

25. Rollover-Ready - Coast Guard Urges Boaters to Check GPS Devices (ABCNews.com, 18 Aug 1999)

26. Activists want U.S., Russia missiles off alert for Y2K (Reuters, 13 Aug 1999)

27. ICANN in .edu Domain Flap (CNet, 19 Aug 1999)

28. Study finds many don't trust privacy policies on the Web (IDG, CNN, 19 Aug 1999)

29. Dialups Dry Up (ABCNews.com, 18 Aug 1999)

Full Reports?

30. Transforming Post-Communist Militaries In The Baltics

31. Pickering Says Guerrilla "Intransigence" Blocking Colombian Peace (by Eric Green, USIA , 19 Aug 1999)

Take care and have a wonderful weekend

Zhi

If you are interested in sponsoring an issue of the ZGram, contact Celia Benjamin at cpbenjamin@aol.com or call 301.921.8567.

1. Up in Arms: Department of Defense Saving Real Privates With Virtual Training (Washington Post, 19 Aug 1999)

Looking for new ways of bringing the sights and sounds of war and peace operations home to soldiers before they risk the real thing, the Army yesterday enlisted the help of Hollywood. On a Los Angeles campus, Army Secretary Louis Caldera signed a \$45 million contract with the University of Southern California, establishing a research center to develop technologies that can make military training simulators more realistic and engaging. Through the new Institute for Creative Technologies, Army officials hope to draw assistance from film studios and video game designers, with the promise that any technological advances could be applied to games, theme park rides and movie special effects.

ZGram Suggested URL:

<http://www.washingtonpost.com:80/wp-srv/WPlate/1999-08/19/1281-081999-idx.html>

2. US President Clinton names ambassador to Nicaragua (Reuters, 19 Aug 1999)

MANAGUA - President Clinton has named Oliver P. Garza, now acting U.S. Consul in Guadalajara, Mexico, as ambassador to Nicaragua, the Nicaraguan presidency said on Thursday. Garza, whose diplomatic career has taken him from South America to South Asia, is to arrive in Managua early next month. He replaces Lino Gutierrez, who departed in July to take up a post at the State Department in Washington.

ZGram Suggested URL:

http://www.abcnews.go.com/wire/World/Reuters19990819_2723.html

3. Immigrant trade in Panama part of global network (Miami Herald, 19 Aug 1999)

PANAMA -- Two nights every week, sleepy tropical Tocumen International Airport comes to life as hundreds of Chinese crowd onto the concourses to greet long-unseen friends and family members arriving on the flight from Hong Kong. But amid the waves of laughter and tears that accompany the emotional scene, a few men stroll along with measured calm, cell phones pressed to their ears, their eyes seeking out the airport's hidden corners and passages.

ZGram Suggested URL:

<http://www.herald.com:80/content/today/docs/086065.htm>

4. Milosevic Foes Gear Up For Mass Protest In Belgrade (Central Europe Online, 19 Aug 1999)

BELGRADE -- Opponents of President Slobodan Milosevic plan a mass rally in Belgrade on Thursday to try to force the Yugoslav strongman to step down.

ZGram Suggested URL:

<http://www.centraleurope.com/news.php3?id=86366&text>

5. Serb Opposition Rallies Record Number To Protest (Central Europe Online, 19 Aug 1999)

NIS, Yugoslavia -- Serbian opposition leaders attracted a record 25,000 people to a protest rally in this southern city on Wednesday, the eve of a major demonstration in Belgrade against Yugoslav President Slobodan Milosevic.

ZGram Suggested URL:

<http://www.centraleurope.com/news.php3?id=86465&text>

6. Poll Shows Over 70 Pct. Of Serbs Want Milosevic Out (Central Europe Online, 19 Aug 1999)

BELGRADE -- More than 70 percent of Serbs want an end to Yugoslav President Slobodan Milosevic's rule and a change of government, according to an opinion poll published on Wednesday.

ZGram Suggested URL:

<http://www.centraleurope.com/news.php3?id=86463&text>

7. Former Slovak Communist Leader May Be Amnestied (Central Europe Online, 19 Aug 1999)

BRATISLAVA -- Vasil Bilak, former chief ideologist of the Czechoslovak Communist Party, may be amnestied under a pardon issued by President Rudolf Schuster at his inauguration, SITA reported on 17 August.

ZGram Suggested URL:

<http://www.centraleurope.com/news.php3?id=86481&text>

8. Russia, U.S. Hold Talks On New Arms Control Treaty (Russia Today, 19 Aug 1999)

MOSCOW -- Russia and the United States wrapped up opening talks on a major new arms control treaty in Moscow on Wednesday in a productive atmosphere, the head of the U.S. delegation said.

ZGram Suggested URL:

<http://www.russiatoday.com/bulletin/bulletin.php3news.php3?id=86372&html>

9. West Stays Away At Moscow Air Show (Russia Today, 19 Aug 1999)

ZHUKOVSKY, Russia -- Western aviation firms are keeping a low profile at Moscow's fourth international air show, which this year has taken on a decidedly military tone with jet fighters and helicopter gunships taking center stage.

ZGram Suggested URL:

<http://invest.russiatoday.com/business.php3?id=86450&html>

10. Russian Mob May Have Laundered Billions At Bank Of New York (Russia Today, 19 Aug 1999)

WASHINGTON -- Russian organized crime may have moved billions of dollars through the Bank of New York in what could be the biggest money laundering scheme ever detected in US history, The New York Times said Thursday.

ZGram Suggested URL:

<http://www.russiatoday.com/bulletin/bulletin.php3news.php3?id=86414&html>

11. Russia Cuts Crude To Lithuania Due To Dagestan Crisis (Russia Today, 19 Aug 1999)

MOSCOW -- Russia has cut supplies of crude oil to Lithuania because of the military crisis in the autonomous republic of Dagestan in the north Caucasus, a spokesman for the Ministry of Fuel and Energy said on Wednesday.

ZGram Suggested URL:

<http://www.russiatoday.com/bulletin/bulletin.php3news.php3?id=86405&html>

12. Russia Admits Mistakenly Bombed Neighbor Georgia (Russia Today, 19 Aug 1999)

MOSCOW -- Russia admitted on Wednesday it had mistakenly bombed ex-Soviet neighbor Georgia last week in its pursuit of rebel fighters in strife-torn Dagestan

ZGram Suggested URL:

<http://www.russiatoday.com/bulletin/bulletin.php3news.php3?id=86370&html>

13. Swiss Freeze Russian Tycoon's Assets (Russia Today, 19 Aug 1999)

BERN -- Swiss authorities have frozen \$66.6 million in accounts belonging to Russian businessman Boris Berezovsky, who is close to President Boris Yeltsin, the German-language weekly Facts reported on Wednesday.

ZGram Suggested URL:

<http://www.russiatoday.com/bulletin/bulletin.php3news.php3?id=86368&html>

14. German citizen sentenced to 10 years for aiding Lebanese militants
(AP, 19 Aug 1999)

TEL AVIV - An Israeli court sentenced a 26-year-old German man Thursday to 10 years for aiding a Lebanese militant group.

ZGram Suggested URL:

http://www.boston.com/dailynews/231/world/German_citizen_sentenced_to_10:s.html

15. Ethiopia says its forces have killed rebel leader (AP, 19 Aug 1999)

ADDIS ABABA, Ethiopia - Ethiopia said Thursday its forces killed the commander of a rebel group in a clash near the country's border with Somalia.

ZGram Suggested URL:

http://www.boston.com/dailynews/231/world/Ethiopia_says_its_forces_have_:s.html

16. Nigeria's new civilian government to cut military (AP, 19 Aug 1999)

ABUJA, Nigeria - Nigeria plans to reduce its military by more than a third to 50,000 troops over the next 10 years or more, a defense ministry spokesman said Thursday.

ZGram Suggested URL:

http://www.boston.com/dailynews/231/world/Nigeria_s_new_civilian_governm:s.html

17. Taliban warn U.S. against use of force to hunt bin Laden (AP, 19 Aug 1999)

KABUL, Afghanistan - The Taliban Islamic militia warned the United States on Thursday not to use force to capture the alleged terrorist Osama bin Laden, saying Washington should settle the issue through talks instead.

ZGram Suggested URL:

http://www.boston.com/dailynews/231/world/Taliban_warn_U_S_against_use_o:s.html

18. India's nuclear muscle flexing (The Christian Science Monitor, 19

Aug 1999)

India this week sought to assure the international community that it will pursue a responsible nuclear policy of "no first use" of atomic weapons - even as it continues to build a much larger military capability, including a new defense strategy to deliver nuclear weapons by missile, plane, ship, and submarine. India's first nuclear doctrine, announced Tuesday, indicates a further break from the moral policy of pacifism dating to founder Jawaharlal Nehru and long professed by India. It reflects a new and emerging Indian realpolitik in which status as a great economic and political power is seen as dependent on modern military capacity.

ZGram Suggested URL:

<http://www.csmonitor.com/durable/1999/08/19/fp6s1-csm.shtml>

19. Prominent guerrilla leader shot dead in northeastern India (AP, 19 Aug 1999)

GAUHATI, India - Gunmen killed a top separatist leader in northeastern India on Thursday, police said, jeopardizing two years of peace talks aimed at ending decades of bloodshed in the remote Nagaland state.

ZGram Suggested URL:

http://www.boston.com/dailynews/231/world/Prominent_guerrilla_leader_shot.html

20. China set to upgrade Iran missiles (South China Morning Post, Reuters, 19 Aug 1999)

China has signed an US\$11 million deal to improve Iran's anti-ship missiles, raising questions about its 1998 vow not to supply Tehran with cruise missiles or related technology, the Washington Times reported on Thursday.

ZGram Suggested URL:

http://www.scmp.com/News/China/Article/FullText.asp_ArticleID-19990819171633813.asp

21. Lanzhou described as 'war zone' (South China Morning Post, 19 Aug 1999)

The status of PLA exercises in Gansu province has been upgraded to "war zone" level, military officials said yesterday. An article in the People's Liberation Army Daily provided the first case of a mainland newspaper using the term "Lanzhou War Zone", instead of Lanzhou Military Region, to describe the northwestern site of the exercises involving the army, air force and artillery-missile corps.

ZGram Suggested URL:

http://www.scmp.com/News/China/Article/FullText.asp_ArticleID-1999081903043

4501.asp

22. China - Details of every adult to go online (South China Morning Post, 19 Aug 1999)

Police will have online access to personal details of every adult within three years, Xinhua reported yesterday.

ZGram Suggested URL:

http://www.scmp.com/News/China/Article/FullText.asp_ArticleID-19990819030437256.asp

23. Thais run huge arms trade (Sydney Morning Heralds, 14 Aug 1999)

Thai syndicates with corrupt military links, some using new sea routes out of Cambodia, are at the centre of a growing arms smuggling trade, according to diplomats and senior officials. Intelligence sources say operations dominated by ethnic Chinese in Thailand are increasingly using contacts in southern China and Vietnam, as well as Cambodia, to buy and market weapons. One senior Thai military officer estimates about 80 per cent of the arms being smuggled out of Cambodia, including assault rifles and surface-to-air missiles, are transported by sea.

ZGram Suggested URL:

<http://www.smh.com.au:80/news/9908/14/text/world13.html>

24. South Korean soldiers stage mock battle in training exercise (AP, 19 Aug 1999)

SEOUL, South Korea - South Korean troops fired blanks and threw fake hand grenades Thursday during a military exercise in Seoul, prompting North Korea to condemn the fourth day of drills as provocative.

ZGram Suggested URL:

http://www.boston.com/dailynews/231/world/South_Korean_soldiers_stage_mock_battle.html

25. Rollover-Ready - Coast Guard Urges Boaters to Check GPS Devices (ABCNews.com, 18 Aug 1999)

The Coast Guard announced today that many mariners using navigation devices based on the Global Positioning System will be affected by a GPS rollover this weekend. On Saturday, the Global Positioning System - a network of interlinked satellites used in navigation - will have a Y2K-like date rollover that will affect older navigation systems on the ground. Coast Guard officials and other experts say the effects will be minor. All military and most commercial GPS receivers already have accounted for it. But individuals depending on the devices should contact the manufacturers to make sure their receivers work properly.

ZGram Suggested URL:

<http://www.abcnews.go.com/sections/tech/DailyNews/gps990818.html>

26. Activists want U.S., Russia missiles off alert for Y2K (Reuters, 13 Aug 1999)

Citing the risk of an accidental nuclear war, activists are pressing the United States and Russia to take nuclear missiles off hair-trigger alert during the technology-challenging year 2000 rollover. A network of international groups announced a drive this week to try to persuade President Clinton and Russian President Boris Yeltsin to "stand down" the approximately 2,500 nuclear-armed missiles now poised on each side for immediate firing.

ZGram Suggested URL:

<http://www.news.com:80/News/Item/0,4,40466,00.html?owv>

27. ICANN in .edu Domain Flap (CNet, 19 Aug 1999)

In another controversy over ICANN's attempts to control domain-name registration, a nonprofit organization called Educause, with links to ICANN, is attempting to take over control of the .edu domain. It's unclear if the attempt will succeed.

ZGram Suggested URL:

http://www.abcnews.go.com/sections/tech/CNET/cnet_edu990819.html

28. Study finds many don't trust privacy policies on the Web (IDG, CNN, 19 Aug 1999)

Heightened media and government attention regarding online privacy issues may be creating more fear than calm among consumers, the majority of whom said in a recent survey that a prominently displayed privacy policy on a Web site isn't likely to earn their trust.

ZGram Suggested URL:

<http://www.cnn.com/TECH/computing/9908/19/privacy.idg/index.html>

29. Dialups Dry Up (ABCNews.com, 18 Aug 1999)

The next time you dial an odd area code with no idea where it's located, you can thank the North American Numbering Plan. This 1947 system has helped cause a phone number dearth - and there's no obvious solution in sight.

ZGram Suggested URL:

<http://www.abcnews.go.com/sections/tech/DailyNews/numbers990818.html>

30. Transforming Post-Communist Militaries In The Baltics

31. Pickering Says Guerrilla "Intransigence" Blocking Colombian Peace
(by Eric Green, USIA , 19 Aug 1999)

Washington -- The refusal of Colombia's principal guerrilla group to stop its insurrection against President Andres Pastrana's government and participate in a "democratic future" for Colombia is blunting the prospects for peace in that Andean nation, says Undersecretary of State for Political Affairs Thomas Pickering.

Briefing reporters August 18 at the USIA Foreign Press Center about his trip last week to Colombia and Venezuela, Pickering discussed Colombia's drug traffickers, who -- as Secretary of State Madeleine Albright has noted -- supply more than 80 percent of the world's cocaine and a rising proportion of the heroin that reaches U.S. shores. Albright also observed that the principal guerrilla group, the Revolutionary Armed Forces of Colombia (known as FARC), is at war with the government and controls a significant amount of territory.

Pickering said the biggest mistake in the negotiations between Pastrana and FARC guerrillas "is the intransigence" of FARC "with respect to the space and the opening that is being offered to them to participate in a democratic future for Colombia. And my view is that Colombian citizens in general recognize that."

He remarked that according to public opinion polls "which I have been made familiar with," only about three percent of the people of Colombia "are prepared ... to express any sympathy with the guerrilla cause. That, in my view, represents a sense that the guerrillas themselves ought to keep in mind."

Asked about errors Pastrana might have made in his overtures to the guerrillas, the undersecretary replied that he didn't go to Colombia "to criticize the government of Colombia, and I'm not going to do that here. I believe that ... President Pastrana took an important initiative in opening a process of dialogue and negotiation to try to seek peace. And he made a genuine offer, in effect, that if the guerrillas would accept [participation] in an open democracy ... , as has happened with other insurgencies in the hemisphere, then he would work to find the space to permit that to happen."

Asked whether the United States still sees a chance for peace coming out of the negotiations, the State Department's third-ranking official said that hope exists "as long as peace processes can stay alive -- and I've seen some pretty bad ones -- but they did result often, after long periods of time in success when each party recognized, as I think is

inevitably true in Colombia, that there isn't a military solution to this problem." Rather, Pickering said, "there is a negotiated solution" for Colombia's civil war, which has been continuing for more than 30 years.

Pastrana is committed to democracy, Pickering added, "and obviously, he and we are all waiting to see if the guerrillas are prepared to accept that. So far, they haven't shown any interest, but we wait."

Pickering used the occasion to deny "for the hundredth time" that the United States has any plans to intervene militarily in the war with FARC.

"Interventionism is of great concern to Latin Americans, which is one of the reasons why we have hastened to add that our focus in our efforts has been to work very closely with Colombians and President Pastrana on his plans, on his new integrated strategy, building on the building blocks of the strategies that he has already created in the area of the peace process," in fighting narcotics, in the areas of economic and social development, and in promoting human rights, Pickering said.

Pickering said he returned from Colombia and Venezuela "sobered by the challenges" which the presidents of both countries face.

The two countries, he said, "are extremely important to the United States, both in positive and negative terms." Colombia is important, he said, "because unfortunately it has now become a large producer and trafficker in narcotics finding their way" to the U.S. market, "but also because of long-standing traditional friendships of an historically strong and robust economy, of trade relations."

Venezuela is important, Pickering added, because "it is at one time or another during the year, the largest single source of petroleum for the United States."

Pickering said his meetings with Venezuelan government officials in Caracas left him impressed with their commitment to fight corruption and to undertake "needed reforms" in public institutions.

Venezuelan President Hugo Chavez, said Pickering, "also made clear his determination that these changes and reforms would remain within a democratic and pluralistic framework that incorporates a role for minority concerns."

*. U.S. Army Seminar on "The Future of the U.S. Military Presence in Europe" Remarks as Delivered By Deputy Secretary of Defense John J. Hamre, University of Chicago Law School, Chicago, Illinois, Wednesday, August 4, 1999.

Before I begin, let me also take this opportunity to pay tribute to [General] Wes Clark [Commander-in-Chief, European Command; Supreme Allied Commander, Europe] who is here. This is the first time I have had a chance to be before an American audience and appear with Wes since the end of the Kosovo conflict. It has not ended, actually, as we were discussing this morning. In fact, it is much harder now than it was before.

I have always wondered, in the great moments of American history, whether it is the pressure of the time or the remarkable talent that somehow appears providentially that gets us through a very tough time. I am not sure which answer is right. I just know that we had providentially the right person for a most complex task at a most important time.

This is the first time, and the only time in history, when NATO went to war, doing something that was, for all practical purposes, impossible. This was an alliance that had spent fifty years organizing itself for the political commitment to stand up against a great opponent, never feeling we were really going to go to war, but knowing that if we maintained our political consensus and kept the alliance resourced, we would be able to prevail over time. And that worked.

The alliance was never designed to do what we had to do in Kosovo, though. And if it hadn't have been for Wes Clark and his remarkable stewardship in a very complex environment, I do not think we would have succeeded. So, Wes, on behalf of the Department of Defense and the United States, we want to thank you for an absolutely splendid job.

To talk about this subject, which is really astoundingly large when you think of it, one has to step back and to frame this issue in its true magnitude. I think that there have been, in the history of the United States, probably five distinct epochs or periods of American security policy.

The first obviously was from the period of 1776 through probably 1812. It is a little hard to find a demarcation point for the first epoch. It obviously was the formation of the new Republic, and it didn't instantly get formed, of course, at the end of the Battle at Yorktown. It took quite a while to form.

The early Congress almost immediately threw away its Navy, threw away

its Army. Just earlier this week we celebrated the Coast Guard's predecessor, the Revenue Cutter Service, which became the Navy de facto for a period of about 10 years, because the early Congress just said, "We don't need a Navy now. And we don't need an Army." They cut the Army down to fifty people. It became clear, by 1812, that that wasn't a good idea. It became even more clear when the British sailed up the Potomac and set fire to Washington. We had to do something.

So that first epoch was one where we were getting our feet on the ground, getting ourselves organized, thinking about and developing a tradition that we were going to need to ground the Republic in for the rest of its history.

The second epoch has 1814-1818 period as the starting point and lasting, including the Civil War, perhaps through the turn of the century. In terms of our international security posture, though, this was a period when the United States was relatively free to expand into the inter-territories of the North American continent. And we were very content to simply grow into the heartland of America. We had relatively modest interests overseas, and we were largely sheltered by the British Navy.

So we were preoccupied with ourselves during that second epoch. And it ended, of course, with the Spanish-American War, when America entered its third period. This was an imperial phase, when we went out and intentionally captured territory overseas as parts of America.

That third period culminated in our expeditionary support for the Allied forces during World War I, when we, in an atypically American way, sent a large standing army overseas to get involved in what George Washington would have termed a "foreign entanglement." I am not sure there is such a thing as a foreign war anymore. But, nonetheless, it was always the perception that this was a foreign war, and we made a very conscious decision to get involved in an overwhelming way. World War I sealed up that third period.

However, America then retrenched and we moved into the inter-war years, the fourth security epoch. This is remarkably important. There was somewhat of a void in American history, in our military and security history. But this was enormously important in the broader sense, for it was the time when the two great forces of the 20th century emerged: international communism, on the one hand, and global recession, which led to the demise of national socialism in Germany, and ultimately then to World War II.

The fifth security epoch emerged from the ashes of World War II. We commonly characterize it as the Cold War. It was a time when the international security order had been shattered and in its place a new

order emerged, initially, very bipolar in its character, which devolved significantly by 1960 but still characterized the second half of this century. Where you pick the ending point, I don't know, but I think probably, for me, the ending point was those remarkably wonderful days in Berlin, in 1989, when the Wall was torn down.

I remember the first time I saw the Wall. It was ominous and frightening. I never thought, in my wildest imagination, I would live long enough to see it down. Then I remember going back another time -- we went down late at night -- and as we got closer, you could hear this sound "chink-chink-chink." People were chipping away the Wall to sell for souvenirs to tourists like me the next day. There were also other people painting it, because it was worth more if had paint on it. It was typical entrepreneurship at work.

So that epoch ended in 1989. Now 10 years into the next epoch. But what is it? What is this new period? That can be very hard to say, given that we don't know the outer boundaries of the epoch, or roughly when it starts and where it is going. Yet that is the world we are currently in.

Now, we have been at this for 10 years, and it is still rather fuzzy. Although I think, even in the confusion, it is possible to see some of the main features that could likely discriminate this new sixth epoch of American security history.

While the United States has emerged as the only global superpower, it has not produced peace in any sense. This is not Pax Romana. Indeed, a disturbing tribalism seems to now characterize the international security order. I think there are forty or fifty active struggles going on around the world, some of them just dreadful. A kind of ethnic tribalism appears to be emerging as a dominant characteristic of this period.

Second, we see the emergence of strange and uncontrollable new transnational actors on the scene -- Osama bin Laden-type organizations-- that shift and move in and out of government structures. It is very hard to know how to deter these new actors in this era when they are not dependent on the normal structures of government, in and around which deterrence has evolved during the last fifty years.

Third, we have seen this very frightening devolution of the resources of violence of the old Soviet empire, and they have become more available in this new world. So, this huge arsenal of biological weapons and chemical weapons, the huge arsenal of knowledgeable scientists, is now starting to drift out and fall into the hands of very dangerous people.

These are very troubling sorts of dimensions to this new epoch. And it seems to me there are seven or eight very large, new forces that have emerged on the scene, truly transnational forces, such as the globalization of information, typified by the Internet, and the emergence of international crime. It is increasingly difficult to segment international crime from international terrorism. We could very soon see emerge on the stage the first narco-state if the situation continues to deteriorate in Colombia.

Another one of these transnational forces, frankly, is disease. I don't think any of us realize how profound the changes could be in Africa if the AIDS epidemic continues in its current pattern.

There is also the transnational shift of jobs; not necessarily of workers, but of jobs. An American product today may have the computer chips made in China, the software written in India, the handsets made in Ireland, or the satellite made in Italy, and it is launched in Russia. And we call it an American telephone system. This is a profoundly different world, where the jobs have now gone international.

Also of concern is the global spread of armaments and the technology of armaments. As I mentioned, in large measure, but not entirely, this flows from the disintegration of the old Soviet empire. At the same time there are now some emergent rogue actors, such as North Korea, whose only source of political pride and cash is the sale of things like missiles.

What does this new security epoch mean? Well, it seems to me -- and I don't know all the answers -- but we can tell now that stability is going to be an increasingly rare phenomenon in this new epoch. The previous epoch, the Cold War, was at least characterized by great inertia; huge forces that move very slowly. That does not appear to be the character of this new epoch.

Second, it seems to me that many of the international structures that were created to mediate and manage the security problems during the Cold War epoch are increasingly brittle, if not ineffective, in this new epoch. We recall how unnerved we all were during the Asian economic crisis, that the World Bank and the IMF [International Monetary Fund] couldn't handle it. There was an enormous amount of talk about having to reengineer the entire system. That seemed to have abated once the problem went away initially, but I am not sure the underlying factors have receded. After all, capital is more global today than at any other time in history.

The U.N. is increasingly road-blocked in the Security Council, because

of the lack of consensus in a structure that requires consensus. So, it is usually the rare and even important but secondary mission around which the U.N. can cohere. When it comes to something big, like the Balkans, the U.N. cannot pull together. So, the structures of the Cold War era are increasingly irrelevant to this new period.

I think there is a question mark over NATO in this regard. I think that it was remarkable

how NATO had evolved -- and Kosovo brought this about -- to envision this new structure

of operations. Yet, I must confess, I am slightly worried about what I see in the aftermath

here, in the political after-action assessments of Kosovo and NATO operations in Kosovo.

When General Clark and I and others were at a NATO conference about a month and a half

ago, I was struck by the absolutely consistent representation by other governments of what

it was all about. They all said it exactly the same way: this is the first time in history that we

went to war for an idea.

Now, that was very interesting to me. Because what they were saying was we could not find a transcending authority that would authorize or rationalize our actions, so we are defaulting to a transcendent idea to justify it. In other words, it is not noble to go to war for national interest any longer; you have to have a superseding human rights agenda to justify military action. I was startled by the uniformity of this thinking.

I would be interested in the views of General Clark and General Naumann on this, because it worries me, frankly, that creating political stability is not a sufficiently justifiable reason to go to war. Instead, we have to find some transcendent reason that justifies or moves democracy to act.

We had some of this here in the United States, didn't we? There was a great deal of questioning in that regard. So at the very time when we are confronting a world that is more tumultuous and less stable, the traditional basis on which democracies are willing to go to war appears to be eroding. Now they are willing to do so only for larger values. Ask yourself, how long is the staying power of public support when you start taking casualties in such an environment?

Now, every bit of this was just the introduction to my speech, which was the question of the seminar: What is the future of the Army in Europe? And what is the future of the United States in Europe?

Well, let me just say at the outset, I don't know all the answers. I think the question is very important but still a subset of a broader question: what is America's security posture going to be in this sixth security epoch? Should we organize and orient ourselves around the residue of the previous epoch? Or, do we shift radically to something that is new that we don't yet understand?

Now, we have a real live, active, ongoing debate in Washington on the subject of the F-22. The F-22 is a weapon system designed at the height of the Cold War. One of our strongest committees and best friends on Capitol Hill just decided we should live without it, because it's holding us back. Should we fight to get the F-22 back, because it is going to be necessary for the war, or is it a relic of the previous epoch and it is keeping us from resourcing what we would really need to do for the future?

This is a very real question. It is a very tough question. A year ago, Congress created something called the National Defense Panel. The National Defense Panel criticized us for spending too much time stuck on the Cold War past. Supposedly, we are just like Bud Light -- you know, same flavor, fewer calories. We're just a little smaller, but we are doing exactly what we did during the Cold War.

This is keeping us from re-tooling ourselves for the security challenges of the next epoch. It is hard to know what they will be; when three or four times in the last four years we have had to mount two nearly simultaneous operations. Tell me the time when we will not have to worry about Korea or we are not going to worry about Europe. We have not seen such a time in the last four years, at least while I've been at the Department of Defense. Yet, are we stuck, continuing to buy the past, rather than to engineer ourselves for the future?

As it relates, then, to the Army, it is not clear to me what the answer is. If we are in a long period of transition, where we are now is not where we are going to be in ten years. But if the challenges of today are unavoidable, then we would want to hang on to the current situation. The Army needs to be in Europe right now, because it remains and represents the connective tissue that holds together the security future of Europe.

I am worried, as I said earlier, that the public support for forces in Europe seems to be

atrophying. What this means for the Army is that while it remains this connective tissue,

what is it connecting? What will it be connecting in ten years?

I think we have -- this as a sideline -- a national requirement to try to keep our allies firmly

engaged in the debate. This is why we are willing to talk very intensively with them about

these European defense initiatives, where they want to have autonomous capability to be

able to act on security initiatives apart from the United States. I am deeply skeptical any of

that will ever happen because they are not buying what it takes to do that. But I am glad

they are talking about it. The worst thing that could happen is for them to say: we won't

ever worry because the United States will come in if it ever gets serious. That would be a

very serious step in the wrong direction.

So the Army has to transform itself, while at the same time being that connective tissue, holding the structure together in Europe for the time being. But, if the Army only holds onto nostalgic versions of its grand past, it is going to atrophy and die. I don't think that holding on to the great Army that existed -- and it was marvelous -- that existed through the seventies and the eighties and into the nineties, and simply becoming a lighter, smaller version is all that is going to be necessary for our security in this epoch. I remember Butch saying at one of those meetings, "Okay, we spent a couple of days crying about it, now let's go on with it." Then he would have the sad task of engineering the removal of much of the Army structure in Europe. He was exactly the right guy at the right time to do it; you know, unemotional, forceful and direct.

I think we need the same sort of mindset today, as the Army is going to have to change itself. It cannot simply be what it was and think that it is going to be relevant for this new, complex world that is emerging. At the same time, it has to serve the indispensable function of holding together a continent that right now is a bit adrift in thinking about its security requirements.

Now, this is the time when we should hand the discussion off to the panel of experts, who

are going to have the answers.

I would like to again render my thanks to the Army, to the Army Academy, to the U.S. Army Association, and, of course, to the Harris School, for hosting this conference. I think it is enormously important.

It bothers me that we don't have CNN cameras that are broadcasting this to America. This is a national debate, and unfortunately it is only being carried on by a very small group of people. Not unlike the way that the churches and monasteries kept knowledge alive during the Dark Ages.

As the world goes its way, someone has to be thinking about the terrible business of war and security and safety and peace in the future. That is why you are here, and I am very grateful to have been invited to be included in the conference. Thank you very much.

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STRATFOR.COM
Global Intelligence Update
August 27, 1999

Communist Party Set to Gain Seats in Czech Senate

Summary:

Communists have attained their greatest popularity in the Czech Republic since the end of the Cold War and they are poised to gain seats in upcoming Senate elections. The rise of the party in one of NATO's newest members signals dissatisfaction with economic change and the sudden and very real burdens of membership in the alliance. While the communists will not drastically alter the

Czech government, they are a bellwether of how poorly change is being received in NATO's newest members.

Analysis:

Czech opinion polls indicate the Czech Communist Worker's Party (KSCM), which already has 4 seats in the Czech senate, will increase its share in upcoming elections. One-third of the 81 seats are up for grabs in the August 27 vote. The front-runner is the dominant Czech Social Democratic Party (CSSD), now holding 23 seats. The second largest party, the right-wing Civic Democratic Party (ODS), holds 26.

If opinion polls accurately reflect voters' intentions, the Czech senate will be a very different place after the election. Communist representation could double. At this point KSCM's popularity stands at about 17 percent, with the ruling party CSSD at 15 percent and the ODS at 23 percent.

While there is lingering resentment at the loss of Slovakia, much of the surge in support for the KSCM and right-wing opposition groups is pure frustration at a badly mishandled economy. The Czech Republic, like Slovakia, is in a deep recession. Worried about unemployment, the Czechs are increasingly interested in trying to keep Slovak workers out of the republic.

Topping it off, the republic's decision to join the European Union, which is struggling even to build a common currency, is widely seen as stretching the limits of a mismanaged economy. Czech dependence on the EU is growing, too. Czech central bankers are testing the international bond markets, with reported plans for a US\$300 million bond issue.

Though desired, the reality of the transition to the West has been a jolting surprise to many Czechs. Acceptance to NATO earlier this year has come with a considerable price tag. Early in the year, western militaries began turning up the pressure for aspiring nations to modernize their militaries. And as soon as the summit in Washington granted the Czechs membership, they were asked to extend overflight rights to alliance aircraft enroute to bomb Yugoslavia. As the war dragged on, and talk of invasion mounted, the republic faced the unpleasant prospect of having to help invade a fellow Slavic nation.

The communists opposed entry into NATO, when the senate voted in April, 1998, to seek membership by a margin of 64 to 2. Ever since then, the KSCM has been taking advantage of anti-Western sentiment, including feelings against radical economic reform. NATO's bombing of Yugoslav bridges on the Danube River triggered Vojtech Filip, the leader of the KSCM deputies group, to accuse U.S. President Bill Clinton, U.S. Secretary of State Madeleine Albright, and Gen. Wesley Clark, the NATO commander, of war crimes. Though extreme, these accusations are consistent with the KSCM perspective.

KSCM is hostile to the growing U.S. and German influence in the region and the West's effort to co-opt post-Soviet states for Western strategic advances. Features of KSCM that make the party attractive to voters are its active campaign for socialism, its anti-corruption platform and cooperation with unions and interest organizations.

Support for the party is genuine; but communism in the Czech Republic is not fashionable, and is not favored by dispirited youth. The party appears set for a promising minority role in the parliament. Senate seats are held for six-year terms, allowing KSCM to profit heavily.

The rise of communists in what is arguably a crown jewel for NATO suggests a broader problem. Democracy has clearly won in what was once called Eastern Europe. Capitalism is still an uncomfortable companion. Poland's coalition government has begun to tackle difficult economic reforms, particularly in heavy industry, that were once seen as too tough. Reform is the price of joining the EU. Poland will have to grapple with tension between its trade unions and pro-market forces.

Hungary has created growth by selling off state-run enterprises to foreign investors; today foreign-owned firms account for one-third of the economy and two-thirds of exports. But Hungary, too, has a long way to go in becoming part of the West it has ostensibly joined.

In the Czech Republic, an increase in KSCM senate seats will give the communists more leverage, particularly as their politics are not entirely incompatible with other parties. With a larger senate presence, the KSCM will be involved in more of the give-and-take of democratic politics. This will enable it to influence the outcome of much legislation, including legislation dealing with relations with the West. The Czech Republic's cooperation with NATO, then, stands a greater chance to be challenged in the long term. This will be especially true if other parties start contending with KSCM's popularity by borrowing from the anti-NATO, anti-EU sentiments in their campaigns.

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Are you comfortable? Got enough food in the house?

Electricity working? Got fuel for the car?

Well come January 1, 2000 all that is going to change.

You know that little Y2K thing where many of the computers in the world are just going to shut down on Jan 1.

Well that little problem is going to collapse all the economies in the world. No more food, electricity, fuel, communications etc.

all those things are going to shut down like that "snap" (maybe a week or so)

and the survival of the fittest will become the law

until the antichrist takes over the world.

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Date: Tue, 31 Aug 1999 01:39:27 -0400

YOU CAN STAY HERE FOR THAT

IT'S BEST TO GET OUT OF HERE BEFORE THAT HAPPENS

BUT THE RAPTURE WILL NOT OCCUR UNTIL

THE UNIVERSE IS PROPERLY DISPLAYED

STAND UP AND OPEN YOUR MOUTH !

THE UNIVERSE SPACE ENDS & MOVES $O \wedge + \vee O$

The discovery of the understanding of the universe.

2

E=MC The equation for the atom bomb. It says that matter and energy

are the same thing. So then what is that? Matter, look at a brick. Its

in a three dimensional form. Its made of electrons, protons and neutrons

(atoms) and they are moving so the brick is moving. Energy, sunlight.

Its in a three dimensional form. It comes to us from the sun therefore

it is moving. 3D and moving Both matter and energy are 3D and moving.

I outproduce Einstein. We already know all matter has gravity. The

bending of light shows that energy also has gravity. So matter and

energy are 3D moving with gravity. The universe is made of matter,

energy, time and space. That just stated is the matter and energy part.

Time and space. Take everything in the universe and stop it. Does time

progress? No. Therefore time is the motion and the understanding of all

the motion is the understanding of all of time. Space. Space ends. Space

does not go on forever. Space is in a three dimensional form. Space

moves but does not have gravity. Space moves like this. $O \wedge + \vee O$

And that is the understanding of time.

○ This is what was first, in the beginning.

∧ This is the old kings and queens.

+ This is democracy.

∨ This is socialism.

○ This is when the Lord Jesus Christ returns.

And that is the understanding of the universe. Glory be to the Father the Son and the Holy Ghost. Revelation chapter 10&11;15-19. It is very important the people receive this information. You may tell someone about this.

Thank You
Robert Lavelle

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The discovery of the understanding of the universe.

2

E=MC The equation for the atom bomb. It says that matter and energy are the same thing. So then what is that? Matter, look at a brick. Its in a three dimensional form. Its made of electrons, protons and neutrons (atoms) and they are moving so the brick is moving. Energy, sunlight. Its in a three dimensional form. It comes to us from the sun therefore it is moving. 3D and moving Both matter and energy are 3D and moving. I outproduce Einstein. We already know all matter has gravity. The bending of light shows that energy also has gravity. So matter and energy are 3D moving with gravity. The universe is made of matter, energy, time and space. That just stated is the matter and energy part. Time and space. Take everything in the universe and stop it. Does time progress? No. Therefore time is the motion and the understanding of all the motion is the understanding of all of time. Space. Space ends. Space does not go on forever. Space is in a three dimensional form. Space moves but does not have gravity. Space moves like this. O $\wedge$ + $\vee$ O And that is the understanding of time.

O This is what was first, in the beginning.

$\wedge$ This is the old kings and queens.

+ This is democracy.

$\vee$ This is socialism.

O This is when the Lord Jesus Christ returns.

And that is the understanding of the universe. Glory be to the Father the Son and the Holy Ghost. Revelation chapter 10&11;15-19. It is very important the people receive this information. You may tell someone about this.

Thank You

Robert Lavelle

Message-Id: <199908310920810.SM00081@ezzi.net>

Date: Tue, 31 Aug 1999 09:20:23 -0400

RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: allan berg <bergax@cs.jmu.edu> (allan berg <bergax@cs.jmu.edu> [UNKNOWN])

CREATION DATE/TIME: 3-SEP-1999 08:27:41.00

SUBJECT: (ai) [Fwd: Israel Report 9/4/99] (fwd)

TO: Recipient List Hidden by JMU mail server <list@jmu.edu> (Recipient List Hidden by JMU mail server <list@jmu.edu> [UNKNOWN])

READ:UNKNOWN

TEXT:

----- Forwarded message -----

Date: Thu, 02 Sep 1999 09:00:38 -0400

From: Mayer Nudell <Mayer.Nudell@usa.net>

Subject: (ai) [Fwd: Israel Report 9/4/99]

Mirsra@aol.com wrote:

> EGYPT URGES PALESTINIANS TO ACCEPT ISRAELI PEACE PROPOSAL (Israel Line
> 9/1/99)

> Egyptian President Hosni Mubarak is expected to try to convince
Palestinian

> Authority Chairman Yasser Arafat to give his assent to an agreement with
> Israel during a meeting between the two in Alexandria today, HA'ARETZ
> reported. If Arafat agrees, he and Prime Minister Ehud Barak are
expected to

> sign the agreement in Egypt on Thursday. The ceremony would also be
attended

> by United States Secretary of State Madeleine Albright. Three issues are
> still delaying the agreement between Israel and the Palestinians:

Israel's

> proposal to reach a "framework" for the permanent settlement within six
> weeks; the target date for completing the Wye implementation; and the
number

> of Palestinian prisoners to be released. According to HA'ARETZ, the
Egyptian

> position is that Israel's proposals are reasonable, and that the
Palestinians

> should accept them and begin implementing the agreement, instead of
creating

> another delay in the negotiations, which would inevitably lead to a
delay in

> the implementation. Barak said he was still awaiting answers from the
> Palestinians before deciding whether to sign the new agreement or
implement

> the Wye agreement as it is. Senior Cabinet members will meet with
victims of

> Arab terrorism before the agreement is signed, to explain the decisions

> regarding the release of Palestinian prisoners. The sides appear to have

- > reached a formula that would enable the release of more than 300 prisoners.
- > American sources said that despite often difficult negotiations, the parties
- > were maintaining a friendly and optimistic tone. Israeli and Arab sources
- > said that until now, the Americans have refrained from direct involvement in
- > the details of the negotiations, instead allowing the parties to settle their
- > own disputes before Albright's visit.
- >
- > ISRAEL AIDS TURKEY (Arutz-7 9/1/99)
- > Following a request for aid by the Turkish Ambassador, the Israeli
- > Manufacturers' Association and the Chambers of Commerce contacted top Israeli
- > companies for contributions of essential supplies to earthquake-stricken
- > Turkey. Some of the items already shipped to Turkey include medicines,
- > orthopedic and medical equipment (X-ray machines and monitors), tents,
- > blankets and food. The flow of calls to the Trade and Industry Ministry by
- > industrialists wanting to make contributions is growing daily. Three flights
- > per day, laden with the donated products and equipment, have been leaving
- > Israel ever since efforts began. As of Sunday, August 22nd, thousands of
- > dollars worth of medicines, 3000 loaves of bread, 50,000 batteries, 9,000
- > towels, tens of thousands of bottles of water, baked and canned foodstuffs
- > have been sent. Volunteers from Kibbutz Ga'ash are still conducting their own
- > campaign to help the earthquake victims. Kibbutz member Micha Drory told
- > Arutz Sheva on Monday of this week that the public response has been so
- > overwhelming, "there is no room left in our warehouse to store donated goods.
- > Now we need people to come help us sort items to prepare them for shipping."
- >
- > TOP INDIANS DUE AS BARAK BOLSTERS TIES WITH DELHI (Haaretz 9/2/99)
- > A top-ranking delegation from India is scheduled to arrive in Israel within
- > the next few days and will meet with Prime Minister Ehud Barak. The visit
- > reflects the decision of both countries to strengthen diplomatic and security
- > ties. Heading the Indian delegation will be a national security adviser,
- > Barajes Mishara. He will be accompanied by the most senior
- > diplomatic-security officials of the New Delhi administration. India, which
- > recently underwent political turmoil and is now in the midst of the a general
- > election campaign, is currently ruled by a transitional government. The
- > professional civil service enjoys considerable leeway in conducting the
- > country's foreign affairs and defense policy. Barak attaches great importance
- > to the development of ties with India; he may visit India next year, after a

- > new government takes office in New Delhi. Israeli sales of weapons systems
- > and military equipment to India represents the major channel of relations
- > between the two countries. Defense sources estimate that the Indian market
- > offers the potential of additional deals worth \$2 billion. A few weeks ago,
- > at the height of the fighting in Kashmir, Israel acceded to India's request
- > to speed up delivery of military equipment. The delegation's visit indicates
- > that the two governments have decided to extend the strategic dialogue into
- > additional spheres. Officials from both sides yesterday declined to comment
- > either on the visit itself or on the substance of the talks that will take
- > place. Delegation head Mishara is responsible for formulating the nuclear
- > policy the Indian government announced about two weeks ago. According to its
- > program, India will develop "credible nuclear deterrence" and will pledge not
- > to be the first to use nuclear weapons. Last week the Indian Foreign Ministry
- > denied allegations by the Arab League concerning India's nuclear cooperation
- > with Israel. The statement noted that India has "good relations with Israel,
- > but there is no nuclear cooperation between the two states. India has
- > historic relations with the Arab world, and its support for the Arab and
- > Palestinian cause remains as it was. Our relations with Israel will never
- > come at the expense of our close ties with the Arab states.
- >
- > IN VIOLATION: PA HAS NAVAL COMMANDO UNIT (Arutz-7 8/31/99)
- > Yediot Acharonot reported today on yet another Palestinian Authority
- > violation of Oslo - one that could have serious implications for Israel's
- > security. "Under Israel's nose," reported Limor Shmuel, "the Palestinians
- > have established a naval offensive commando unit," two of whose members were
- > killed in a training exercise several weeks ago while practicing the
- > attachment of explosives to ships. The unit's equipment was apparently
- > smuggled into Gaza via the underground tunnels from Egypt. The Oslo Accords
- > permit the Palestinians to operate a Coast Guard, but prohibit offensive
- > activity such as the formation of a commando unit.
- > SHABBAT 2000 (Arutz-7 8/31/99)
- > The two Chief Rabbis have been asked by the government to issue Sabbath work
- > permits to thousands of workers for Saturday, January 1, 2000. Cabinet
- > Secretary Yitzchak Herzog met with the two yesterday, and explained to them
- > that the possibility of a danger to the public exists if Y2K-related bugs are

> not monitored on the spot. It was agreed to establish a committee comprised

> of rabbis and professionals to look into the matter.

>

> THE LIKUD'S CHALLENGE (Editorial, Jerusalem Post 8/31/99)

> All three of the major candidates for leadership of the Likud agree that

> their party, after the stinging loss of 1999, must be "rehabilitated."

But

> the Likud is suffering from something more fundamental than an election

> defeat and requires more than a mere dusting off and return to the fray.

The

> Likud is a party that has lost its ideological foundations and must find

a

> new identity to survive. It is true that the Likud is also suffering from

> neglect that a successful fundraiser and organizer could partially turn

> around. Binyamin Netanyahu, the directly elected premiership's first

> political creation, accelerated the trend of leaders who view their own

party

> as a nuisance and a liability. Ehud Barak seems to be of the same mold in

> this respect, but it is the Likud that was the first to suffer from it.

But

> listening to candidates Ariel Sharon, Ehud Olmert, and Meir Sheetrit talk

> about reopening party branches and making the Likud a "home" again, one gets

> the impression that the essence of the Likud's crisis has been missed.

There

> is a lack of new ideas, and this could explain, at least in part, the

lack of

> public interest in the current primary. The Likud in its heyday, on the

eve

> of Menachem Begin's 1977 election victory, represented three powerful, if

> somewhat contradictory, antiestablishment streams: It was the party for

> safeguarding the Land of Israel, the party of those who felt left behind

and

> left out by the Labor elites, and the party that opposed the socialism

of the

> establishment. Netanyahu attempted to preserve the Land of Israel

ideology in

> the era of Oslo, but failed to square this circle. For the Likud's

purposes

> today, it is immaterial whether diplomatic realities or Netanyahu should

be

> blamed - or praised - for committing the party to the principle of

> territorial comprise. In any case, what was perhaps the most powerful

> cylinder in the Likud's ideological engine is out of commission, for as

long

> as the peace process does not collapse completely. The other two

cylinders -

> ethnic antiestablishment sentiment and antisocialism - are not only

> sputtering but to some extent working at cross purposes. In the last

> elections, Shas gained seven Knesset seats, largely at the expense of the

> Likud, presumably because many Mizrahi Likud voters preferred an overtly

> ethnic party to what seemed to them a pale imitation. Though the

politics of

> ethnic pride and manipulation of grievances, real and imagined, has its
> limits, the Likud is in no position to compete with Shas on Shas's
playing
> field. A party that aspires to national leadership cannot forever build
on
> divisions that it claims to be trying to heal. The Likud's free-market
wing
> is also in trouble with the departure from the scene of Netanyahu, its
most
> outspoken representative. The party was never able to reconcile the
statist
> populism of David Levy with Netanyahu's proclaimed zeal for free
enterprise.
> Moreover, Netanyahu never attempted, let alone delivered, the
Reagan-Thatcher
> economic revolution that was expected from the rhetoric of the early
days of
> his term. Finally, Barak seems to be taking a page from his economic
mentors,
> Bill Clinton and Tony Blair, and is not taking his party back to
old-style
> Labor Party socialism. Rather, Barakonomics is, so far, more or less a
> continuation of Netanyahu's combination of fiscal restraint with creeping
> structural reform. The Likud, however, is not as bereft of a potential
> political direction as might seem from the failure of its main
candidates to
> project a coherent new vision. In fact, the Likud could turn its unusual
> combination of free-market economics and representation of the
downtrodden
> into a real asset. In most countries, the parties of the left are also,
in
> political terms, the champions of the poor. In Israel, however, the
monied
> establishment and much of the industrial class votes Labor. Unlike the
> Republican party in the United States or the Conservatives in Britain,
the
> Likud is associated not with the blue bloods of society but with working
folk
> struggling to make their way through the ossified, government-dominated
"old
> boy" network. Both Reagan and Thatcher succeeded in revolutionizing their
> economies by shedding their parties' elitist images and convincing the
public
> that big government was not in their interest. The Likud, potentially,
is a
> step ahead of these reformers because it does not have an elitist image
to
> shed. What the Likud needs to do is what Netanyahu never attempted and
what
> Barak is unlikely to pursue seriously: make the case that social justice
and
> free enterprise are not in conflict, but two sides of the same coin. Of
the
> three Likud candidates, only Sheehar seems to be trying to create such a

- > synergy, although we hope both Sharon and Olmert would also speak more
- > forcefully in this direction. In his five-point program, Sheerit explicitly
- > establishes free markets as a key plank, including "drastic" reduction of
- > taxes - not just "tax reform," as is commonly discussed. Even more boldly,
- > for a "social" candidate, Sheerit calls for overhauling unemployment
- > insurance so that it becomes the "last, not the first, choice of the
- > citizen." All the candidates should understand that the Likud cannot be
- > revived by empty slogans or organizational prowess, but by a new paradigm
- > that fills a real public need.
- >
- > EX, WYE, SHAS (Akiva Eldar, Haaretz 9/2/99)
- >
- > Quite by coincidence, the members of the Likud will be setting out for the
- > polls on the same day the "leftist government" sets out to implement an
- > agreement embellished with the signature of their ex-chairman, former prime
- > minister Benjamin Netanyahu. Prime Minister Ehud Barak's intention to carry
- > out the Wye agreement has provided MK Ariel (Arik) Sharon, who is running for
- > the chairmanship of the party, with a few newspaper headlines. The attacks on
- > the prime minister's defeatism reminded the Likud members that Sharon is the
- > diplomatic-military authority, and not his rivals MK Meir Sheerit or
- > Jerusalem Mayor Ehud Olmert. If the results of the primaries confirm the
- > results of the survey, Sharon can change his spots again. His
- > spokesmen-interpreters will recycle the forecasts that started after his
- > appointment as foreign minister. As in the days when he made the pilgrimage
- > to Barak's suite at the Dan-Accadia Hotel, we will hear about Sharon the
- > Mapainik, who has already declared that a Palestinian state is only a
- > question of time. They will remind us that Arik even wrote a document in
- > which he proposed considering the return of the 1967 refugees to their homes
- > in the territories. A key figure in One Israel says that he wouldn't be
- > surprised if once he gets the Wye agreement out of his way and embarks on the
- > negotiations for the final status agreement, Barak replaces Shas Minister of
- > Labor and Social Affairs Eli Yishai with Ariel Sharon. Barak was breezier
- > than usual during the crisis with Shas over the transport of the transformer
- > parts on the Sabbath. Those closest to him got the impression that as far as
- > he is concerned, Shas spiritual leader Rabbi Ovadiah Yosef is threatening him
- > with a water pistol, and it doesn't worry him a bit to humiliate Shas. Barak
- > has not lifted a finger to help the collapsing institutions of the Shas
- > educational network El Hama'ayan, which are threatening to bring down the

> entire party with them. Barak has much more of a common language with General

> Sharon than with the party hacks in the suits. The more National

> Infrastructures Minister Eli Suissa annoys Barak's secular voters, the easier

> it will be sell them Sharon's return to the National Infrastructures

> Ministry. The problematic Russian voters will shed no tears either.

Another

> senior person in One Israel judges that Barak cannot give up Shas before the

> referendum on the Golan Heights. The spirit of Benjamin (Bibi) Netanyahu will

> hover over the heads of the leaders of the Likud for the next few years.

They> know that Bibi's willingness to compromise with Syrian President Hafez al

> Assad will not stop him from accusing them of abandoning the Golan. The

> Americans believe that after Secretary of State Madeleine Albright brings

> Assad back to the negotiating table next week, reaching a peace agreement

> with Syria will be a matter of months. If their estimation is correct, after

> Sharon wins the primaries his return to the government table is also a matter

> of months.

>

> LOW TURNOUT EXPECTED IN TODAY'S LIKUD LEADERSHIP ELECTION (Jerusalem Post > 9/2/99)

> Some 143,000 paid-up Likud members are eligible to vote today in the party's

> polls for the leadership. They will have to choose between interim head Ariel

> Sharon, former finance minister Meir Sheerit and Jerusalem Mayor Ehud

> Olmert. Voting will take place between 10 a.m. and 10 p.m. at 323 polls

> located at 85 stations throughout the country from Katzrin to Eilat. The

> final results are not expected until the early hours of tomorrow morning.

> Sharon and Olmert will both vote in Jerusalem, Sheerit in his home town of

> Yavne. Sharon yesterday called on the supporters of the two other candidates

> running for the permanent leadership to unite behind whichever candidate

> wins. Sharon repeatedly told Likudniks he met with yesterday that for the

> sake of the party, all members should unite behind the elected leader.

Only

> this way can the Likud rehabilitate itself and be reelected in the next

> elections, Sharon said. This sentiment was seconded by Sheerit. "I have all

> along distanced myself from the type of campaign run by the others in which

> each filed police complaints against the other. We need a new Likud and we

> need a united Likud." The personal vituperation, particularly between Olmert

> and Sharon, has given rise to predictions that turnout among the 143,871

> eligible Likud voters will be low. "I would see a 50 percent turnout as a

> huge success," Sheerit said yesterday. Both he and Sharon fear a poor

> turnout would work in Olmert's favor. While they are basing themselves

more

- > on broad support, Olmert is working with specific groups which are more likely to vote. Sharon is hoping that the leadership will be determined

in

- > one round of voting. "We would see a second round as the result of a failure

- > by us," said MK Ruby Rivlin, who heads Sharon's campaign. If no candidate

- > receives at least 40 percent of the vote, there will be a runoff in three

- > weeks. Sharon is considered to be the leading candidate but his staff

says

- > much depends on the turnout and whether Olmert and Sheertit are given a

- > sympathy vote as underdogs by some Sharon supporters. Sheertit and Olmert

- > also expressed confidence. Sheertit, however, is interested in having a

- > runoff. "I hope to win in the first round but if there is a second round

it

- > is likely to be between Sharon and me and I don't see Ehud's supporters

- > suddenly voting for Sharon after all that they said about him during the

- > campaign," he said.

>

- > PRE-EMPTIVE STRIKE (Oded Granot, Ma'ariv, 9/1/99)

- > The blows which Jordanian King Abdallah is dealing to Hamas are much more

- > focused and painful than those which the organization absorbed during his

- > father Hussein's era. The Jordanian security forces' carefully timed

action -

- > which caught Hamas's leaders outside Jordan, and therefore avoids having

to

- > try and imprison them - is not merely the result of an appeal from the

- > Palestinian Authority, which fears headline-grabbing attacks at this

- > sensitive stage. Nor does it necessarily stem merely from the ceaseless

- > Israeli pressure on Jordan to cut the pipeline of operational directives

- > between the leadership in Jordan and the gangs in the territories. The

- > Jordanian activity against the organization may be seen, first and

foremost,

- > as a pre-emptive strike. It is an expression of the Jordanian

authorities'

- > sense that a public exposure of Hamas's activities in Jordan as a factor

- > orchestrating and directing attacks against Israel risks putting Jordan

in a

- > very embarrassing situation, precisely at a time when Jordan is

interested in

- > playing up its contribution to the peace process. The Jordanian security

- > services currently have enough evidence to prove that Hamas has, for some

- > time, gone beyond the bounds of seemingly legitimate political activity:

- > alongside the despatching of directives to Hamas cells in the

territories,

- > there is also a dangerous association between the organization's

activists

- > and Jordanian MPs identified with the Muslim Brotherhood.

>

- > THE OSLO TRAP (Ari Shavit, Haaretz 9/2/99)

- > What has been happening to Israel's prime ministers in recent years is

cause

- > for concern. So much so, indeed, that it sometimes seems that the fate

of the

> Jewish state's leaders at the end of the millennium resembles that of the
> Kennedy family. Consider: Within the space of less than four years one
> Israeli prime minister was assassinated, a second was shattered
politically
> and a third suffered a humiliating defeat. And now, just when it seemed
that
> the worst was behind us, just when it seemed that Israel could take
wing, it
> emerges that a suffocating ring of sourness and disappointment is
beginning
> to take its toll on a fourth prime minister, a man of acute intelligence
and
> a glory-filled past. Yet his first diplomatic move, the results of which
are
> supposed to be signed today, appears highly puzzling from start to
finish and
> proves only that even Ehud Barak is already becoming entangled in the
same
> political and diplomatic web in which his three predecessors were fatally
> ensnared. No black magic is involved here, no kabbalistic mumbo jumbo.
Neither
> witchcraft nor curse has afflicted Israel's prime ministers in recent
years.
> What has afflicted them is the profound duality of the peace process as
it
> was shaped from 1993 to 1995. That duality is manifested in the fact
that the
> process threatens to freeze any leader who tries to escape its clutches
to
> death (see the case of Benjamin Netanyahu), while at the same time it
> threatens to consume in flames any leader who devotes himself to it (see
the
> cases of Yitzhak Rabin and Shimon Peres). It is a duality that is
expressed
> in a process that obliges the Israeli navigators to move full speed
ahead on
> a route that has been marked out in advance, yet provides no guarantee
that
> the route will not lead to the edge of a cliff. And it is a duality that,
> time after time, causes the process to demonstrate that it is (almost)
> inevitable even when it is (almost) impossible. Every new Israeli prime
> minister finds himself trapped in the same net in which his predecessors
also
> fluttered helplessly. The source of the trap is this: Exactly six years
ago,
> in August and September of 1993, the Rabin government made three colossal
> mistakes. The first mistake was the decision to recognize the
> Palestinian-Arab people, its legitimate rights in this land and its
national
> movement, without obtaining recognition of the parallel rights of the
> Jewish-Israeli people in return. The second mistake was the decision to
give
> the Palestine Liberation Organization control over most of the occupied
> territories before negotiations over a permanent settlement had begun and

> before the PLO conceded so much as one inch of the soil of Palestine.
And the
> third mistake was the "hypothetical" message that Yitzhak Rabin conveyed
to
> Hafez Assad in August 1993 - a message that gave the Syrians the
impression
> that Israel had agreed to withdraw to the boundary lines of June 4,
1967. The
> cumulative result of these three structural mistakes, which occurred
within
> the space of just a few weeks at the end of the summer of 1993, was
> devastating. What happened was that when the peace process finally got
> underway, it had a congenital defect. The process places Israel in the
> permanent and inferior position of a debtor whose creditor-neighbors keep
> pounding relentlessly on its gates. Israel's prime ministers from Rabin
> onward were quick to grasp the implications of the 1993 mistakes. They
> grasped quickly that whereas the peace process itself is essential, its
> concomitant texts jeopardize Israel. Therefore all of them, in truth,
tried,
> to one degree or another, to renege on the texts. Immediately after
letting
> the horses escape from the stable, Israel's leaders found themselves
> wandering about the fields searching for those horses. So on the Syrian
track
> they tried for six consecutive years to bypass the quasi-promise that was
> conveyed mistakenly to Damascus. On the Palestinian track they tried to
> rectify in the Cairo agreement the mistake they made at Oslo, and in the
> Hebron agreement they tried to set right the mistake of Cairo, and at
Wye the
> mistake of Hebron. And now they have set about trying to correct Wye.
They
> are doing everything in their power to avoid paying the bills they
signed;
> everything in their power to avoid turning over to the Palestinians what
the
> Oslo accord effectively promises them. This is a hopeless strategy.
True, it
> creates brief respites and marginal tactical advantages, but it does not
> address the cardinal issue. Instead of trying to correct the mistakes of
1993
> and create a more balanced process, which will impose substantive
obligations
> on the Palestinians, too, Israel is in practice trying to suspend the
> process. By repeatedly trying to postpone target dates and avoid
fulfilling
> written commitments, Israel is actually trying to give little, and
slowly;
> whereas the proper, right and just thing to do would be to take the
opposite
> approach of demanding a lot, and fast. It must be demanded that the
> Palestinians recognize the Jewish-Israeli people and its right to
> self-determination in its own nation-state; that they abandon every
claim to
> sovereign Israeli territory; and to forsake the realization of the right

of

> return. It must be made clear to the Palestinians that only if they do

all

> this will they find a partner who will faithfully execute its part in the

> agreement. A partner who will not create difficulties or resort to

> stratagems, but will by itself and of its own volition move to end the

> occupation as quickly as possible

>

> THE TURBINE TUSSLE (Editorial, Jerusalem post 8/30/99)

> Every country has its quirks, but it would be difficult to explain Friday

> night's scene to a visitor, featuring an enormous metal contraption

crawling

> along to the cheers and protests of roadside crowds. The visitor might be

> excused for wondering in what sort of country the transport of a wide

load

> could become a source of national entertainment and controversy. For the

> turbine episode has become a parody of the dilemmas that face a Jewish

state,

> highlighting the need for an overhaul of the troubled relationship

between

> religion and state. One result of the crisis was to highlight the

> constructive role that can be played by Meimad, a moderate religious

party,

> in looking for ways to resolve conflicts rather than create them. The

> last-minute solution brokered by Meimad's Minister Michael Melchior was

to

> have non-Jewish workers transport the turbine's superheater, and to make

sure

> that ancillary work, such as loading and unloading it, was not done on

> Shabbat. Melchior views this solution as temporary, and has already

chaired

> the first meeting of a directors-general committee to devise a permanent

> arrangement for moving wide loads that respects the Shabbat without

unduly

> tying up the nation's roads. This sort of committee, or something on a

much

> lower level, could easily have devised an acceptable solution without

> creating a coalition crisis. In fact, now that the crisis has spent

itself,

> it is becoming clear that, even for the religious parties, it was driven

more

> by internal politics than by the principle of preserving the Shabbat.

After

> all, the same religious parties sat for years in governments under which

> similar oversize loads were moved on Shabbat in order to minimize traffic

> disruption. For Prime Minister Ehud Barak as well, the turbine crisis had

> little to do with religion and state and everything to do with testing

his

> political mettle. Barak correctly recognized that he could not afford to

be

> seen capitulating to ultimatums from the religious parties, and yet he

> preferred that Shas and United Torah Judaism not take their 22 seats

outside

> the government. Melchior's stop-gap solution - having the turbine move on

- > Shabbat while minimizing the violation of Shabbat - allowed both sides to
- > claim limited victory and kept the government intact. Ultimately, however,
- > Shas and UTJ lost doubly from the episode: their threats were shown to be
- > ineffective, and their ostensible cause - preserving Shabbat - was set back.
- > Because of the crisis these parties created, violating Shabbat became a
- > symbol of freedom and independence, rather than an unfortunate necessity.
- > Worse, the haredi parties were painted as seeking to impose their
- > interpretation of Jewish values on the secular public in a way that reflects
- > poorly on their own priorities. Rabbi Melchior, for example, cannot
- > understand why "religious parties" are mainly associated with enforcing the
- > ritual aspects of Judaism, such as Shabbat and kashrut, and not Judaism's
- > ethical imperatives. According to Melchior's lights, a "religious" party
- > should be at least as concerned about unemployment, domestic violence, and
- > road deaths as it is about keeping transports from moving on Shabbat. By
- > focusing mainly on Shabbat and on government funding within their own
- > communities, haredi politicians give the impression that their identity with
- > national concerns is limited to imposing ritual observance. The haredi
- > parties and public are right to be proud of many aspects of their way of life
- > and what it has to offer the outside world. Shabbat itself can be a work of
- > art - a "palace in time" in the words of philosopher Abraham Joshua Heschel -
- > rather than a burden and imposition. Sadly, however, the haredi parties seem
- > uninterested in conveying what they have to contribute to wider Israeli
- > society, or in championing causes that could win them support both within and
- > outside of the haredi community. The irony of the battle between the
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From: Mirsra@aol.com

Subject: Israel Report 9/4/99

To: Mirsra@aol.com

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EGYPT URGES PALESTINIANS TO ACCEPT ISRAELI PEACE PROPOSAL (Israel Line 9/1/99)

Egyptian President Hosni Mubarak is expected to try to convince Palestinian Authority Chairman Yasser Arafat to give his assent to an agreement with Israel during a meeting between the two in Alexandria today, HA'ARETZ reported. If Arafat agrees, he and Prime Minister Ehud Barak are expected to

sign the agreement in Egypt on Thursday. The ceremony would also be attended

by United States Secretary of State Madeleine Albright. Three issues are still delaying the agreement between Israel and the Palestinians: Israel's proposal to reach a "framework" for the permanent settlement within six weeks; the target date for completing the Wye implementation; and the number

of Palestinian prisoners to be released. According to HA'ARETZ, the Egyptian

position is that Israel's proposals are reasonable, and that the Palestinians should accept them and begin implementing the agreement, instead of creating another delay in the negotiations, which would inevitably lead to a delay in the implementation. Barak said he was still awaiting answers from the Palestinians before deciding whether to sign the new agreement or implement the Wye agreement as it is. Senior Cabinet members will meet with victims of Arab terrorism before the agreement is signed, to explain the decisions regarding the release of Palestinian prisoners. The sides appear to have reached a formula that would enable the release of more than 300 prisoners. American sources said that despite often difficult negotiations, the parties were maintaining a friendly and optimistic tone. Israeli and Arab sources said that until now, the Americans have refrained from direct involvement in the details of the negotiations, instead allowing the parties to settle their own disputes before Albright's visit.

ISRAEL AIDS TURKEY (Arutz-7 9/1/99)

Following a request for aid by the Turkish Ambassador, the Israeli Manufacturers' Association and the Chambers of Commerce contacted top Israeli

companies for contributions of essential supplies to earthquake-stricken Turkey. Some of the items already shipped to Turkey include medicines, orthopedic and medical equipment (X-ray machines and monitors), tents, blankets and food. The flow of calls to the Trade and Industry Ministry by industrialists wanting to make contributions is growing daily. Three flights

per day, laden with the donated products and equipment, have been leaving Israel ever since efforts began. As of Sunday, August 22nd, thousands of dollars worth of medicines, 3000 loaves of bread, 50,000 batteries, 9,000 towels, tens of thousands of bottles of water, baked and canned foodstuffs have been sent. Volunteers from Kibbutz Ga'ash are still conducting their own

campaign to help the earthquake victims. Kibbutz member Micha Drory told Arutz Sheva on Monday of this week that the public response has been so overwhelming, "there is no room left in our warehouse to store donated goods.

Now we need people to come help us sort items to prepare them for shipping."

TOP INDIANS DUE AS BARAK BOLSTERS TIES WITH DELHI (Haaretz 9/2/99)

A top-ranking delegation from India is scheduled to arrive in Israel within the next few days and will meet with Prime Minister Ehud Barak. The visit reflects the decision of both countries to strengthen diplomatic and security

ties. Heading the Indian delegation will be a national security adviser, Barajesh Mishra. He will be accompanied by the most senior diplomatic-security officials of the New Delhi administration. India, which recently underwent political turmoil and is now in the midst of the a

general election campaign, is currently ruled by a transitional government. The professional civil service enjoys considerable leeway in conducting the country's foreign affairs and defense policy. Barak attaches great importance to the development of ties with India; he may visit India next year, after a new government takes office in New Delhi. Israeli sales of weapons systems and military equipment to India represents the major channel of relations between the two countries. Defense sources estimate that the Indian market offers the potential of additional deals worth \$2 billion. A few weeks ago, at the height of the fighting in Kashmir, Israel acceded to India's request to speed up delivery of military equipment. The delegation's visit indicates that the two governments have decided to extend the strategic dialogue into additional spheres. Officials from both sides yesterday declined to comment either on the visit itself or on the substance of the talks that will take place. Delegation head Mishara is responsible for formulating the nuclear policy the Indian government announced about two weeks ago. According to its program, India will develop "credible nuclear deterrence" and will pledge not to be the first to use nuclear weapons. Last week the Indian Foreign Ministry denied allegations by the Arab League concerning India's nuclear cooperation with Israel. The statement noted that India has "good relations with Israel, but there is no nuclear cooperation between the two states. India has historic relations with the Arab world, and its support for the Arab and Palestinian cause remains as it was. Our relations with Israel will never come at the expense of our close ties with the Arab states.

IN VIOLATION: PA HAS NAVAL COMMANDO UNIT (Arutz-7 8/31/99)
Yediot Acharonot reported today on yet another Palestinian Authority violation of Oslo - one that could have serious implications for Israel's security. "Under Israel's nose," reported Limor Shmuel, "the Palestinians have established a naval offensive commando unit," two of whose members were

killed in a training exercise several weeks ago while practicing the attachment of explosives to ships. The unit's equipment was apparently smuggled into Gaza via the underground tunnels from Egypt. The Oslo Accords

permit the Palestinians to operate a Coast Guard, but prohibit offensive activity such as the formation of a commando unit.

SHABBAT 2000 (Arutz-7 8/31/99)

The two Chief Rabbis have been asked by the government to issue Sabbath work

permits to thousands of workers for Saturday, January 1, 2000. Cabinet Secretary Yitzchak Herzog met with the two yesterday, and explained to them that the possibility of a danger to the public exists if Y2K-related bugs are

not monitored on the spot. It was agreed to establish a committee comprised

of rabbis and professionals to look into the matter.

THE LIKUD'S CHALLENGE (Editorial, Jerusalem Post 8/31/99)

All three of the major candidates for leadership of the Likud agree that their party, after the stinging loss of 1999, must be "rehabilitated." But the Likud is suffering from something more fundamental than an election defeat and requires more than a mere dusting off and return to the fray.

The Likud is a party that has lost its ideological foundations and must find a new identity to survive. It is true that the Likud is also suffering from neglect that a successful fundraiser and organizer could partially turn around. Binyamin Netanyahu, the directly elected premiership's first political creation, accelerated the trend of leaders who view their own party

as a nuisance and a liability. Ehud Barak seems to be of the same mold in this respect, but it is the Likud that was the first to suffer from it. But listening to candidates Ariel Sharon, Ehud Olmert, and Meir Sheetrit talk about reopening party branches and making the Likud a "home" again, one gets

the impression that the essence of the Likud's crisis has been missed.

There is a lack of new ideas, and this could explain, at least in part, the lack of

public interest in the current primary. The Likud in its heyday, on the eve of Menachem Begin's 1977 election victory, represented three powerful, if somewhat contradictory, antiestablishment streams: It was the party for safeguarding the Land of Israel, the party of those who felt left behind and

left out by the Labor elites, and the party that opposed the socialism of the establishment. Netanyahu attempted to preserve the Land of Israel ideology in

the era of Oslo, but failed to square this circle. For the Likud's purposes today, it is immaterial whether diplomatic realities or Netanyahu should be blamed - or praised - for committing the party to the principle of territorial comprise. In any case, what was perhaps the most powerful cylinder in the Likud's ideological engine is out of commission, for as long

as the peace process does not collapse completely. The other two cylinders

- ethnic antiestablishment sentiment and antisocialism - are not only sputtering but to some extent working at cross purposes. In the last elections, Shas gained seven Knesset seats, largely at the expense of the Likud, presumably because many Mizrahi Likud voters preferred an overtly ethnic party to what seemed to them a pale imitation. Though the politics of

ethnic pride and manipulation of grievances, real and imagined, has its limits, the Likud is in no position to compete with Shas on Shas's playing field. A party that aspires to national leadership cannot forever build on divisions that it claims to be trying to heal. The Likud's free-market wing is also in trouble with the departure from the scene of Netanyahu, its most outspoken representative. The party was never able to reconcile the statist populism of David Levy with Netanyahu's proclaimed zeal for free enterprise.

Moreover, Netanyahu never attempted, let alone delivered, the Reagan-Thatcher economic revolution that was expected from the rhetoric of the early days of his term. Finally, Barak seems to be taking a page from his economic mentors, Bill Clinton and Tony Blair, and is not taking his party back to old-style Labor Party socialism. Rather, Barakonomics is, so far, more or less a continuation of Netanyahu's combination of fiscal restraint with creeping structural reform. The Likud, however, is not as bereft of a potential political direction as might seem from the failure of its main candidates to project a coherent new vision. In fact, the Likud could turn its unusual combination of free-market economics and representation of the downtrodden into a real asset. In most countries, the parties of the left are also, in political terms, the champions of the poor. In Israel, however, the monied establishment and much of the industrial class votes Labor. Unlike the Republican party in the United States or the Conservatives in Britain, the Likud is associated not with the blue bloods of society but with working folk struggling to make their way through the ossified, government-dominated "old boy" network. Both Reagan and Thatcher succeeded in revolutionizing their economies by shedding their parties' elitist images and convincing the public that big government was not in their interest. The Likud, potentially, is a step ahead of these reformers because it does not have an elitist image to shed. What the Likud needs to do is what Netanyahu never attempted and what Barak is unlikely to pursue seriously: make the case that social justice and free enterprise are not in conflict, but two sides of the same coin. Of the three Likud candidates, only Sheerit seems to be trying to create such a synergy, although we hope both Sharon and Olmert would also speak more forcefully in this direction. In his five-point program, Sheerit explicitly establishes free markets as a key plank, including "drastic" reduction of taxes - not just "tax reform," as is commonly discussed. Even more boldly, for a "social" candidate, Sheerit calls for overhauling unemployment insurance so that it becomes the "last, not the first, choice of the citizen." All the candidates should understand that the Likud cannot be revived by empty slogans or organizational prowess, but by a new paradigm that fills a real public need.

EX, WYE, SHAS (Akiva Eldar, Haaretz 9/2/99)

Quite by coincidence, the members of the Likud will be setting out for the polls on the same day the "leftist government" sets out to implement an agreement embellished with the signature of their ex-chairman, former prime minister Benjamin Netanyahu. Prime Minister Ehud Barak's intention to carry out the Wye agreement has provided MK Ariel (Arik) Sharon, who is running for the chairmanship of the party, with a few newspaper headlines. The attacks on

the prime minister's defeatism reminded the Likud members that Sharon is the diplomatic-military authority, and not his rivals MK Meir Sheetrit or Jerusalem Mayor Ehud Olmert. If the results of the primaries confirm the results of the survey, Sharon can change his spots again. His spokesmen-interpreters will recycle the forecasts that started after his appointment as foreign minister. As in the days when he made the pilgrimage to Barak's suite at the Dan-Accadia Hotel, we will hear about Sharon the Mapainik, who has already declared that a Palestinian state is only a question of time. They will remind us that Arik even wrote a document in which he proposed considering the return of the 1967 refugees to their homes in the territories. A key figure in One Israel says that he wouldn't be surprised if once he gets the Wye agreement out of his way and embarks on the negotiations for the final status agreement, Barak replaces Shas Minister of Labor and Social Affairs Eli Yishai with Ariel Sharon. Barak was breezier than usual during the crisis with Shas over the transport of the transformer parts on the Sabbath. Those closest to him got the impression that as far as he is concerned, Shas spiritual leader Rabbi Ovadiah Yosef is threatening him with a water pistol, and it doesn't worry him a bit to humiliate Shas. Barak has not lifted a finger to help the collapsing institutions of the Shas educational network El Hama'ayan, which are threatening to bring down the entire party with them. Barak has much more of a common language with General Sharon than with the party hacks in the suits. The more National Infrastructures Minister Eli Suissa annoys Barak's secular voters, the easier it will be to sell them Sharon's return to the National Infrastructures Ministry. The problematic Russian voters will shed no tears either. Another senior person in One Israel judges that Barak cannot give up Shas before the referendum on the Golan Heights. The spirit of Benjamin (Bibi) Netanyahu will hover over the heads of the leaders of the Likud for the next few years. They know that Bibi's willingness to compromise with Syrian President Hafez al Assad will not stop him from accusing them of abandoning the Golan. The Americans believe that after Secretary of State Madeleine Albright brings Assad back to the negotiating table next week, reaching a peace agreement with Syria will be a matter of months. If their estimation is correct, after Sharon wins the primaries his return to the government table is also a matter of months.

LOW TURNOUT EXPECTED IN TODAY'S LIKUD LEADERSHIP ELECTION (Jerusalem Post 9/2/99)

Some 143,000 paid-up Likud members are eligible to vote today in the party's

polls for the leadership. They will have to choose between interim head Ariel

Sharon, former finance minister Meir Sheetrit and Jerusalem Mayor Ehud Olmert. Voting will take place between 10 a.m. and 10 p.m. at 323 polls located at 85 stations throughout the country from Katzrin to Eilat. The final results are not expected until the early hours of tomorrow morning. Sharon and Olmert will both vote in Jerusalem, Sheetrit in his home town of Yavne. Sharon yesterday called on the supporters of the two other candidates

running for the permanent leadership to unite behind whichever candidate wins. Sharon repeatedly told Likudniks he met with yesterday that for the sake of the party, all members should unite behind the elected leader. Only this way can the Likud rehabilitate itself and be reelected in the next elections, Sharon said. This sentiment was seconded by Sheetrit. "I have all

along distanced myself from the type of campaign run by the others in which each filed police complaints against the other. We need a new Likud and we need a united Likud." The personal vituperation, particularly between Olmert

and Sharon, has given rise to predictions that turnout among the 143,871 eligible Likud voters will be low. "I would see a 50 percent turnout as a huge success," Sheetrit said yesterday. Both he and Sharon fear a poor turnout would work in Olmert's favor. While they are basing themselves more on broad support, Olmert is working with specific groups which are more likely to vote. Sharon is hoping that the leadership will be determined in one round of voting. "We would see a second round as the result of a failure

by us," said MK Ruby Rivlin, who heads Sharon's campaign. If no candidate receives at least 40 percent of the vote, there will be a runoff in three weeks. Sharon is considered to be the leading candidate but his staff says much depends on the turnout and whether Olmert and Sheetrit are given a sympathy vote as underdogs by some Sharon supporters. Sheetrit and Olmert also expressed confidence. Sheetrit, however, is interested in having a runoff. "I hope to win in the first round but if there is a second round it is likely to be between Sharon and me and I don't see Ehud's supporters suddenly voting for Sharon after all that they said about him during the campaign," he said.

PRE-EMPTIVE STRIKE (Oded Granot, Ma'ariv, 9/1/99)

The blows which Jordanian King Abdallah is dealing to Hamas are much more focused and painful than those which the organization absorbed during his father Hussein's era. The Jordanian security forces' carefully timed action -

which caught Hamas's leaders outside Jordan, and therefore avoids having to try and imprison them - is not merely the result of an appeal from the Palestinian Authority, which fears headline-grabbing attacks at this sensitive stage. Nor does it necessarily stem merely from the ceaseless Israeli pressure on Jordan to cut the pipeline of operational directives between the leadership in Jordan and the gangs in the territories. The Jordanian activity against the organization may be seen, first and foremost,

as a pre-emptive strike. It is an expression of the Jordanian authorities' sense that a public exposure of Hamas's activities in Jordan as a factor orchestrating and directing attacks against Israel risks putting Jordan in

a very embarrassing situation, precisely at a time when Jordan is interested in playing up its contribution to the peace process. The Jordanian security services currently have enough evidence to prove that Hamas has, for some time, gone beyond the bounds of seemingly legitimate political activity: alongside the despatching of directives to Hamas cells in the territories, there is also a dangerous association between the organization's activists and Jordanian MPs identified with the Muslim Brotherhood.

THE OSLO TRAP (Ari Shavit, Haaretz 9/2/99)

What has been happening to Israel's prime ministers in recent years is cause for concern. So much so, indeed, that it sometimes seems that the fate of the Jewish state's leaders at the end of the millennium resembles that of the Kennedy family. Consider: Within the space of less than four years one Israeli prime minister was assassinated, a second was shattered politically and a third suffered a humiliating defeat. And now, just when it seemed that the worst was behind us, just when it seemed that Israel could take wing, it emerges that a suffocating ring of sourness and disappointment is beginning to take its toll on a fourth prime minister, a man of acute intelligence and a glory-filled past. Yet his first diplomatic move, the results of which are supposed to be signed today, appears highly puzzling from start to finish and proves only that even Ehud Barak is already becoming entangled in the same political and diplomatic web in which his three predecessors were fatally ensnared. No black magic is involved here, no kabbalistic mumbo jumbo. Neither witchcraft nor curse has afflicted Israel's prime ministers in recent years. What has afflicted them is the profound duality of the peace process as it was shaped from 1993 to 1995. That duality is manifested in the fact that the process threatens to freeze any leader who tries to escape its clutches to death (see the case of Benjamin Netanyahu), while at the same time it threatens to consume in flames any leader who devotes himself to it (see the cases of Yitzhak Rabin and Shimon Peres). It is a duality that is expressed in a process that obliges the Israeli navigators to move full speed ahead on a route that has been marked out in advance, yet provides no guarantee that the route will not lead to the edge of a cliff. And it is a duality that, time after time, causes the process to demonstrate that it is (almost) inevitable even when it is (almost) impossible. Every new Israeli prime minister finds himself trapped in the same net in which his predecessors also fluttered helplessly. The source of the trap is this: Exactly six years ago, in August and September of 1993, the Rabin government made three colossal

mistakes. The first mistake was the decision to recognize the Palestinian-Arab people, its legitimate rights in this land and its national movement, without obtaining recognition of the parallel rights of the Jewish-Israeli people in return. The second mistake was the decision to give the Palestine Liberation Organization control over most of the occupied territories before negotiations over a permanent settlement had begun and before the PLO conceded so much as one inch of the soil of Palestine. And the third mistake was the "hypothetical" message that Yitzhak Rabin conveyed to Hafez Assad in August 1993 - a message that gave the Syrians the impression that Israel had agreed to withdraw to the boundary lines of June 4, 1967.

The cumulative result of these three structural mistakes, which occurred within the space of just a few weeks at the end of the summer of 1993, was devastating. What happened was that when the peace process finally got underway, it had a congenital defect. The process places Israel in the permanent and inferior position of a debtor whose creditor-neighbors keep pounding relentlessly on its gates. Israel's prime ministers from Rabin onward were quick to grasp the implications of the 1993 mistakes. They grasped quickly that whereas the peace process itself is essential, its concomitant texts jeopardize Israel. Therefore all of them, in truth, tried, to one degree or another, to renege on the texts. Immediately after letting the horses escape from the stable, Israel's leaders found themselves wandering about the fields searching for those horses. So on the Syrian track they tried for six consecutive years to bypass the quasi-promise that was conveyed mistakenly to Damascus. On the Palestinian track they tried to rectify in the Cairo agreement the mistake they made at Oslo, and in the Hebron agreement they tried to set right the mistake of Cairo, and at Wye the mistake of Hebron. And now they have set about trying to correct Wye. They are doing everything in their power to avoid paying the bills they signed; everything in their power to avoid turning over to the Palestinians what the Oslo accord effectively promises them. This is a hopeless strategy. True, it creates brief respites and marginal tactical advantages, but it does not address the cardinal issue. Instead of trying to correct the mistakes of 1993 and create a more balanced process, which will impose substantive obligations on the Palestinians, too, Israel is in practice trying to suspend the process. By repeatedly trying to postpone target dates and avoid fulfilling written commitments, Israel is actually trying to give little, and slowly; whereas the proper, right and just thing to do would be to take the opposite approach of demanding a lot, and fast. It must be demanded that the Palestinians recognize the Jewish-Israeli people and its right to self-determination in its own nation-state; that they abandon every claim to sovereign Israeli territory; and to forsake the realization of the right of

return. It must be made clear to the Palestinians that only if they do all this will they find a partner who will faithfully execute its part in the agreement. A partner who will not create difficulties or resort to stratagems, but will by itself and of its own volition move to end the occupation as quickly as possible

THE TURBINE TUSSLE (Editorial, Jerusalem post 8/30/99)

Every country has its quirks, but it would be difficult to explain Friday night's scene to a visitor, featuring an enormous metal contraption crawling along to the cheers and protests of roadside crowds. The visitor might be excused for wondering in what sort of country the transport of a wide load could become a source of national entertainment and controversy. For the turbine episode has become a parody of the dilemmas that face a Jewish state, highlighting the need for an overhaul of the troubled relationship between religion and state. One result of the crisis was to highlight the constructive role that can be played by Meimad, a moderate religious party, in looking for ways to resolve conflicts rather than create them. The last-minute solution brokered by Meimad's Minister Michael Melchior was to have non-Jewish workers transport the turbine's superheater, and to make sure that ancillary work, such as loading and unloading it, was not done on Shabbat. Melchior views this solution as temporary, and has already chaired the first meeting of a directors-general committee to devise a permanent arrangement for moving wide loads that respects the Shabbat without unduly tying up the nation's roads. This sort of committee, or something on a much lower level, could easily have devised an acceptable solution without creating a coalition crisis. In fact, now that the crisis has spent itself, it is becoming clear that, even for the religious parties, it was driven more by internal politics than by the principle of preserving the Shabbat. After all, the same religious parties sat for years in governments under which similar oversize loads were moved on Shabbat in order to minimize traffic disruption. For Prime Minister Ehud Barak as well, the turbine crisis had little to do with religion and state and everything to do with testing his political mettle. Barak correctly recognized that he could not afford to be seen capitulating to ultimatums from the religious parties, and yet he preferred that Shas and United Torah Judaism not take their 22 seats outside the government. Melchior's stop-gap solution - having the turbine move on Shabbat while minimizing the violation of Shabbat - allowed both sides to claim limited victory and kept the government intact. Ultimately, however, Shas and UTJ lost doubly from the episode: their threats were shown to be ineffective, and their ostensible cause - preserving Shabbat - was set back. Because of the crisis these parties created, violating Shabbat became a symbol of freedom and independence, rather than an unfortunate necessity. Worse, the haredi parties were painted as seeking to impose their interpretation of Jewish values on the secular public in a way that reflects poorly on their own priorities. Rabbi Melchior, for example, cannot understand why "religious parties" are mainly associated with enforcing the ritual aspects of Judaism, such as Shabbat and kashrut, and not Judaism's

ethical imperatives. According to Melchior's lights, a "religious" party should be at least as concerned about unemployment, domestic violence, and road deaths as it is about keeping transports from moving on Shabbat. By focusing mainly on Shabbat and on government funding within their own communities, haredi politicians give the impression that their identity with national concerns is limited to imposing ritual observance. The haredi parties and public are right to be proud of many aspects of their way of life and what it has to offer the outside world. Shabbat itself can be a work of art - a "palace in time" in the words of philosopher Abraham Joshua Heschel - rather than a burden and imposition. Sadly, however, the haredi parties seem uninterested in conveying what they have to contribute to wider Israeli society, or in championing causes that could win them support both within and outside of the haredi community. The irony of the battle between the religious and secular extremes within Israel is that both sides feel besieged - the secular believe that their freedoms are under constant threat and the haredim regard themselves as a minority culture defending itself against an onslaught of godless modernity. The haredim would seem to be the more embattled party, since preserving a highly distinct culture within the global village is a daunting task - though numerically the haredi community has been growing and have held the balance of power for a generation in Israeli politics. But attempting to generate new crises over Shabbat observance is exactly the wrong way for the haredi parties to decrease the societal pressures on their community. A much more effective tactic would be to reshape the national haredi agenda around ethical challenges within Israeli society. Both Shas and the National Religious Party have at times enjoyed the support of many "secular" Israelis who want traditional Jewish values to be part of government and civil society. A broadening of the haredi political agenda to express constructive concern for the welfare of the society as a whole - beyond ritual observance - would not only go far in defusing the anti-haredi politics of Shinui, but could broaden the political base of the haredi public.

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Schroeder's Party Loses in Germany

.c The Associated Press

By PAUL GEITNER

BERLIN (AP) - Despite losing in two state elections, Chancellor Gerhard Schroeder pledged to push ahead with unpopular cuts to generous social benefits.

Schroeder's Social Democratic party ceded its majority Sunday in eastern Brandenburg state and tiny Saarland near the French border, making it even harder for the chancellor to carry out the budget reforms.

"We will continue this course," Schroeder pledged, speaking at the Social Democratic party headquarters.

The austerity measures - including cuts in welfare state benefits coupled with corporate tax cuts - are opposed by traditionalists in Schroeder's Social Democrats. The internal party bickering has hurt the party's image on the national level.

Schroeder insists the cuts are needed to boost the economy and fight joblessness. Gains by the conservative Christian Democrats in both of Sunday's elections only hardened Schroeder's centrist course.

"Our program is the right path," said Peter Struck, the Social Democratic leader in the national parliament.

In Brandenburg state, the Social Democrats won just 39 percent of the vote compared with 54 percent in the last election five years ago, according to official results.

Across the country in Saarland, a former industrial powerhouse that has slumped in recent years, the conservative Christian Democrats defeated the Social Democrats 45.5 percent to 44.3 percent.

Voters in Brandenburg state voted the far-right German People's Party into state parliament with 5 percent of the vote.

It was the second election victory for the party, financed by a wealthy Bavarian publisher who dumped \$1.4 million into an election campaign that stressed anti-foreigner themes. The party also was elected to the Saxony-Anhalt state legislature in April 1998.

Schroeder said he was particularly disappointed that the ``right-wing mire" was successful in Brandenburg. About 100 protesters gathered outside the Brandenburg statehouse shouting ``Nazis out."

The election losses will cost the Social Democrats several seats in the upper house of parliament, making it even harder for Schroeder to push through planned \$17 billion budget cuts in social spending.

The Social Democrats still enjoy a majority in the lower house of parliament, or Bundestag.

The Christian Democratic victory in Saarland, however slight, will give the opposition control of that state's three upper house votes.

In Brandenburg, the Christian Democrats had 25 percent and the former communist Party of Democratic Socialism won 23 percent, making each a potential partner.

It was not yet clear whether the Social Democrats would seek a coalition with the Christian Democrats, further eroding their hold on the upper house, or ask for the former communist party's support to run a minority government in Brandenburg.

The Greens, which govern at the national level with the Social Democrats, were voted out of Saarland state parliament and failed to win enough votes to enter the Brandenburg legislature.

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Indonesia's Crisis: The Lesson for China

Summary:

Indonesia, as we have long predicted, is coming apart. This process has a great deal of relevance to China, whose army, like Indonesia's, was accustomed to making lots of money and now resents the fact that the good times are over. In both countries, making money became the basis for military loyalty to the regime, which in turn needed the army as guarantor. But in China, as in Indonesia, the military is no longer making money, and China has banned its officers from business. Now Beijing is creating international tension to soak up the military's energy and resentment. But in the end, the guarantor of the regime can bring its death, leaving warlords poised to take power.

Analysis:

We have long argued that the Asian economic meltdown, as its

ultimate legacy, would politically reconfigure Asia. We meant this in both the international and domestic sense: Nations would behave differently after the meltdown than they did during the past generation of extraordinary prosperity. The reconfiguration of Sino-American relations is an obvious manifestation of this. But it is the domestic political changes that are the most profound and will have the most impact on international relations. It should be obvious that an economic transformation of the magnitude we have seen cannot help but have equally dramatic political consequences.

Asia is obviously a diverse region. It goes without saying that the economic meltdown will affect Japan's politics dramatically differently than Malaysia's. However, events during the last week have drawn our attention to one area of commonality: the effect of the economic crisis on the military in China and in Indonesia.

These two countries are not usually lumped together; they differ in profound ways. But they share this: they have both used their military forces for three missions - protection against foreign enemies, enforcement of internal security and development of the economy. During the previous generation, the latter role became more and more important for both the Chinese and Indonesian militaries.

But Asia's recent economic crisis, the states and circumstance have forced both militaries to de-emphasize their economic roles. Not only are the militaries not happy about this, but their unhappiness could destabilize their respective regimes. Quite apart from the truly disturbing prospect of an Asia dealing simultaneously with both Chinese and Indonesian instability, there are important lessons to be learned from the way in which each country used the military and the consequences of that use.

The fundamental roles of both the Chinese People's Liberation Army (PLA) and the Indonesian armed forces (TNI) was originally the same, to serve as the foundation of a regime governing a restive, multi-ethnic populace engaged in building a cohesive nation-state. Although circumstances were different in China and Indonesia, there was great commonality of purpose.

On the one hand, the armies in both countries were designed to guarantee internal security so that the state could construct its control mechanisms in safety. On the other hand, the army -- as one of the few genuinely national institutions -- was an instrument of nation-building. By recruiting members throughout society, these armies served as a means for upward mobility and as a tool for integrating diverse elements into a cohesive whole. As was the case in many new societies, the military served not only as a means for stability, but also as a tool of modernity.

The Chinese and Indonesian armies played similar roles in controlling the social instability created by their charismatic leaders. Beginning with the October, 1965, backlash against the communists, the Indonesian military steadily asserted itself, and

under the leadership of then-Gen. Suharto, the legacy of Indonesia's founder Sukarno steadily diminished. The PLA intervened to crush the Mao-inspired Great Proletarian Cultural Revolution. The PLA's intervention not only stabilized a China that was oscillating out of control and moving toward chaos, but it created the framework that led to the victory of Deng Xiaoping over Maoist forces and set the stage for the implementation of Deng's economic reforms.

Both China and Indonesia moved cautiously toward engagement with the outside world's economic system. Both Deng and Suharto held the reins tightly on the process of development. But as economic development began to accelerate and involvement with international finance developed, both Deng and Suharto had to involve their militaries, not only to control the process but also to facilitate it.

In developing countries, the military is frequently the most modern institution in society. Preparing for war requires two things. The first is some degree of familiarity with technology and the principle of technological development. In societies in which the understanding of better and worse technology is fairly abstract, the military -- which lives and dies by better and worse technology -- is frequently the most capable of evaluating and adapting it. Second, as the largest integrated organization in the country, the army has to some degree mastered the management and coordination of large numbers of personnel in dispersed locations, cooperating to achieve the same end.

Thus, the Indonesian and Chinese armies had a more intimate understanding of technology and a more efficient means of organizing production than other institutions. In a China, where the Cultural Revolution had torn out the heart of the nation's managerial class, and an Indonesia in which the managerial class had either been Dutch or had emigrated, turning to the military to facilitate economic development was a natural choice. Moreover, in two xenophobic countries where economic development necessarily meant dealing with suspect foreigners, a commitment to national security was another reason to rely on the military.

There was another issue: Both the Chinese and Indonesian regimes depended on the loyalty of their military to survive. If economic development was to take place, the officer corps had to be permitted to participate in it. If, having saved the regime, the officers were to see other segments of society prospering while they were excluded, the inevitable dissatisfaction would threaten the regime's survival. It was simply good politics to allow the military to participate in the economic development process.

Thus, social reality and politics combined to turn both the Chinese and Indonesian militaries into economic entities. As time went on, the senior officers in both countries became businessmen, both as individuals and as organizational leaders. From the village level to the largest deals, the military participated. Military

officers became the linchpins not only of small-scale business but of multi-billion dollar projects involving huge foreign investment. In both countries, the armies became intimately bound to the ruling families, the banking system and the system of facilitation and corruption that distributed wealth.

Indeed, their most important function was the collection and distribution of wealth. While great wealth concentrated at the top, during the boom times it frequently trickled down through the army, through enlisted personnel on projects, hiring local labor, money transferred to local officials, and supporting family and friends linked to the military. All of this made the military indispensable in the use of wealth as a means of stabilizing and building loyalty to the regime.

Economic growth in the early 1990s pushed ideology out the window. Both the weaker ideology of Indonesian nationalism and the much more robust Maoist socialist ideologies lost relevance during the boom times. The army's security function declined, as increased wealth was seen as the permanent path to the regime's survival. And, given the ideology of global finance, reasonable military men found doing deals with foreign banks far more relevant than preparing to fight foreign armies. The economic development mission supplanted the security mission in both China and Indonesia. What was left was the military officer as businessman.

All of this worked perfectly until the bottom fell out of the economy. Having abandoned ideology as a driver and national security as a mission, what was left was private economic calculation. Officers in both countries had become used to asking, over the past decade, "What's in it for me?" For most of the decade, the answer was "quite a lot." The regime could no longer give this answer. Indeed, rather than distribute growing wealth, the regime now had to allocate growing misery.

More important, the regime had to rely on the military for protection in the face of tremendous resentment from the masses, who had never received anything but crumbs during the boom. Having now realized that those crumbs were all they would get, the bitterness was intense. The regime, which had broken the social contract they had entered into with the military, now called on the military for protection. Times were now tough, and the military was asking, "What's in it for me?"

The Chinese responded by ordering the military out of businesses. This was both politically and structurally absurd. The PLA was so deeply into business that disengagement would inevitably increase the pressure on the economy, not to mention destabilize the political situation. Nevertheless, the regime clearly understood where the economy was headed, and therefore knew that it had to pre-empt the military to minimize resentment and mobilize the military to defend the regime. China has renewed ideological campaigns, resurrecting the notion of socialism long after the military had ceased to resonate to it. Much more important, the

regime generated a national security threat both domestically and from foreign sources. It is no accident that the regime happily went into confrontation with the United States. It understood that the military, even if it was left cold by neo-Maoist rhetoric, would resonate to patriotism and to foreign threats.

The Indonesians, with less room to maneuver, confronted a much more serious problem. Their military had neither ideology nor a credible foreign threat to supplant the sense of betrayed economic entitlement. The regime has used East Timor as a reminder of how much worse things could get. The expulsion of the military command from East Timor would leave them with no means of livelihood. East Timor is an opportunity for the regime to demonstrate to the army what can happen in the rest of Indonesia if the military fails to hold the country together. Having few other cards to play, Jakarta wants to convince the army that saving the regime is a savvy economic move.

In both China and Indonesia, the burning question is the same. Having suffered massive economic reversal, having been barred by reality and edict from economic life, will the military simply return to the primary mission of national security against enemies foreign and domestic? To be more precise, will they return to those missions effectively, or will they return to those missions while they bide their time as an institution and as individuals.

Business has a corrosive effect on any military organization. The principles of self-interest and the principles of self-sacrifice are not compatible. A generation of military officers has had self-enrichment as its primary mission. The economic collapse has closed off opportunities that these military men saw as their entitlement. Now the regime, having failed the military, is mobilizing them to save the regime. It is a tough sell.

There is a path, well known in Asia, which combines the military mission with the doctrine of self-enrichment. It is called the warlord. The warlord is a businessman who uses military force as a means of enterprise. Warlords arise when the central regime loses credibility and power devolves to regional forces. Since the military is the most organized social force, it naturally picks up power when it is lying in the streets. This is particularly true when military commanders have had the experience of making vast amounts of money in business.

Warlords are not alien to Asia. The Indonesian and Chinese cases are natural incubators for this phenomenon. In China, it would be merely a reversion to a fairly common social form. In Indonesia, where relatively benign warlords have ruled the countryside for a generation, it is what would remain if you lopped off the top of the regime.

No one knows what direction things will go, particularly in China, where power struggles are becoming as opaque as they were before the opening to the West. Nevertheless, signing an order banning

the PLA from doing business and enforcing it are very different things. As difficult as it is to believe, it appears to us that China is flirting with the same disintegration we predicted for Indonesia two years ago. The very force that held China together, the PLA, may now be in the process of pulling it apart.

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Charades -- Political Commentary by Matthew Miller

TAKE THE TAX CHALLENGE

By Matthew Miller

Remember Robert Kennedy's inspirational refrain to the effect that ??Some people see things as they are and say ?Why?? I dream things that never were and say, ?Why not?? ?? Well, Republican dreamers now bring us a perverse twist on that theme: They see an America where the top 2.7 million people earn as much as the bottom 100 million and say, ??Hey -- can't we boost that denominator???

That's the only way to view the GOP tax package set for a showdown in the next few weeks. A new analysis of America's growing income and wealth gap from the Center on Budget and Policy Priorities (CBPP) -- a left-leaning research institute whose numbers are nonetheless widely respected as credible -- makes clear that relief for the rich couldn't come at a less defensible time.

Before conservative readers tune out at what they think will be some predictable Socialist rant, let me come clean: My family and I would win big if the GOP tax cut were enacted. This is not about envy or resentment or class warfare or socialism or ??punishing the rich?? or any of a hundred other caricatures some conservatives use to sidestep the questions of justice this tax debate evokes.

It's about what our public priorities should be and why. So take the Miller tax challenge: I defy any well-off person with the capacity to look outside his or her own standing in life to consider the facts assembled by CBPP (www.cbpp.org) and then conclude he or she should get a big tax cut.

Income disparities have increased enormously in the last two decades. That ratio -- 2.7 million earning as much as the bottom 100 million -- has more than doubled since 1977. More than 90 percent of the increase in national income over that period has gone to the top 1 percent, whose after-tax income will average \$515,000 this year, up from \$234,000 in 1977. The top 20 percent of households have had an after-tax income gain of 43 percent, while everyone else's was flat or declining.

The wealth gap is worse. The top 1 percent of households own nearly 40 percent of the nation's wealth; the bottom 80 percent own just 16 percent. Wealth is now more concentrated than at any time since the Great Depression.

These income gaps have grown because of the way our economy offers

increasingly higher payoffs for skills and education. The stock market boom has meant that those with cash to invest have prospered remarkably. At the same time, union jobs that once let high school dropouts routinely make it to the middle class are gone.

Only a fool views the impact of such broad economic forces exclusively as a matter of ??credit?? or ??blame?? for the individuals involved. There?s much Fortune in people?s good fortune; those of us who?ve done well would do well now to feel a certain ??there but for the grace of God?? humility.

The question is whether public policy should exacerbate or mitigate these trends.

Tax policy has made them worse. Tax changes since 1977 have given the top 1 percent of households a tax cut that?s worth, on average, \$40,000 this year. That?s more than what median U.S. families earn.

The proposed GOP tax cut when phased in would give the top 20 percent of households a further average tax cut of \$32,000 a year, according to the Treasury Department. The bottom 60 percent would get a tax cut of \$166 per year.

Yes, I know, the top pays most of the taxes on income, capital and estates, so that?s the way the math on such tax cuts works. But is it really morally defensible as a national priority? Payroll taxes are ignored in the current debate but take a bigger bite out of most people?s earnings. And there?s no economic rationale for the GOP plan: Alan Greenspan is already worried we?re growing too fast!

Plutocrats of the world, unite! If you?re a big earner who?s ready to say ??hold off on my tax cut,?? write your editor and your congressman. You?re the kind of voice that gets heard in politics, not the \$8-an-hour guy cynically (and accurately) resigned to the rich getting richer. Nothing is more compelling than an argument against self-interest. Do it for yourself, do it for your kids, do it -- dare I say it? -- for your soul.

(Matthew Miller?s e-mail address is mattino(AT)worldnet.att.net)

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--today's papers: Indo-amnesia

--international papers: The Monk in Gucci Shoes

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today's papers

Indo-amnesia

By Scott Shuger

The continuing violence in East Timor leads at USAT, the WP and LAT. The NYT off-leads the story, choosing instead to go with Janet Reno's selection, to be announced today, of ex-Sen. John Danforth to head up an independent executive branch re-investigation of the FBI's 1993 operations at Waco. The NYT says that the choice of the Republican ex-senator is an effort to quell bitter Republican criticism of Reno, exemplified by Wednesday's call by Sen. Trent Lott for her resignation. Lott v. Reno is the Post's off-lead but it's not on the LAT or USAT fronts. Nobody besides the NYT fronts

Danforth.

The USAT lead goes high with the UN's decision, driven by a fear of abandoning East Timor to murdering militias, to buy some time by delaying until Friday the planned evacuation of its remaining personnel from East Timor. The paper also detects the first outside military stirrings, however faint: a British ship steaming to the area, and talks between the U.K. and Australian militaries. But, the coverage notes, despite what the WP calls a "scorched earth" situation in Dili, the U.S. is not ready to send in troops. The NYT says the Clinton administration is willing to support the multinational peacekeeping force that Australia has volunteered to lead but only if it is invited in by Indonesia.

The NYT Timor front-pager focuses on the Washington tempo, noting for instance that the Dept. of Defense is taking the lead there, with the Pentagon's top soldier trying to jawbone Indonesia's top general into personally taking firm control of the situation. (The Times notes that threatening to halt U.S. military aid to Indonesia isn't much of a stick: this currently totals \$476,000.) The paper also observes (as does the LAT) that the IMF may serve as a powerful brake on Indonesian misbehavior, in that it has promised, but not yet delivered, tens of billions in emergency financial support. The WP lead leans more towards on-the-ground details. Like: "A UN convoy that had left the headquarters to retrieve water from a warehouse turned back when it was attacked by militia members with M-16 assault rifles, machetes and clubs. Indonesian soldiers stood by as thugs dragged a driver out of a truck and threatened to kill him...."

It's the LAT lead that writes the story from the most basic humanitarian point of view. Its very first sentence throws down the moral gauntlet: "Six months after leading NATO into a 78-day air war campaign to stop "ethnic cleansing" in Kosovo and serving notice that it would not let such human-rights atrocities go unchallenged again, the Clinton administration has decided to limit its military role...." The NYT comes close to this pitch at times, referring to the U.S. "calculation" favoring "mineral-rich" Indonesia over impoverished East Timor. Next to these challenges, the official U.S. explanations for military inaction seem lame. "Because we bombed in Kosovo doesn't mean we should bomb Dili," Samuel Berger, the Clinton national security honcho, "explains" to the NYT. An unnamed senior administration official (=Berger?) tells the LAT that "East Timor is not Kosovo because...Milosevic is a repeat offender. Democracy doesn't exist in Serbia. [Indonesia's president] Habibie has brought democracy to Indonesia."

The NYT fronts, and the WP runs inside, yesterday's telephone conversation between Bill Clinton and Boris Yeltsin in which the Russian president said the corruption charges against him are politically inspired. Once source tells the Times that in response to a direct question from Clinton, Yeltsin flatly denied the charges. But another says Yeltsin's repudiation was less than categorical.

Tip #6: Wait Until Yom Kippur, When They're Weak From Hunger The WP reports that the Southern Baptist church has this week released a pocket-sized prayer guide for its members that offers tips about how to evangelize Jews during their High Holy Days when, the Post explains, "they are sensitized to spiritual matters."

A recurring feature in the WP that revisits items from the paper's archives today features an entry from Sept. 9, 1974, the day after Gerald Ford pardoned Richard Nixon. The 25-year-old report contains an unjustly ignored example of the fine old political art of deceiving without lying: When Ford was asked at his vice-presidential confirmation hearings if he would ever pardon Nixon if he became president, he replied, "I don't think the country would stand for it."

The WSJ's "Business Bulletin" reports that a new Internet bank in Florida intends to focus on making loans to gay men and lesbians. The item quotes an expert's assessment: "To succeed, G&L Bank will have to be competitive on products and rates and offer more than lip service."

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international papers

The Monk in Gucci Shoes

By Alexander Chancellor

The main story around the world Tuesday was the terror in East Timor, for which the Jakarta Post joined papers everywhere in putting most of the blame on the Indonesian government. In an editorial, the paper accused Indonesian President B.J. Habibie of

perpetuating the errors of his predecessor, President Suharto, the man who ordered the invasion of the former Portuguese colony in 1976. By continuing Indonesian military rule in the territory, Habibie provoked the East Timorese into overwhelmingly rejecting his offer of autonomy within Indonesia, the paper said. It also talked of a looming political crisis in which Habibie is likely to lose the support of the Indonesian military.

In Hong Kong, the South China Morning Post said that Habibie, after repeatedly promising to keep the peace, was either being duplicitous or had lost control of his senior military leaders, who were vehemently opposed to independence for East Timor. "Either way, the status quo is intolerable," the paper said in an editorial. "Other nations are reluctant to dispatch their own peacekeepers without an invitation from Jakarta. But they should seek that permission actively and be ready to follow through. Meanwhile, they should tell Jakarta that World Bank and other loans are blocked until the Government honours its many pledges to maintain order and let East Timor have the freedom it chose."

Around the world, opinion hardened not only against Indonesia but also against the United Nations. The Times of London called on the Jakarta government to let U.N. peacekeepers in, and the Guardian said there was no longer any alternative to foreign intervention. The Independent called the U.N. decision to pull its current mission out of East Timor "a grand Pontius Pilate-style washing of hands" and "a treacherous abandonment for the Timorese people." In Paris, Le Figaro accused the United Nations of "letting Timor founder in chaos"; and Le Monde, calling it "an Asian Kosovo," named Portugal, Australia, and the United States as the countries which are morally obliged to form the kernel of a rapid intervention force "to stop Indonesia carrying out a new crime against humanity." In Italy, La Repubblica of Rome ran a front-page commentary by Noam Chomsky blaming the United States for the fate of the East Timorese because of its failure to withdraw support from its "Indonesian client" or to tell it that its game was up.

Following the drubbing received by German Chancellor Gerhard Schröder in two state elections this weekend (a subject that naturally dominated the German press Tuesday), the Financial Times of London said the outcome was predictable. "Mr. Schröder has presided over a thoroughly muddled and quarrelsome coalition since he defeated Helmut Kohl in last year's general election," it said in an editorial. "The main victors [in the east German state of Brandenburg] were the reformed communists in the Party of Democratic Socialism, with 23 per cent of the vote, and the extreme nationalist Deutsche Volksunion, which will sneak into the state parliament with 5.2 per cent." In a brief comment published on the front page of Corriere della Sera of Milan, Nobel Peace Prize laureate Elie Wiesel expressed alarm at the success of the Deutsche Volksunion, which he said exploits unemployment to stir up racism. "It would be useful to know the percentage of young people who identify with the German extreme right," he wrote. "One must hope it is not a large percentage. All those who put their faith in

German youth must encourage them not to be seduced by simplistic and unworthy solutions to real problems."

Corriere della Sera also reported on its front page a claim by the British author John Cornwell that he has found evidence in the Vatican archives that Pope Pius XII was a visceral anti-Semite who helped and supported Hitler from when he came to power until the "final solution." The paper was referring to a trailer in Vanity Fair for Cornwell's new book Hitler's Pope: The Secret History of Pius XII that was omitted from VF's European edition. It quoted Jesuit church historian Giacomo Martina, a professor at the Gregorian University in Rome, as saying that the claim was "shameful." "How, for example, can it be reconciled with the fact that in 1940, when the pope learned of plans by the German resistance to kill Hitler, he passed the information on to the British authorities? To understand the pope's caution in denouncing the persecution of the Jews, it would be useful to analyse the similar caution shown by the Allies. The same reasons for prudence guided both of them."

Another Vanity Fair article led Tuesday's Daily Telegraph of London--an interview with Rupert Murdoch in which the media mogul referred to the Dalai Lama as "a very political old monk shuffling around in Gucci shoes." In an editorial, the Telegraph (which is locked in bitter competition with Murdoch's Times) called his comment "almost endearingly wicked," having no purpose but to strengthen his business links with China. "What Mr. Murdoch told Vanity Fair is profoundly wrong," the paper said. "The Chinese have treated the people of Tibet abominably since they invaded in 1959."

In Israel, both Ha'aretz and the Jerusalem Post ran editorials Tuesday welcoming the decision by Israel's High Court of Justice that some of the rougher interrogation methods used by the country's security service are illegal. Ha'aretz said Israelis could take pride in the decision, even though it made the service's work more difficult. The Jerusalem Post said, "It is difficult to think of another nation that would be willing to take such a bold step to protect the human rights of suspected terrorists, at a time when the threat of terror is still so very real."

Click here to share your opinion of this article and see what others have said:

<http://bbs.slate.com/bbs/slate-internatpapers/index.asp>

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RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: allan berg <bergax@cs.jmu.edu> (allan berg <bergax@cs.jmu.edu> [UNKNOWN])

CREATION DATE/TIME:16-SEP-1999 09:22:34.00

SUBJECT: 16 September 1999 NMIA ZGram (fwd)

TO: Recipient List Hidden by JMU mail server <list@jmu.edu> (Recipient List Hidden by JMU mail server <list@jmu.edu> [UNKNOWN])

READ:UNKNOWN

TEXT:

----- Forwarded message -----

Date: Wed, 15 Sep 1999 21:53:24 +0100

From: Zhi <zgram@worldnet.att.net>

To: webmaster@nmia.org

Subject: 16 September 1999 NMIA ZGram

16 September 1999 ZGram?

Good Morning All,

Today's Updates:

US?

1. Ex-US POWs sue five Japanese companies (South China Morning Post, 15 Sept 1999)
2. Female spy files discrimination suit against CIA (Reuters, 15 Sept 1999)
3. Soldiers can apply for West Point (Contributed by Fred Battles, 15 Sept 1999)

RoW?

4. Russia, Canada to discuss Kosovo problems, trade (Reuters, 15 Sept 1999)
5. Former Mexican anti-drug prosecutor found dead in United States (AP, 15 Sept 1999)
6. Panama bishop warns border instability may spread (Reuters, 15 Sept 1999)
7. Ivashov Threatens To Withdraw Russian Troops From KFOR (RFE/RL, 15 Sept 1999)

8. Hungary and the Environment: Where There's Muck There's Brass (Central Europe Online, 15 Sept 1999)
9. Russian police sweep nets 27 suspects in bombings (CNN, 15 Sept 1999)
10. Putin Says No Need For State Of Emergency (Russia Today, 15 Sept 1999)
11. Moscow Blasts Trigger Tightest Security Clampdown In 20 Years (Russia Today, 15 Sept 1999)
12. U.S. Ambassador To Minsk Resumes Duties After 15 Months (RFE/RL, 15 Sept 1999)
13. Putin Outlines Plan To Isolate Chechnya (RFE/RL, 15 Sept 1999)
14. Russia claims advances against militants in Dagestan (AP, 15 Sept 1999)
15. Azeris Fear Anti-Caucasian Hysteria After Moscow Blasts (Russia Today, 15 Sept 1999)
16. Kazakhstan Hosts Regional Security Conference (RFE/RL, 15 Sept 1999)
17. Israel implores Disney not to give in on exhibit (Reuters, 15 Sept 1999)
18. Algerians to vote on peace referendum (AP, 15 Sept 1999)
19. Ivorian president pardons detained militants (Reuters, 15 Sept 1999)
20. Burma: Trial of British activist postponed (AP, 15 Sept 1999)
21. New Zealand Trip Ends On Sour Note For Jiang (Inside China Today, 15 Sept 1999)
22. Militias warn U.N. force they will fight for East Timor (CNN, 15 Sept 1999)
23. UN approves peacekeeping force for East Timor (South China Morning Post, 15 Sept 1999)

Technology?

24. Hackers vandalize Nasdaq Web site (AP, 15 Sept 1999)
25. FTC to crack down on site hijackers (MSNBC, 15 Sept 1999)
26. Security flaw left WebTV users vulnerable to e-mail bombing (ZDNN, 15 Sept 1999)

- 27. High-Tech Firms Face Off With Floyd (ABCNews.com, 15 Sept 1999)
- 28. Hurricane watchers storm the Net - Weather sites set traffic records as Floyd closes in (MSNBC, 15 Sept 1999)

Opportunities?

- 29. Open End Ae Title I, Title Ii, & Other Investigative Srvcs - DoD

Full Reports?

- 30. U.S., Russia Scrap Soviet-era Nuclear Missile Subs (by Linda D. Kozaryn, American Forces Press Service, 15 Sept 1999)
- 31. Osama bin Laden and WMD, by Ben N. Venzke, Senior Consultant for Pinkerton Global Intelligence Services' Weekly Intelligence Summary.
- 32. Weapons Of Mass Destruction: The U.S. Experience (by Lawrence Korb, USIS, U.S. Foreign Policy Agenda, September 1999)

Take care and have a super day,

Zhi

*** ** ** ** **

- 1. Ex-US POWs sue five Japanese companies (South China Morning Post, 15 Sept 1999)

Hundreds of Americans held as prisoners of war by Japan during the Second World War filed suit against five major Japanese firms, seeking reparations and an apology for the beatings and torture they suffered in slave labour camps, their attorney said on Tuesday.

ZGram Suggested URL:
<underline><color><param>0000,0000,00FF</param>http://www.scmp.com/News/Front/Article/FullText_asp_ArticleID-19990915162811413.asp

- </color></underline>2. Female spy files discrimination suit against CIA (Reuters, 15 Sept 1999)

WASHINGTON - A female spy is suing the CIA claiming discrimination in job promotions after an incident in which a foreign intelligence recruit kissed her, an action the spy agency saw as a potential security breach, her lawyer said on Wednesday.

ZGram Suggested URL:

http://www.abcnews.go.com/wire/World/reuters19990915_3812.html

3. Soldiers can apply for West Point (Contributed by Fred Battles, 15 Sept 1999)

Applications for next year's West Point class and the U.S. Military Academy Preparatory School are now being accepted from soldiers.

Each year about 200 active-duty soldiers are offered admission to the U.S. Military Academy at West Point, N.Y., or the preparatory school at Fort Monmouth, N.J. Although some soldiers are offered direct admission to West Point, officials say the majority attend the prep school first.

The prep school prepares soldiers for success at West Point through an intensive curriculum focused on English, mathematics, military instruction and physical training, officials said.

Applicants must be U.S. citizens, unmarried with no legal obligation to support dependents. They must be high school graduates, under 23 years of age prior to July 1 of the year entering USMA (under 22 prior to July 1 of the year entering the prep school), of high moral character and must have a sincere interest in attending West Point and becoming an Army officer.

Soldiers who meet the basic eligibility requirements, have achieved SAT scores greater than 1000 or ACT composite score of 20 or higher and achieved good grades in a college preparatory high school curriculum are especially encouraged to apply.

All requirements must be met by April 1, to be considered for an appointment to West Point or the prep school in July 2000, officials said.

Interested soldiers should contact Maj. Rob Young at (DSN) 688-5780 or (914) 938-5780, e-mail: tr9618@westpoint-emh2.army.mil.

ZGram Suggested URL:

<http://www.dtic.mil/armylink/news/Sep1999/a19990914prepschool.html>

4. Russia, Canada to discuss Kosovo problems, trade (Reuters, 15 Sept

1999)

OTTAWA - Russian Foreign Minister Igor Ivanov will visit Canada Saturday to discuss Moscow's unhappiness with the situation in war-torn Kosovo and to focus on sluggish trade ties, Russian officials said on Wednesday. A senior Russian diplomat told reporters that events in Kosovo were by far the main irritant between what are the two largest countries in the world.

ZGram Suggested URL:

http://www.abcnews.go.com/wire/World/reuters19990915_2634.html

5. Former Mexican anti-drug prosecutor found dead in United States (AP, 15 Sept 1999)

MEXICO CITY - One month after being charged in the United States with laundering \$9.9 million in suspected drug payoffs, Mexico's former top drug prosecutor was found dead in his New Jersey apartment Wednesday of an apparent drug overdose. His lawyer said it was suicide.

ZGram Suggested URL:

http://www.abcnews.go.com/wire/World/ap19990915_1489.html

6. Panama bishop warns border instability may spread (Reuters, 15 Sept 1999)

PANAMA CITY - One of Panama's leading clerics warned on Wednesday that instability in the border region with Colombia could spread throughout the country if the government does not act to guarantee security.

ZGram Suggested URL:

http://www.abcnews.go.com/wire/World/reuters19990915_3700.html

7. Ivashov Threatens To Withdraw Russian Troops From KFOR (RFE/RL, 15 Sept 1999)

Colonel-General Leonid Ivashov, the chief of the Russian Defense Ministry's department for international military cooperation, said in Moscow on 14 September that KFOR has failed to implement UN Security Council Resolution 1244, Interfax reported. Ivashov warned that Russia will consider withdrawing its forces from Kosova, arguing that "80 percent of Serbs living [in Kosova] have become refugees." He also complained that KFOR has not allowed Yugoslav security forces back into Kosova "As a result, the borders [of Kosova] remain open.... Weapons and drugs keep arriving," he said. "If the tendency for [Kosova's]

secession from Yugoslavia becomes irreversible..., the Federation Council may raise the question of whether our contingent's further stay in the region is expedient," Ivashov concluded.

Back issues of RFE/RL are available online at
<http://www.rferl.org/newsline/search>

8. Hungary and the Environment: Where There's Muck There's Brass (Central Europe Online, 15 Sept 1999)

Under Socialist rule, the concern about the degradation of the environment did not feature at the top of the agenda in Hungary. One of the reasons for this may be found in the attitude of Socialism to the natural and the political world.

ZGram Suggested URL:

<http://www.centraleurope.com/features.php?id=92522>

9. Russian police sweep nets 27 suspects in bombings (CNN, 15 Sept 1999)

MOSCOW -- Moscow police said Wednesday that dozens of suspects and a stockpile of explosives have been seized in connection with two deadly bombings in the city. Deputy Moscow police chief Alexander Veldyayev was quoted in the Russian media as saying that 19 tons of explosives were delivered to Moscow disguised as sugar. Most of that has been discovered and seized, he said. Russian police, Interior Ministry troops and other law enforcement officers have been carrying out massive searches of buildings after two Moscow bombs killed more than 200 people in the past week, including 118 who died in a Moscow apartment explosion on Monday.

ZGram Suggested URL:

<http://www.cnn.com/WORLD/europe/9909/15/moscow.explosion.01>

10. Putin Says No Need For State Of Emergency (Russia Today, 15 Sept 1999)

MOSCOW -- Prime Minister Vladimir Putin said on Tuesday there was no need to impose a state of emergency in Russia despite three bomb attacks in Moscow over the last 10 days.

ZGram Suggested URL:

<http://www.russiatoday.com/news.php?id=92392&html>

11. Moscow Blasts Trigger Tightest Security Clampdown In 20 Years
(Russia Today, 15 Sept 1999)

MOSCOW -- Moscow was in the grip of the tightest security clampdown in 20 years Tuesday, as extra police were drafted into the city and army foot patrols in a stepped-up fight against an unprecedented terror campaign.

ZGram Suggested URL:

<http://www.russiatoday.com/news.php3?id=92394&html>

12. U.S. Ambassador To Minsk Resumes Duties After 15 Months (RFE/RL, 15 Sept 1999)

Daniel Speckhard returned to his post in Belarus on 14 September after being recalled to protest his eviction from the ambassador's residence in June 1998. The U.S. State Department said Speckhard's return was made possible by Belarus's pledge to abide by the Vienna Convention and to compensate for losses suffered by the U.S. embassy as a result of Speckhard's eviction. "I'm very glad to return to Belarus--we have fallen in love [with the country]," Speckhard said at a Minsk airport. "Having Ambassador Speckhard back in Minsk will enable us more effectively to promote democracy and human rights, help those who support and work for the restoration of democratic rule, and promote other interests that we have in Belarus," the State Department noted.

Back issues of RFE/RL are available online at

<http://www.rferl.org/newsline/search>

13. Putin Outlines Plan To Isolate Chechnya (RFE/RL, 15 Sept 1999)

Addressing the Russian State Duma on 14 September, Prime Minister Vladimir Putin said he is absolutely convinced of a Chechen connection in the Moscow bombings. He cast doubt on the sincerity of Chechen leaders' denials of any involvement in those blasts, arguing that their failure to take measures to prevent such attacks is tantamount to approval of them. But, Putin continued, Chechen complicity does not justify calls for "annihilating the Chechen people." Putin proposed the following measures to exert pressure on Chechnya: an "objective" reassessment of the 1996 Khasavyurt agreement; the imposition of a strict cordon sanitaire along Chechnya's borders (he did not specify whether this would extend to Chechnya's border with Georgia) and the "destruction" of all Chechen guerrilla bands; and the creation of a Chechen government in exile. The 1994 war in Chechnya began after such a government, which was backed by Russia and was in opposition to then President Dzhokhar Dudaev, launched an abortive attack on Grozny with covert Russian military support (see "RFE/RL Daily Report," 28 November 1994).

Back issues of RFE/RL are available online at
<u><color><param>0000,0000,00FF</param>http://www.rferl.org/newsline/search</color></u>

14. Russia claims advances against militants in Dagestan (AP, 15 Sept 1999)

MAKHACHKALA, Russia -- Government forces regained control of one village in southern Russia and were making progress against Islamic militants who remained in four more, the Defense Ministry said Wednesday. However, Defense Minister Igor Sergeyev warned that Russia could soon face a new offensive from the breakaway region of Chechnya. He said "several thousand" Islamic militants were massed on Chechnya's border with Dagestan, where Russian troops have been battling rebels for more than five weeks, the Interfax news agency reported.

ZGram Suggested URL:

<u><color><param>0000,0000,00FF</param>http://www.cnn.com/WORLD/urope/9909/15/BC-Russia-Rebels.ap/index.html</color></u>

15. Azeris Fear Anti-Caucasian Hysteria After Moscow Blasts (Russia Today, 15 Sept 1999)

BAKU -- Azerbaijanis were worried Tuesday that they could become the objects of anti-Caucasian hysteria in Moscow after a wave of terrorist bomb attacks that has left hundreds dead in the Russian capital.

ZGram Suggested URL:

<u><color><param>0000,0000,00FF</param>http://www.russiatoday.com/news.php3?id=92440&html

</color></u>16. Kazakhstan Hosts Regional Security Conference (RFE/RL, 15 Sept 1999)

Foreign ministers from 16 countries (Afghanistan, Azerbaijan, China, Egypt, India, Iran, Israel, Kazakhstan, Kyrgyzstan, Mongolia, Palestine, Pakistan, Russia, Tajikistan, Turkey, and Uzbekistan) signed a declaration on the principles of mutual relations at a conference in Almaty on 14 September. Observers from 10 other countries also attended. Kazakhstan's President Nursultan Nazarbaev told participants that the problem of ensuring regional security is of special significance for Asian states, since the region accounts for two-thirds of the world's population and 55 percent of global GDP. Russian Foreign Minister Igor Ivanov stressed that security in Asia is a key priority of Russia's foreign policy. The conference is intended to function as an Asian security body modeled on the OSCE.

Back issues of RFE/RL are available online at

<http://www.rferl.org/newsline/search>

17. Israel implores Disney not to give in on exhibit (Reuters, 15 Sept 1999)

JERUSALEM - Israel said Wednesday it was confident Walt Disney Co. would not bow to Arab pressure in a controversy over an Israeli exhibition on Jerusalem at Disney's Florida theme park.

ZGram Suggested URL:

http://www.abcnews.go.com/wire/World/reuters19990915_2636.html

[http://www.abcnews.go.com/wire/World/reuters19990915_2636.html](#) 18. Algerians to vote on peace referendum (AP, 15 Sept 1999)

ALGIERS, Algeria - After seven years of bloodshed and 100,000 deaths, Algeria's president is urging the nation to choose a new beginning by approving his plan for peace in the North African nation. The ballot in Thursday's referendum asks Algeria's 17 million eligible voters a single question: "Do you agree with the steps by the president of the republic toward civil concord?"

ZGram Suggested URL:

http://www.abcnews.go.com/wire/World/ap19990915_1015.html

19. Ivorian president pardons detained militants (Reuters, 15 Sept 1999)

ABIDJAN - Ivory Coast President Henri Konan Bedie has pardoned 388 militant loyalists of his chief political opponent who were arrested after clashes with police, an official statement said on Wednesday. Paramilitary police on Tuesday hauled away the supporters of former Prime Minister Alassane Ouattara who had camped at his Abidjan home to prevent his own arrest in connection with an inquiry into his nationality.

ZGram Suggested URL:

http://www.abcnews.go.com/wire/World/reuters19990915_3677.html

20. Burma: Trial of British activist postponed (AP, 15 Sept 1999)

The trial of a British democracy activist who could get up to seven years in jail in Burma was postponed today because her lawyer failed to

appear. Rachel Goldwyn, 28, from London, was arrested after chaining herself to a lamppost and shouting pro-democracy slogans in downtown Yangon on September 7.

ZGram Suggested URL:

http://www.scmp.com/News/Front/Article/FullText.asp_ArticleID-19990915153404044.asp

21. New Zealand Trip Ends On Sour Note For Jiang (Inside China Today, 15 Sept 1999)

CHRISTCHURCH -- A row over the handling of a noisy pro-Tibet protest soured Chinese President Jiang Zemin's New Zealand trip on Wednesday, just days after a successful ice-breaking summit with U.S. President Bill Clinton.

ZGram Suggested URL:

<http://www.insidechina.com/news.php?id=92332&html>

22. Militias warn U.N. force they will fight for East Timor (CNN, 15 Sept 1999)

JAKARTA, Indonesia -- Just a few hours after the United Nations' early Wednesday morning decision to authorize a multi-national peacekeeping force in East Timor, pro-Indonesia militias threatened to resist international troops who come ashore in the strife-torn territory.

ZGram Suggested URL:

<http://www.cnn.com/ASIANOW/southeast/9909/15/e.timor.02>

23. UN approves peacekeeping force for East Timor (South China Morning Post, 15 Sept 1999)

The United Nations' Security Council today gave the green light for an international peacekeeping force to move into the territory and use all force needed to reign in rampaging militias.

ZGram Suggested URL:

http://www.scmp.com/News/Front/Article/FullText.asp_ArticleID-19990915151846813.asp

24. Hackers vandalize Nasdaq Web site (AP, 15 Sept 1999)

WASHINGTON - Hackers early Wednesday vandalized the Internet site for Nasdaq and the American Stock Exchange. A group or individual calling

itself "United Loan Gunmen" infiltrated the computer running the site for the stock exchanges just after midnight.

ZGram Suggested URL:

<http://www.msnbc.com/news/311953.asp>

25. FTC to crack down on site hijackers (MSNBC, 15 Sept 1999)

WASHINGTON - The Federal Trade Commission is set to announce a sweeping crackdown on the hijacking of legitimate Web pages to redirect Web surfers to porn sites, MSNBC has learned. The crackdown is set to be announced next week. The practice affects "millions of legitimate Web pages and innocent Web surfers, including children," the FTC says.

ZGram Suggested URL:

<http://www.msnbc.com/news/312137.asp>

26. Security flaw left WebTV users vulnerable to e-mail bombing (ZDNN, 15 Sept 1999)

The account information of some WebTV customers could have ended up in the wrong hands, as a result of a security flaw in the set top box's software.

ZGram Suggested URL:

<http://www.msnbc.com/news/311928.asp>

27. High-Tech Firms Face Off With Floyd (ABCNews.com, 15 Sept 1999)

High-tech firms faces particular challenges in the teeth of natural disasters like Hurricane Floyd. And in North Carolina's Research Triangle, the hatches are being battened.

ZGram Suggested URL:

http://www.abcnews.go.com/sections/tech/DailyNews/triangle_storm990915.html

28. Hurricane watchers storm the Net - Weather sites set traffic records as Floyd closes in (MSNBC, 15 Sept 1999)

With Hurricane Floyd bearing down on them, residents in the Southeast and mid-Atlantic states were turning to the Internet in record numbers Wednesday for the latest information on the massive but indecisive

storm.

ZGram Suggested URL:

<http://www.msnbc.com/news/311899.asp>

29. Open End Ae Title I, Title II, & Other Investigative Srvcs - DoD

COMMERCE BUSINESS DAILY ISSUE OF SEPTEMBER 9,1999 PSA#2428 Department of the Air Force, Air Force Space Command, 21CONS (Bldg 1324), Infrastructure Flight -- Construction, 580 Goodfellow Street, Peterson AFB, CO, 80914-1648 OPEN END ARCHITECT-ENGINEER (AE) TITLE I, TITLE II, AND OTHER INVESTIGATIVE SERVICES AT PETERSON AIR FORCE BASE, COLORADO AND ITS GEOGRAPHICALLY SEPARATED UNITS WORLDWIDE. SOL Reference-Number-PAFB-AE-99-01 DUE 102199 POC Allen Elliott, Contract Specialist, Phone (719) 556-6571, Fax (719) 556-7881, Email Al.Elliott@peterson.af.mil -- Cheryl Middleton, Contract Specialist, Phone (719) 556-4757, Fax (719) 556-4752, WEB: Visit this URL for the latest information about this, <http://www.eps.gov/cgi-bin/WebObjects/EPS?ACode=R&ProjID=Reference-Number-PAFB-AE-99-01&LocID=533> . E-MAIL: Allen Elliott . Open End Architect-Engineer (AE) Title I Design, Title II Construction Surveillance and Inspection, and Other Investigative Services at Peterson Air Force Base, Colorado and its geographically separated units worldwide for a broad variety of maintenance, repair and construction projects. AE services required may include field investigations, recommendations, studies, reports, lifecycle cost analysis, cost estimates, specifications, product research, record documents research, preparation of construction drawings and presentations to coordinating agencies.

URL :

<http://web.fie.com/htdoc/fed/dod/air/any/proc/mti/09099906.htm>

30. U.S., Russia Scrap Soviet-era Nuclear Missile Subs (by Linda D. Kozaryn, American Forces Press Service, 15 Sept 1999)

SEVERODVINSK, Russia -- U.S. and Russian officials at the Zvezdochka Shipyard here showed Defense Secretary William S. Cohen the fruits of their labor Sept. 14 -- massive mounds of scrap metal, miles of twisted cable and barrels filled with copper bits.

That's what remains of Soviet-era nuclear submarines after American-supplied heavy equipment gripped, grabbed, sheared and stripped them.

The United States is helping Russia dismantle 31 nuclear submarines by

2003 as part of the Cooperative Threat Reduction program. So far, U.S. specialists have helped disassemble one Yankee- and six Delta-class submarines. The Russians have destroyed another five ballistic missile subs on their own using American equipment.

(Full text of this article appears in the Members Only section of our Website)

31. Osama bin Laden and WMD, by Ben N. Venzke, Senior Consultant for Pinkerton Global Intelligence Services' Weekly Intelligence Summary.

WORLDWIDE (Low-Extreme Risk) - Osama bin Laden and WMD

Osama bin Laden has continued to make clear his desire to acquire weapons of mass destruction (WMD). He has specifically mentioned, chemical, biological, and nuclear weapons and is also believed to be looking into radiological.

His efforts to acquire these weapons go back to at least 1993. He has said in interviews that it is his "duty" to acquire them. According to an indictment issued against bin Laden and al-Qaeda in late 1998, "At various times from at least as early as 1993, Osama bin Laden and others, known and unknown, made efforts to obtain components of nuclear weapons."

Evidence suggests that bin Laden's hunt for nuclear weapons began as an attempt to acquire a completed nuclear device. According to some reports, he succeeded in acquiring one device, but other reporting has suggested that his attempts failed. It would appear that a lack of skilled scientists and technical specialists hampered not only his efforts to acquire a completed device, but individual components as well. In fact reporting suggests that bin Laden's procurement network fell victim to numerous scams, including the infamous Red Mercury scam.

(Full text of this article appears in the Members Only section of our Website)

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Email - bvenzke@tempestco.com

Web -

<http://www.pinkertons.com/pgis>

32. Weapons Of Mass Destruction: The U.S. Experience (by Lawrence Korb, USIS, U.S. Foreign Policy Agenda, September 1999)

The United States has renounced the use of chemical and biological weapons and has reduced both its conventional and nuclear forces substantially since the end of the Cold War, says Korb. However, as long as some nations continue to try to develop weapons of mass destruction, "the United States will need some form of nuclear deterrent," he says. Korb is Director of Studies at the Council on Foreign Relations. He served as Assistant Secretary of Defense in the Reagan administration.

During the Cold War, from 1950 through 1990, the United States maintained a large standing military establishment principally to contain Soviet Communist expansionism. The effort was ultimately very successful. Not only did the Soviet empire collapse in the late 1980s, but by 1991 the Soviet Union itself had disintegrated.

However, this effort was extremely costly in both blood and treasure. Not only did some 100,000 Americans lose their lives fighting Soviet proxies in North Korea and Vietnam, but another 50,000 service men and women died in accidents as the U.S. military tried to maintain the state of readiness necessary to blunt any Soviet expansion attempts through military force.

(Full text of this article appears in the Members Only section of our Website)

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Thanks for logging on,

Zhi Hamby

Editor, The ZGram: <http://www.zgram.net>

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CREATOR: Sreenath Sreenivasan <ss221@columbia.edu> (Sreenath Sreenivasan <ss221@columbia.edu> [UNKNOWN])

CREATION DATE/TIME:21-SEP-1999 13:14:51.00

SUBJECT: NYT compares India and China

TO: SAJA E-mail Discussion List <saja@dragon.jrn.columbia.edu> (SAJA E-mail Discussion List <saja@dragon.jrn.columbia.edu> [UNKNOWN])
READ:UNKNOWN

TEXT:
From SAJA E-mail Discussion List
Dissecting American Media Now
Info: www.saja.org/lists
From today's NYT Week in Review. //sree//

The New York Times
September 19, 1999
The Week in Review

Rethinking Population at a Global Milestone
By BARBARA CROSSETTE

UNITED NATIONS -- Half a century ago, just as the world was about to give birth to dozens of new countries, two great Asian nations, China and India, were remaking themselves in starkly differing ways as models for an age of nation-building. The Chinese Communists, who completed their long march to power in Beijing 50 years ago next week, chose top-down re-engineering, overturning traditions in the name of ideology, while India emerged from a successful nonviolent independence movement in 1947 with a strong commitment to British-style democracy with an Indian face.

For what was then known as the Free World, there was no contest.

"India emerged as a significant leader of the newly independent states choosing the path of democracy," said Phillips Talbot, a former Assistant Secretary of State who has been watching India since the 1950's. "It looked very promising."

To Americans, he said, "China was a Communist country. It was antagonistic to us. Whatever it was doing it was doing by very strong authoritarian policies."

On Oct. 12, when the world officially declares that it has reached the 6 billion population mark, there will be cause to look again at China and India, still separated from one another by psychological and political walls as high as the Himalayas that divide them geographically. Together, India with 1 billion people and China with 1.2 billion account for more than one-third of all humans on Earth. And once again, their paths diverge -- this time in human terms.

China, which foundered in Maoist excesses in its first three post-revolution decades, took stock of itself in the late 1970's and, under Deng Xiaoping, began to rewrite its policies.

Even as they issued the harsh decree that families could have only one child, the Chinese also put together a comprehensive package of changes in the economy, rural land ownership and social services -- and the country began to take off. Lamentably, Western experts often emphasize, political democracy was not part of the package. But the sweeping changes paid off in many other ways.

Semi-socialist India, on the other hand, lagged in introducing fundamental economic and social reforms to match China's -- perhaps, ironically, because in a democracy such measures have to have some popular support. There was also history: India's legendary first Prime Minister, Jawaharlal Nehru, set his sights on big industries, not village schools or rural doctors.

If current trends continue, India will surpass China as the most populous nation in the next half century. It enters a new millennium with work still to be done on a gigantic scale that the world cannot ignore.

Indians vote for their national leaders and enjoy free expression, but democratic India has not delivered on its promise of a better life for most Indians. Authoritarian China has done much better on that score. Nearly 83 percent of Chinese can read and write; only 53 percent of Indians are literate, according to the United Nations (India says it's 64 percent), and most of those who can read are men. China boasts a female primary school enrollment of 99.9 percent; nearly a third of Indian girls are not in school. More than half the children under five in India are malnourished and underweight; in China the figure is 16 percent. About half the Indian population lives on less than a dollar a day; fewer than 1 in 3 Chinese do.

Astonishingly for an open society, India also falls behind China in communications. The Chinese have 56 telephone lines for every 1,000 people; India has 19. There are 6 personal computers for every 1,000 Chinese and 2.1 for each 1,000 Indians. In economic terms, China's exports are more than five times those of India.

It has not always been this way.

Amartya Sen, the Nobel laureate in economics and author of a new book, "Development As Freedom" (Knopf), always points out that democratic India, which got a head start in the 1950's, escaped the kind of famines it had suffered under colonialism because famines result when leaders react badly to nature's whims, and in India, popular demands for effective action could be reflected in the media. China, under the Great Leap Forward, endured one of history's greatest famines, as did Ukraine under Stalin and Cambodia under the Khmer Rouge, because of disastrously wrong-headed agricultural policies. But the last 20 years or so have been different in China, where modernization, openings to a free market and now prototype elections have made a dent in rural poverty and its mindsets. Economic

reforms also updated China's cities in a generation.

What is going on here?

Could it be that China's draconian population policies, including enforced abortion and impoverishment for those who didn't comply, are paying off in a hurry?

Could it be true that democracy is not the most efficient way to bring a country out of poverty? Or is it that political leadership, more than the political system, matters most?

Professor Sen, an Indian citizen who is the Master of Trinity College, Cambridge, is on the side of caution. "Mere democracy may not be adequate," he said last week in remarks to the Carnegie Council on Ethics and International Affairs in New York. "But that doesn't mean that democracy is not important." At a time when every hoary old assumption about what makes nations prosper is being rethought, political democracy may be only one of a number of components, he said. Another is population control.

"The key in talking about population growth," said Lester Brown, president of the Worldwatch Institute in Washington, "is not whether India is a democracy or not, but whether there is leadership. By leadership, I mean leaders who will talk about the problem, discuss it and what it means to the next generation and the generation to follow."

Tavleen Singh, one of India's most acerbic political columnists, believes that when political will is missing, nothing else works. She posed a few questions to politicians recently in the newsmagazine India Today. "Would, for instance, our political parties like to explain to us why the image of the average Indian child, 50 years after Independence, is that of a scrawny, spindle-legged, barefoot creature who ekes out an existence by begging at traffic lights?" she wrote.

"And amid the shameful squalor that is most of India, would they like to explain why our political leaders live in huge bungalows set in sprawling gardens that we taxpayers pay for?"

She points to the absence of effective welfare and population policies, and the persistence of the Hindu caste system, as causes for India's slide to the social levels of sub-Saharan Africa. Indian socialism, on the wane in any case, never had the strong welfare-state component found in Europe. Now, as India adds more than 18 million people a year to its population, will there be a demand for harsher measures for population control?

Ashish Bose, an Indian demographer, says no. "Our masses will not accept any coercive method of family planning," he said. He, like many development experts, says population control can in any case no longer be looked at in a vacuum. What good is a family planning clinic, he asks, if no road goes there?

In other countries, as within the varied states of India, moreover, surprising contradictions point up the traps in seeking quick answers for

why population control seems to work in some places but not in others. In Bangladesh and Indonesia, which were under military rule, private development and environmental organizations began to flourish, along with successful family planning programs of all kinds.

General Suharto, the President deposed last year in Indonesia, opened condom factories and encouraged "supermarket style" local family planning centers. There were none of those grimy, unsanitary sterilization camps that are often all that is available to the majority of rural Indian women, and no harsh laws like those in China that prevent most families from having more than one child.

Yet Adrienne Germaine, president of the Women's International Health Coalition, which supported women's groups in Bangladesh, says this doesn't indicate that autocracy or human rights violations are necessary for successful population programs. "While there have sometimes been lapses in the quality of care and the voluntary nature of the programs in Bangladesh or Indonesia," she said, "over all, you haven't seen some of the draconian measures taken by China."

"But what is important to mention is that while, yes, the Chinese Government was autocratic, they were autocratic also in insisting that all children should be in school and all people should have basic health care and all people should have housing," Ms. Germaine said. The package improved the lives of many Chinese, creating more support for the family planning program than many outsiders would expect, some experts say.

"Chinese expanded freedoms of a different kind," Professor Sen argues, adding that China's critics often do not recognize that educational opportunity and universal health care liberate people to live longer, more fulfilling lives.

Professor Sen also says that India has missed opportunities that might have made its performance more comparable to China's. When lower fertility is harnessed to democracy it creates a dynamo, he says -- and more so if literacy and economic opportunities for women as well as basic health services are added to the mix. He faults much of India, including liberal economic thinkers, for not seeing these connections.

Mark Malloch Brown, the new administrator at the United Nations Development Program, is on the side of patience. "India is changing," he said. "Its sheer size means that there's a persistent rural backwater, where caste, a lack of basic services, poverty, means that change is a hell of a lot slower than we've all hoped. But I think we are arguing about speed rather than final outcome.

"My point is to be a bit more agnostic about which policies work, about final outcomes," he said. "Both countries -- India and China -- are going through historical spasms on development issues. One made this extraordinary human engineering intervention -- and if this was a hundred-yard sprint, they've won. But you know, societies are a marathon, and it's just too soon to be so declarative."

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Now, You Can Have 5,999,999,999 Friends

How did demographers decide that on Oct. 12 the world will have 6 billion people? Projections are based on fertility, mortality and migration estimates. The United Nations Population Division estimated the mid-year total and projected that it has been growing by 148 people a minute (247 births minus 99 deaths), said Joseph Chamie, the division's director.

Other findings:

The highest growth rate was 2.04 percent in the late 1960's.

This year, it is about 1.31 percent.

In 1965, 75 million people were migrants from another country. Today, 125 million are.

Life expectancy at birth is 65 years -- an increase of 20 years since 1950.

The median age increased from 23.5 years in 1950 to 26.4 years today.

In 2050, population is projected to reach 8.9 billion. Asia will account for 59 percent, Africa for 20 percent and Latin America 9 percent.

If this page were filled with periods, (69 dots per line in 6, 157-line columns) 6 billion of them would take up about 92,000 pages.

o o o o o

Why Malthus Was Wrong By Nicholas Wade

It is hard to be contemptuous of an idea that influenced Darwin, Marx and David Ricardo. But the British economist Thomas Malthus's prediction that population growth is bound to outrun food production, condemning societies to perpetual misery and starvation, is much more than plain wrong.

It has been an enduring source of error and self-bamboozlement for almost every day of the 201 years since the young Malthus hit on the idea to counter his father's tedious breakfast-time orations on the perfectibility of man.

Malthus conceived his idea after hearing an estimate by Benjamin Franklin that the American population was doubling every 25 years. But a geometric rate of growth, assumed by Malthus to be the case at all times, is rarely achieved. The American population is clearly not in doubling mode today; it is almost static and suffers dreadfully from obesity, not starvation.

The other leg of the argument -- that food production will be subject to the law of diminishing returns -- ignores the power of technological innovation to sidestep limits with new products.

Manhattan's streets are not clogged with manure because the automobile

ousted the horse.

Despite the limited truth in each leg of the Malthusian thesis, the specter of overpopulation has never ceased running. Clothing Malthus in crude computer models, the Club of Rome's "Limits to Growth" report scared many people in the 1970's into believing Malthusian limits would soon be reached.

Even today, doomsayers preaching the Malthusian gospel command wider audiences than do economists who believe otherwise.

If you are looking for a sure bet, it's hard to find a more consistent fallacy than that with which son refuted father at the Malthus breakfast table.

NICHOLAS WADE

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On Sunday, ABC broadcast an hour-long special report called "Is America # One?" In it, correspondent John Stossel compared the US to Hong Kong and India and tried to explain reasons for "the success and failure of societies."

He spent time with a crew in Calcutta and used that city as an example of the worst and best of India. The piece also features interviews with Calcuttans (beggars to businessmen to bureaucrats) and Indians living in America (Dinesh D'Souza and Kanwal Rekhi, among them).

Below you will find a full transcript of the program, a short article from ABCnews.com about the program and a Web link to video excerpts.

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[Video excerpts]
http://abcnews.go.com/sections/us/popoff/990916stossel_video_popoff/index.html

[Full transcript]

{SOT = Sound on tape, or sounds/voices recorded on location}

ABC NEWS
Sunday, Sept. 19, 1999
Special Report with John Stossel

Is America # One?
The Success and Failure of Societies

America is hot. This is the place to be, these days. Americans live longer, and better, than most anyone else.
A survey that claims to measure people's satisfaction with their

life, and optimism about the future, found Americans ranked themselves ahead of every other country.

And why shouldn't we? We have more stuff...

SOT CARS, TRAFFIC

JOHN STOSSEL: More cars, more planes, more television sets more choices of food, more advanced medical care.

SOT WALL STREET, Ding, Ding, Ding.

STOSSEL: The biggest economy...

SOT BATTLESHIP, Boom! Boom!

STOSSEL: The most power, and more entertainment

SOT MADONNA, Ciao Italia!

STOSSEL: American culture annoys parents all over the world.

SOT MADONNA, Singing.

STOSSEL: Our music tops the charts in most every country.

SOT STAR WARS, Music

STOSSEL: Our movies are the most seen everywhere.

SOT STAR WARS Japanese dialogue

STOSSEL: Some countries are so fearful of America influencing their culture they limit how often our movies can run.

SOT STAR WARS, Noises

STOSSEL: Even our way of serving food's becoming dominant. And American business is everywhere. But does this make us number one? A lot of people will tell you we are clearly not.

MAN: You don't provide health care for your people. You don't give people an opportunity to get out of poverty.

MAN: You got racism, you got vandalism, drugs, alcoholics, sex everywhere.

MAN: Money is the only thing that counts in this country, people do not.

WOMAN: The U.S. sucks, if I thought they'd let me live in England, I'd be there in two seconds.

STOSSEL: Ouch. So which is it? Are we the best country, or a nation of money-grubbers who lucked out on a great piece of real estate? And how do you really measure best anyway?

Money and power isn't everything. What about crime, drugs, poverty, moral decay. How can we be best when we have so much of these things, too?
(Pause)

In the next hour we'll challenge that conceit... that America's number one.

If you look at what makes a country successful, the first question has to be, do its people have the basic necessities of life? Things like food, shelter, a chance to take care of your family. The sad truth is that most people on this planet, most, still live short, brutal lives? in miserable poverty.

SOT HAITIAN Merci, c'est ca.

STOSSEL: What did we do right in America? so that we're not living like they are here in Haiti?

SOT BABY CRYING Whah!

STOSSEL: ? or North Korea, or Mexico, or India? India is a good example of a place that seems to work badly for its people.

We start our look at what makes a country work well for its people by comparing three places ? America, Hong Kong, and India.

SOT BIRD CROWING

STOSSEL: Here in India much of the population lives in what we call slums. This family's home is this abandoned sewer pipe. Many survive by rummaging through garbage. 200 million people here have no running water, nothing clean to drink. Now there are some affluent Indians, but they're the minority? you see much more of this: adults and children? without enough to eat.

SOT CROWD NOISES

STOSSEL: American visitors quickly learn that when you leave your hotel you'll be met with heart-breaking pleas for money.

STOSSEL: (on camera) I gave you something yesterday.

STOSSEL: This woman follows every westerner who leaves the hotel. She says she needs food for these children. Two are hers, she says, the others just kids who need food. Where am I from, that I'm rich enough to stay at a hotel?

STOSSEL: (on camera) From America.

INDIAN WOMAN: Very nice, America.

STOSSEL: America is nice. So how could I not give? ? but the giving is endless.

STOSSEL: (on camera) I gave you something yesterday? you ask for more?

INDIAN KID: No more, no more.

STOSSEL: Like most everyone, I eventually gave her some money, but?

INDIAN BEGGAR: Please?

STOSSEL: ? then there are quickly more outstretched hands? and more? a constant reminder of how little they have compared to us Americans. It raises the question of why? Why do they have so little, when America is so rich?

STOSSEL: (stand-up) Course, we all know why India?s poor? too many people. When you have this kind of overpopulation, you can?t have a good standard of living. ?Course as so often happens, what we all know isn?t necessarily so.

Consider Hong Kong, talk about crowded. Hong Kong per square mile has 20 times as many people as India, yet Hong Kong is rich, amazingly rich.

STOSSEL: (VO) There are more Rolls Royces in Hong Kong than anywhere else in the world? the harbors are filled with yachts. And the real estate is glorious. This home recently sold? for a hundred million dollars.

STOSSEL: (stand-up) And it?s not just the very rich who are doing well. These apartment buildings are home to Hong Kong?s new middle class. They?re even called the midlevels. Economic freedom has allowed millions of poor people to become middle class. In fact the average income here now is almost equal to that in the United States, and it?s higher than that in many of the world?s richest countries.

STOSSEL: (VO) Not as high as America?s \$27,000, but almost, and higher than Australia, Italy, Great Britain, and Canada.

STOSSEL: (stand-up) It?s amazing how quickly all this has happened. Twenty years ago, none of this was here. Fifty years ago this was just another desperately poor Asian community.

STOSSEL: (VO) Hong Kong should teach us all a lesson on how to make everyone?s life better, says Nobel prize winning economist Milton Friedman.

MILTON FRIEDMAN: I was in Hong Kong in the 1950?s. And you would never have wanted to live there. I saw the open shacks in which the refugees who were coming over were living. But they had the one key ingredient ? freedom.

STOSSEL: (VO) Freedom. Now when people say freedom, I usually think of democracy, freedom to elect your representatives, but democracy alone doesn?t make a country prosper. India?s a democracy. It?s similar to ours,

SOT PARLIAMENTARY DEBATE

STOSSEL: (VO) Well, maybe a little louder. But they vote for representatives, and a Prime Minister. They have freedom of religion,

SOT PROTESTING INDIANS

STOSSEL: ? freedom of speech. Yet the poverty in India shows that democracy alone is not enough. The standard of living here is a hundredth of what it is in Hong Kong. Yet?

STOSSEL: (stand-up) Hong Kong's never had democracy. First they had the Chinese Emperor, then the British rulers, now the Chinese Communists. But Hong Kong's prospered because for years the British governor governed under a policy best described as benevolent neglect.

STOSSEL: (VO) By neglect? people mean? the government? didn?t do much. Well, it built roads, and schools and the police and courts enforced simple and understandable laws against murder and theft, people knew that if they created something it couldn?t just be taken from them, but that was about it. No federal trade commission, no OSHA, no labor laws or minimum wage for local workers. The British rulers basically sat around and drank tea.

DAVID TANG: The Chinese say, okay you make the rules and, uh, don?t interfere too much, and let us have time to go and make some money.

STOSSEL: (VO) David Tang's made lots of money running this elegant club in Hong Kong? and selling clothing at a chain of stores called Shanghai Tang.

TANG: When you leave things alone people just get on with it. It?s very simple.

AMY SMILOVIC: If it can be done, it can be done here in Hong Kong.

STOSSEL: (VO) This group of entrepreneurs agrees that Hong Kong's done something special.

SMILOVIC: I like the idea of the tassels.

STOSSEL: (VO) Amy Smilovic, of Georgia , likes to design clothing. Within days of arriving in Hong Kong, she had her own business.

SMILOVIC: It?s the easiest thing I've ever done.

STOSSEL: And this has something to do with government doing less?

Y.P. CHAN: That, I think that that?s definitely what it is.

STOSSEL: Y.P. Chan now runs a high tech company.

CHAN: When I come from China, I have no money. I work in the garment factory during the day, earn 50-dollar U.S. a month.

STOSSEL: (VO) He saved enough, sleeping on this cot in a crowded Hong Kong apartment, to come to New York to get an education. But to work, he returned to Hong Kong.

CHAN: Because this place provide an opportunity which I could not get anyplace else in the world.

ANDY NEILSON: Hong Kong was a city that was built on people getting a start from nothing. From no family background, no money, zero.

NEILSON: Hi, I'm Andy Neilson. I'm the owner.

STOSSEL: (VO) Andy Neilson, who makes and sells toy soldiers here, says he couldn't have this business in his native Scotland because of all the high taxes and regulation. In Hong Kong the government simply says:

NEILSON: Let them get on with it, but don't look for any safety nets.

STOSSEL: So that's cruel. [NEILSON: It's not?] Government should protect people from that.

NEILSON: You protect people from that and no one takes risks. This is the problem that's happening. It's been happening in the States, it's been happening in Europe, in Britain. We want to protect everyone from everything. You can't protect everyone from everything.

BRETIGNE SCHAFFER: When you don't have a crutch to support you, it changes your attitude.

STOSSEL: (VO) Bretigne Schaffer, who works here for the Asian Wall Street Journal, says without the government crutch people here are inspired to create things. And thanks to Hong Kong's flat 15% tax they get to keep more of what they create.

SCHAFFER: It's possible to save enough money that you can start your own business and become very rich.

STOSSEL: Well it's possible in America.

SCHAFFER: It's possible, but it's a lot more difficult. With all the tax, all the different taxes, all the different, um, employee benefits you have to pay out, and all the regulations, it's a lot more difficult.

STOSSEL: But how can the government have enough to take care of people with only 15 percent of the people's money?

NEILSON: This government makes a profit. It's the only government in the world that makes a surplus, a big surplus.

STOSSEL: But what a cruel way to run a place. You're not taking care of the people who need help.

NEILSON: Enough to say that no one starves. You'll see more abject poverty in New York City than you will find right here in Hong Kong.

STOSSEL: (VO) You do see poor people in Hong Kong, but it's nothing like Europe or America. Some say you see less of this in Hong Kong because here it's so easy for everyone to become an entrepreneur.

Even a clueless American can open a business? in a day. In my home town, New York City, it takes weeks, I'd have to go to the licensing department and get a state tax number, a federal tax number?

TAX OFFICIAL: So, do you have a federal ID number?

STOSSEL: (VO)? apply to the buildings department, the zoning board, and more. Here in Hong Kong, handing in one form?

SOT SOUND OF STAMP

STOSSEL: (VO)? was all I had to do.

HK OFFICIAL: Thank you, sir.

STOSSEL: (VO) The next day, I was in an indoor shopping center, running my own business, Stossel Enterprises, selling ABC stuff.

STOSSEL: Ten dollars, foon ying?

STOSSEL: (VO) Well, trying to sell it. Apparently, not that many people here want ABC Frisbees and yo-yos. Well, no one promises you a successful business. But this opportunity? to try?

STOSSEL: ABC yo-yos!

STOSSEL: (VO)? even dumb ideas? is what?s made Hong Kong thrive.

By contrast, what if I tried to do this in India? In Calcutta, to start a business, you first have to go to this big building to get government permission. Even New York City?s licensing rules are simple compared to this maze.

You fill out form, after form, after form, and then you wait, and wait, for days, or years, while the bureaucrats debate the merits of your application.

SOT BUREAUCRATS DEBATING

STOSSEL: (VO) It?s all well intended? rules to make sure the food?s clean? that the building is safe?

SOT BUREAUCRATS DEBATING

STOSSEL: ?But the result is that so many good ideas die? die as forms bundled and stacked on shelves? already cluttered with bundles from other people? who are waiting.

STOSSEL: These are all regulations designed to make life safer and better.

FRIEDMAN: Absolutely. Absolutely. There is nothing that does so much harm as good intentions.

KALI DUTT: If you want any solution, uh, well, uh, you have to wait.

STOSSEL: (VO) The bureaucracy?s good intentions have been torturing

clothing maker Kali Dutt.

Dutt got an order from Japan for a million shirts. So he built this new factory. He hired 400 new workers? But then, he couldn't get electricity.

Electricity we take for granted is iffy in India. You have to get government approval to get it. At Dutt's old factory it goes off and on. For 5 years he tried to get a steady supply of electricity for his new factory? he wrote letters, filled out forms, argued with countless bureaucrats? until he gave up.

The building's still there. And the equipment?

DUTT: But we have suspended operations.

STOSSEL: (VO) 400 workers lost their jobs. Yet not far from his failed factory is an American, Patrick Hart, who wants to provide electricity to Dutt and others.

STOSSEL: You could do it. You have the technology. It would be cheap; they could afford it.

PATRICK HART: Absolutely. Absolutely.

STOSSEL: (VO) Hart represents a New Jersey based firm that builds power plants. Building the plant itself takes under two years but getting permission to build, says Hart, takes longer.

STOSSEL: You can build a plant faster than you can get the permissions?

HART: Than you can get it approved, absolutely.

SOT TROLLEY CAR Ding! Ding!

STOSSEL: (VO) This government trolley is a good example. It's rotting away here in Calcutta, yet when an American company offered to renovate the trolley cars, they couldn't even get an answer.

In America the regulations are tough, but at least you can get answers.

And here in Hong Kong it's never difficult. The same company got an okay and completed work on the city's trolley car system in less than one year.

STOSSEL: And that's a much nicer ride.

STOSSEL: (VO) Many world famous American names have struggled to sell things in India. Okay, Coke and Pepsi are not nutritious or essential food? but lots of people like them; and shouldn't the Indian people get to decide if they want to drink what Americans drink?

SOT INDIAN POLITICIANS Isingti. Ayes havit.

STOSSEL: (VO) No, said some politicians here; the merits of Coke and Pepsi were debated endlessly in Parliament. Regulation is so thorough that it is as if each bureaucrat has veto power over every idea.

STOSSEL: (stand-up) Coke and Pepsi finally got in, but it took years.

STOSSEL: (VO) And Kentucky Fried Chicken finally got permission, but only after months of heated political debate.

STOSSEL: (stand-up) In a country where people are starving a government minister said he was concerned that the chicken wasn't healthy enough.

STOSSEL: (VO) While the politicians debate, the people suffer.

DINESH D'SOUZA: The poverty in India has created that vacant look, uh in the eyes of the poor Indian; where he feels like this is the way it's always been and this is the way it always will be.

STOSSEL: (VO) Dinesh D'Souza is an author and research scholar at the American Enterprise Institute.

D'SOUZA: The government in a sense interferes in the ordinary rhythms of society. And by that I mean trying to decide for people how they should live their life.

STOSSEL: (VO) When Indians get free from their government and go to Hong Kong, they thrive. And they thrive in America. One generation after they come here Indians earn more than the average American.

KANWAL REKHI: India is full of smart people, but their brains are in the drains because, you know, the government doesn't let you blossom them out.

STOSSEL: (VO) Kanwal Rekhi and these other immigrants started new computer companies when they came to California. They've created thousands of jobs for Americans.

STOSSEL: You couldn't do what you did here in India?

REKHI: Oh, absolutely not. Yeah, yeah, in India you need license, permit, quota, from politicians to do anything.

MILTON FRIEDMAN: The problem is that Indians can do well everywhere, except in India. They do so badly because they're not allowed to use their own abilities within India. The government tells them what to do.

STOSSEL: (VO) But wait a second. Is it that simple? Maybe they, and others, succeed in America because of our great natural advantage?

SOT TREE FALLING

STOSSEL: (VO) Our fabulous resources. We do have a lot, maybe that's why we've done so well.

STOSSEL: (stand-up) But again look at Hong Kong. The island is just a rock. It had no natural resources to speak of. No good farming land. No oil, not even enough drinking water. Yet still, millions of people came here to this rock and created all this.

FRIEDMAN: It's a phenomenal thing. It's hard to believe. Here's a rock. Nothing. A great harbor and on this rock, people can produce for themselves a higher standard of living than they can produce in Britain with its centuries of history. Incredible.

STOSSEL: Because of freedom?

FRIEDMAN: Because of freedom. Absolutely. Because of freedom.

SOT HONG KONG STOCK MARKET

STOSSEL: (VO) Economic freedom was enough to unleash so much creativity, so much invention that this tiny place could make a wonderful home for six million people whose ancestors, for generations, suffered in poverty.

STOSSEL: (studio) Now I'm not saying that because Hong Kong has the freest economy that it's number one. It's not even a country, and anyway, there's more to life than money.

America created not just prosperity, but a whole new way of thinking about things. We look at that when we come back.

(Commercial break)

STOSSEL: (studio) Even if you don't think America's the best country in the world, you can't quarrel with America's performance at creating opportunity.

Look at California's Silicon Valley, the high-tech capital of the world.

STOSSEL: (VO) In just a few years, people here have changed the way we live. They invented a whole new way to communicate.

AMERICA ONLINE: You've got mail!

STOSSEL: (VO) Developed microchips so when you get lost in your car, you can get directions from an orbiting satellite.

SOT TALKING CAR In a quarter mile make a right turn.

STOSSEL: (VO) Their ingenuity has helped create millions of new jobs.

Why did Silicon Valley happen in America? Because we're an open society. With economic freedom, yes. But just as important, we're open to new ideas, and open to immigrants from everywhere.

STOSSEL: (stand-up) One out of every five companies here in Silicon Valley was founded by an immigrant. One out of every three engineers, one out of every three scientists is an immigrant.

Why couldn't they do it in their countries?

MARTINE KEMPF: You don't have the opportunity to realize their dreams the way you can do it here.

STOSSEL: (VO) Martine Kempf came here from France.

KEMPF: I designed and built voice-recognition system to help disabled

people control electric functions in cars

STOSSEL: It means with her voice, she can tell the car to start.

SOT CAR Engine starting

STOSSEL: (VO) She steers with her foot, and then tells the car to turn its headlights on.

KEMPF: Then I applied the same system to surgical microscopes.

SOUND UP: MARTINE KEMPF Go right.

KEMPF: So micro-surgeons can talk to the microscope.

SOUND UP: MARTINE KEMPF Zoom out.

KEMPF: Once I had this I knew I had the potential to start a business.

STOSSEL: (VO) So why didn't she do this in France? Because, even with a great product, and lots of publicity, they called her a prophet in her village, there was so much red tape, she couldn't get her product to consumers.

STOSSEL: You met with Congress, you met the President, but you couldn't start the business?

KEMPF: Yeah, there was promising and a lot of politics but, there was nothing.

SOT BIRDS Bird noises.

STOSSEL: (VO) Yet just one year after she'd come to Silicon Valley, she was selling her voice-activated cars in nine countries.

KEMPF: This is what I call the land of opportunity. That's absolutely fantastic, you cannot get this probably anywhere else in the world.

STOSSEL: (VO) Well, maybe in Hong Kong and a few other places, but you'd think she would have had an advantage in France, because her home country's government was one of the first to embrace computer technology.

Fifteen years ago, France created the Minitel computer network. The government gave everyone free electronic phone books that also let you do your banking at home.

But today Minitel's considered a dinosaur. Because it was controlled by the government, its growth was stunted. Officials in charge couldn't keep up with the hundreds of millions of experiments flying about in the United States where the Internet not controlled by the government or anyone, flowered.

SOT COMPUTER SOUNDS Explosion, then music.

STOSSEL: (VO) The French government now offers Minitel in six colors, but they've lost the race, and lost people like Martine.

KEMPF: Suddenly they decided in my hometown that they named a street after me so they named Rue Martine Kempf, and they've now they are very proud of me, but I still don't want to go back.

SOT STEEL MILL Factory noises

STOSSEL: (VO) Another reason she won't go back is that French bureaucrats, to try to protect workers, are so busy passing labor laws that stifle entrepreneurship. One seemingly worker-friendly law says employees may not work longer than 35 hours a week.

TOM PALMER: They actually come to businesses, and stop people from working.

STOSSEL: (VO) Tom Palmer, of Washington's Cato Institute.

STOSSEL: They're protecting people from overwork.

PALMER: What they're doing is turning the whole country into a big theme park. You go to Franceland. You have the cheese, you have the wine, you look at some castles, it's a lovely place to visit.

But does much new come out of France anymore, is it dynamic? No.

STOSSEL: (VO) And so, in the past 10 years, 300,000 people, many of France's best and brightest, have left.

And they're leaving Germany, Sweden, Canada, leaving countries with lots of restrictions for America.

ANDY BECHTOLSHEIM: I wanted to build better computers, and there was no way to build a better computer in Germany.

STOSSEL: (VO) Andy Bechtolstein's co-founder of America's multi-billion dollar Sun Microsystems.

BECHTOLSHEIM'S EMPLOYEE: We could build

BECHTOLSHEIM: The U.S. is really all about change faster. To innovate faster, to accelerate change. And what most of the rest of the world is all about is to preserve the status quo, to slow things down.

STOSSEL: And what you did here, why couldn't you do that in Germany?

BECHTOLSHEIM: Well, it's a beautiful place to go and drink some beer, enjoy the scenery but people are basically thinking about their retirement.

JOHAN VON HOLSTEIN: There's no possibility of really living up to the potential of, of your dream, of what you want to do. Because of the system, and I think this is the problem for many European countries that the systems are wrong.

SOT DOOR Door opens

STOSSEL: (VO) Johan Von Holstein who founded Icon Medialab is from Sweden.

VON HOLSTEIN: We have something called yunt [PH] in Sweden, which is, um, it's like the ten commandments but they go like, thou should not think that thy are anything, and you don't even try to try. It's not worth it.

STOSSEL: (VO) That's not the attitude here.

SOT BAILIFF Sir are you becoming a citizen? Would you take a seat in the row please.

STOSSEL: (VO) And it's one reason so many people are eager to become Americans.

MICHELLE SUNG: There's a, a sense of freedom here that you don't have anyplace else.

STOSSEL: (VO) Michele Sung, who was born in Jamaica, was here to watch her husband become a citizen. All these people were lining up for that because America's founders gave us a gift, says Michelle.

SUNG: They made a country that said, if you want it, you can get it. We're not gonna guarantee you it. And we're not gonna go out of our way to make sure you get it but if you want it, you can get it.

STOSSEL: Don't other countries do that?

SUNG: Tuh, no. Other countries say, it's here. But it's only for the elite. And in a lot of countries you have to be born into it in order to get it. And this is the only country where you can be born a peasant, and end up like royalty [LAUGHS]

DINESH D'SOUZA: If you are a rich guy, you can live well almost anywhere in the world. Uh, you can live well in Argentina, in Barbados, or in Bombay. If you are an ordinary guy, without connections, you're best off coming to this country. It's a very mobile society in which lots of people who start out at the bottom, uh, can find a place at least in the middle, and some will rise to the top.

STOSSEL: (VO) Malik Amstead grew up poor, in a tough neighborhood. Now he owns this restaurant in Brooklyn.

MALIK AMSTEAD: You can be anybody you want to be. And you can have anything you want to have here. In other places the opportunities just don't exist.

AMSTEAD: (on camera) We're getting ready to expand it this summer to a full service sit down next door.

AMSTEAD: America today is just a great place to be.

STOSSEL: (studio) One reason for that say economists is that America is open to new ideas from everywhere. This allows us to take the best the world has to offer, and make it even better.

SOT MUSIC Let's go to the hop.

STOSSEL: (VO) Americans mixed music from Ireland and Africa to invent something called rock and roll.

SOT Scraping pizza pan

NARRATION: (VO) The Italians invented pizza, but it didn't become a worldwide hit until Americans added toppings like pepperoni, and started selling it by the slice.

SOT, Typing on computer

STOSSEL: (VO) Computers, the telephone, sewing machines,

SOT, Sewing machine and zipper.

STOSSEL: the zipper,

SOT, Trombone

STOSSEL: Jazz to

SOUND UP, Trombone

STOSSEL: (VO) The inventiveness that's led us to win half the world's Nobel prizes has helped make us number one.

SOT INVENTOR, This is the first rocket ship built in the United States.

STOSSEL: (VO) And it was made possible by our openness to ideas from others.

TOM PALMER: What is American culture? There wasn't some American people, right? It was made up of all sorts of people.

And that has produced a really rich, interesting, open society where we're free to pick from here, pick from there, borrow a little bit, and make a tremendously interesting stew.

SOT BLUE MEN DRUMMING

STOSSEL: (VO) This stew isn't just high tech entrepreneurs and ambitious businessmen.

Theatre groups like The Blue Men, exemplify the freedom we have to try things, all sorts of things, that sense that anything's possible. They seal an audience member's head in Jell-O,

SOT BLUE MEN MUSIC

STOSSEL: (VO) to cover the audience in toilet paper. The actors worried that people might not relate to this, but the show is now selling out in three cities.

CHRIS WINK: You can't be a rebel in this country because they'll see they'll instantly like it.

STOSSEL: (VO) Chris Wink, one of the Blue Men's founders.

WINK: When you think you're going to someplace new everyone's like, I'm going there too, take me with you, all of us.

SEXPO PERFORMER: Can you do that for me one more time if you like sex! Say hell yeah!

CROWD: Hell yeah!

WOMAN: Say sex is my friend.

CROWD: Sex is my friend.

STOSSEL: (VO) Now not all Americans want to be taken to some of the places an open society goes.

SOT WHIPPER Very good, very good ?

STOSSEL: (VO) At the prestigious Javits convention center, In mid-Manhattan, the sex business recently held a trade show.

THE BARONESS: We're really taking sex, S-M, fetish, erotica, out of those dark little scary places on what used to be 42nd Street and bringing it out to the mainstream, and I think that's a delight.

PALMER: We need to have freedom for the odd ball, for the strange person, for someone who's going to try something totally new and shock us.

THE BARONESS: I'm an expert with a bullwhip, that's my toy, that's my fetish.

SOT MUSIC

STOSSEL: (VO) I'm happy for her, but a lot of Americans would say, if this is what an open society brings we don't want it.

PALMER: A free society isn't always perfect, it isn't always pretty, it isn't always the way you'd like it to be. But it's an awful lot better than the alternative.

STOSSEL: (VO) Which is stagnation, and often poverty. Consider China, now mired in 3rd world poverty, they were once the leader of the world.

PALMER: If you had landed on this planet in the year 1400, let's say you were a Martian, and you had to send back a report, what will be the society that dominates the world. It definitely would've been China.

SOT MAKING GUNPOWDER Crunch, crunch.

STOSSEL: (VO) Over a thousand years ago, they invented gunpowder ?

SOUND UP EXPLOSION Boom!

STOSSEL: (VO) The compass, the clock, real paper and printing. But then they sealed themselves off from the rest of the world to try to protect what they had.

PALMER: They burned all of the ships that had been traveling around the world. They wanted to make sure they weren't contaminated by outsiders. They didn't want all that change that an open, dynamic society brings about, because it would've threatened the emperor's power. And China became stagnant.

STOSSEL: (VO) America's anything but that.

SOT AMERICA MONTAGE

DINESH D'SOUZA: An open society is one which includes the freedom to shape your own life in the manner that you see best. To be the artist of your own life.

SOT MALIK AMSTEAD Thank you very much.

STOSSEL: For better?

SOT MALIK AMSTEAD Have a good weekend.

STOSSEL: Or for worse.

MAN: We're the future of America. Careful. (LAUGHS)

MAN: You're ready for us?

STOSSEL: (studio) No, not really. And we'll look at that, and more of what you may think is not so good about America? When we return.

(Commercial Break)

STOSSEL: (studio) America number one? What arrogance! I hear some of you saying. (Yes, I can hear you right through your television.)

How can we talk about America being best when we have so many terrible problems?

SOT CAR NOISE

STOSSEL: (VO) Pollution. [SOT Klan shouting] Racism. Poverty. Decadence.

SOT ROBBER Right now, bitch.

STOSSEL: (VO) And of course what leads the news most nights? crime.

SOT CLERK Oh my god!

STOSSEL: (VO) So how can we say America is best?

Well it turns out that even when you focus on America's problems? if

you compare us to the rest of the world ? we do pretty well ? even compared to Europe, reputed to be so civilized and comfortable.

Yes, we do have the highest percentage of people in prison of any wealthy country, and the highest murder rate.

(studio) But when you look at all crime ? robbery, assault, rape, car theft, burglary, and more ? crime victimization surveys show America has a slightly lower crime rate ?

(VO) ? than Holland, Switzerland, England, many of those so-revered European countries, and a much lower crime rate than some countries on other continents.

STOSSEL: Okay, so our crime rate may not be the worst, but what about ? pollution?

SOT WATER FLOWING

JAMES GARNER: We ?re not gonna have any air; we ?re not gonna have any water; we ?re not gonna have any fish; we ?re not gonna have any birds.

STOSSEL: (VO) Yes, we do pollute, but despite the scare-mongering, America ?s cleaner than most other countries. The pollution in parts of Asia and Europe is much worse.

STOSSEL: (studio) Then what about ethnic and racial tension?

SOT MAN SHOUTING Black guy gets killed ?

STOSSEL: (VO) Given our history, isn ?t this a uniquely American problem?

SOT MAN SHOUTING ?but a white girl, a white girl gets raped.

STOSSEL: (VO) The problem is real. But not just in America. Different groups of people have a hard time getting along all over the world.

SOT SKINHEADS Auslander raus! (Foreigners out!) Yir, Bashir ?

STOSSEL: (VO) In Germany, skinheads protest against immigrants. Some attacked and killed Turkish and Vietnamese immigrants and burned their houses.

SOT GLASS BREAKING

STOSSEL: (VO) In Rwanda, Hutus hacked hundreds of thousands of Tutsis to death. One political party in France wants all Arabs expelled.

Yes, America has racial problems, but here racial and ethnic violence is at least rare, and we ?re learning to get along ? since 1960, inter-racial marriages have increased tenfold.

MALIK AMSTEAD: Racism exists but I think one of the great things about America is that despite the fact it does exist, you can triumph over it.

STOSSEL: (studio) Is that really true? Lots of people say, in America, it ?s only the rich who triumph at the expense of the poor.

SOT JESSE JACKSON There 's no roof for the wealthy and no floor for the poor.

STOSSEL: (VO) Politicians keep saying it.

BILL CLINTON: There are still too many Americans working for low wages, living in poverty

SOT HIGHTOWER It 's Hightower Radio, with Jim Hightower.

STOSSEL: (VO) Jim Hightower is one of many commentators who spread the word.

SOT HIGHTOWER Let 's talk about your street versus Wall Street.

STOSSEL: The rich are getting richer and the poor are being left.

JIM HIGHTOWER: We have unprecedented economic growth. More money being generated than ever before. But it 's all going to the top. Eight out of ten Americans have seen their incomes go flat or go down.

MICHAEL COX: Hogwash. Hogwash.

STOSSEL: (VO) Federal Reserve economist Michael Cox says it 's just not true ' all these reports about the poor being left behind, about most Americans ' income being flat or going down.

COX: You have to torture the data virtually in order to get it to say that. It 's playing games with the numbers. It 's telling a big lie to say that we just don 't get paid as much as we used to.

STOSSEL: (VO) In fact, the Federal Reserve 's wage data that 's often cited doesn 't count things like commissions salespeople make ' retirement contributions ' medical insurance. When you include them, average American compensation 's risen 20 percent.

STOSSEL: (studio) Still, what about the poorest of the poor? We 're told America leaves them behind.

SOT PETER JENNINGS Nearly 37 million Americans now live below the official poverty line '

COX: The government says now 13.3 percent of households are in poverty. Let 's go see what households in poverty have. Ninety-seven percent of households in poverty have color televisions. Two thirds have microwave ovens and live in air-conditioned buildings. Seventy-five percent have one or more cars.

HIGHTOWER: It 's the old welfare Cadillac story. I mean, this is not a statement about an economy. This is anecdotal b.s. I mean ' And it 's insulting, uh, to poor folks. I would invite you to visit with some poor people and get out there in the ' in the real world.

STOSSEL: (VO) Okay ' we went to the poorest Congressional district in

America ? the South Bronx. People here were lined up to get free food from a charity run by Sister Helen.

MAN: Thank you Sister Helen, I love you.

SISTER HELEN: You ?re an angel! If I was you, I ?d love me too. (laughs)

STOSSEL: Do they need you here?

SISTER HELEN: Well, I ? I don ?t know if they need me, but I love to feed the people.

STOSSEL: (VO) Now most of these people are not working in regular jobs, but we met no one here who was homeless.

WOMAN: Yes, I have a house.

STOSSEL: Color TV?

WOMAN: Yes, I have a color TV.

HOODED MAN: Yeah, uh-huh. I got apartment.

STOSSEL: Have a color TV?

HOODED MAN: Got a color TV, yeah, got a color TV.

STOSSEL: Do you have a VCR?

HOODED MAN: I have a VCR.

STOSSEL: Are you poor?

CAMOUFLAGE HAT MAN: Sure, I ?m poor.

STOSSEL: Do you have an apartment?

CAMOUFLAGE HAT MAN: Yeah, right here in the complex. Color TV ? the works

STOSSEL: The works? VCR?

CAMOUFLAGE HAT MAN: (Overlap) A VCR ? everything that goes with it.

STOSSEL: Have a microwave oven?

CAMOUFLAGE HAT MAN: Yeah. Microwave.

STOSSEL: Have cable?

CAMOUFLAGE HAT MAN: Cable ? the normal things.

STOSSEL: Well, how are you poor?

CAMOUFLAGE HAT MAN: Well, poor is a word that everybody uses.

STOSSEL: (VO) No one says some Americans aren't suffering, but poverty in America is nothing compared to the misery and hunger you see in India, and most of the world. These people in the South Bronx aren't here because they've been going without food - they come because the food is free.

JOHN OLMO: I always go to pantry day.

BARBRANN: For the food.

STOSSEL: (VO) John Olmo and Barbrann Norman share Barbrann's two-bedroom apartment, the rent subsidized by the government, and they have many things people in many countries only dream about: ample food, and a frost-free refrigerator to keep it in, a CD player, VCR, several radios, and cable television.

BARBRANN: I got the basic cable, which runs like 62 a month.

STOSSEL: (studio) Okay, you may say, the poor get a boost from government checks, but what about working people? We're told they're falling behind.

SOT CHARLES GIBSON So many companies cutting jobs -

SOT PETER JENNINGS There were other lay-offs announced today -

SOT TED KOPPEL Over 1,668,000 people have been laid off -

STOSSEL: (VO) Hightower told us if you want to see real economic hardship, go to Youngstown, Ohio. It was knocked flat by lay-offs in the steel industry.

HIGHTOWER: Oh, it's devastating. You see, it's not just a matter of you lose 3,000, 30,000 steel workers. It's a matter of their whole extended family, suddenly, is hit.

It's also a matter of the cafe across the street from the mill. There's a ripple effect.

STOSSEL: (VO) It's true that at one point, unemployment in Youngstown increased to 25 percent. Steel worker George O'Neil lost his job.

GEORGE O'NEIL: I said they're tearing the mills down, the blast furnaces, I said, everything's going -

SOT STEEL MILL IMPLOSION

O'NEIL: - I said they're never gonna come back.

STOSSEL: (VO) But the rarely told part of this story is that today there are more jobs in the Youngstown area than ever before.

SOT GEORGE O'NEIL This is going to Chicago.

STOSSEL: (VO) George O'Neil now works for a company that makes packaging material.

O NEIL: One great big giant company moves out, maybe three or four little companies will move in ? take up the slack for these people with these jobs.

STOSSEL: Unemployment in Youngstown is now five percent.

HIGHTOWER: The notion that, uh, there is low unemployment, uh, is ? is a, uh, is a cover for the fact that people are actually worse off.

STOSSEL: Because they ?re in lousy jobs now?

HIGHTOWER: Yeah.

STOSSEL: (VO) Well, some are, but most of the new jobs pay more than the old jobs they replaced, and most are a lot more pleasant.

O NEIL: Compared to the steel mill or a foundry, this is a snap. It ?s clean here. It ?s not hot here. The work ?s not heavy. It ?s fast. This is a breeze.

STOSSEL: (VO) O Neil ?s new job is one of 40 million created in America in the last two decades.

MICHAEL COX: We recycle labor from unproductive uses to productive uses.

STOSSEL: What do you say to the person who ?s just lost his job?

COX: I say it hurts. But it ?s the source of America ?s strength. Europe won ?t tolerate that, and as a result, Europe is poor compared to America.

STOSSEL: (VO) Europe tries very hard to protect jobs, yet it creates few new ones. Why would that be?

Well, France, for example, to make life better for workers, requires that almost all employees be given six weeks vacation, paid parental leave, and makes it very hard to fire anyone. It sounds good, but the unintended consequence of the law is that employers are now reluctant to hire, because new workers are so expensive and permanent.

Unemployment in France is now over 11 percent. It ?s almost that high in Germany. It ?s 18 percent in Spain. That ?s four times America ?s rate.

Many economists who once argued that we could learn from Europe, like James Galbraith, have now changed their minds.

SOT GALBRAITH There might be a moment for the Europeans to learn from us, rather than for us to be studying them.

STOSSEL: (studio) Okay, so Americans have jobs, but can they get medical care? We ?re told many cannot.

SOT PETER JENNINGS The crisis in the health care system, the crisis for the millions of Americans without coverage ?

STOSSEL: (VO) In much of the world, health care ?s provided by the government. Some say that ?s better than our system.

SOT HILLARY CLINTON Enough is enough. We want our health care system back.

STOSSEL: (VO) Our system does sometimes fail poor people, but the truth is that when someone is denied care, it makes headlines because it's so unusual.

Most of the time, even the poorest person going to the emergency room gets the same high-tech, cutting edge treatment that lures foreign leaders like Jordan's King Hussein to American hospitals. MRI machines, for example - the state of Ohio alone has more of these than all of Britain, or France.

D - SOUZA: The secret is now out. People know that if you want to be the pilot of your own life, if you want to make your own destiny, there's only one place to do it and that is in America.

STOSSEL: Isn't it silly to say one country is best? All countries are best in some way.

D - SOUZA: There is one pretty objective measure of what countries work well, and that is, do people want to come there?

STOSSEL: (VO) And by that measure, America wins hands down.

SOT IMMIGRANT Gracias.

STOSSEL: (VO) Our embassies are flooded with people trying to get visas. Those who can't get permission to come legally try just about anything they can do to sneak in.

SOT HELICOPTER

STOSSEL: (VO) Chinese people take long journeys crowded in the holds of decaying ships, just so they could try to swim to the shore of America. Haitians and Cubans leave their loved ones behind, risking their lives on things you can barely call boats - sometimes drowning while trying to get here.

SOT CAPSIZING BOAT - There goes people in the water, in the water -

STOSSEL: In Arizona and California -

SOT BORDER PATROL - They're heading that way, right toward that intersection there. -

STOSSEL: - the border patrol's constantly chasing people who are trying to sneak in.

SOT BORDER PATROL (in Spanish)

STOSSEL: The illegals risk not just being caught, but being robbed by bandits, or freezing in the mountains, or dying of thirst. Yet still they come, and when they're caught and sent back, many just turn around and try again.

SOT IMMIGRANT

STOSSEL: As long as they don't kill us, we'll keep trying, says this man. Even their captors don't blame them.

BORDER AGENT: (VO) I sympathize with them. If I were in their position, if I were in their shoes, I would be doing the same thing.

STOSSEL: (studio) America has problems, but it seems living here beats most every place else. We'll be right back.

(Commercial break)

STOSSEL: (studio) As we look around the world at societies that succeed, like America, Hong Kong and compare them to those that fail, that continue to leave their people in misery, you have to ask: How can their leaders do this to people?

We now know what works: Democracy, rule of law and economic freedom.

SOT WOMAN SCREAMING

STOSSEL: (VO) Yet most of the people in the world continue to suffer under governments that repress those things, and leaders who sanctimoniously say, despite a record of failure, that they know better.

HASHIM ABDUL HALIM (with subtitles): If America became socialistic, it would be good.

STOSSEL: Better than capitalism?

HASHIM ABDUL HALIM (with subtitles): Better than capitalism.

STOSSEL: (VO) Hashim Abdul Halim is political boss of the part of India I visited.

The socialists have been in charge here for years, so it's not surprising that this is the poorest part of the country. And despite the collapse of the Soviet Union, the poverty of China, Cuba, North Korea, and the astonishing success of unplanned places like Hong Kong, the politician in India says the government has to plan the economy.

STOSSEL: First it needs your planning.

HASHIM ABDUL HALIM (with subtitles): Yeah. Planning.

STOSSEL: You can't just let it happen. You have to plan.

HASHIM ABDUL HALIM (with subtitles): (Overlap) No, no. Of course.

STOSSEL: (VO) Despite the success of immigrant cultures like Hong Kong and America, Calcutta's leader says his people are poor because of immigration.

STOSSEL: Immigration makes Calcutta poor?

HASHIM ABDUL HALIM (with subtitles): Yes, it does. It's a strain on the resources.

STOSSEL: Calcutta is poor because of your stupid policies.

HASHIM ABDUL HALIM (with subtitles): No. That's not right. We have risen in the ladder. We have not gone down.

STOSSEL: Socialism just works better.

HASHIM ABDUL HALIM (with subtitles): A hundred times.

STOSSEL: (VO) Millions of people have suffered from that conceit. A final thought when we return.

STOSSEL: (studio) Intuition would suggest that countries with the most government planning, places where you're taken care of, would be the best places to live. But in fact the opposite is true, countries with the most planning are the most poor.

Several organizations rank countries by economic freedom. At one end are places with lots of government planning. Invariably, these are the worst places to live.

At the other end on the list is Hong Kong, New Zealand, Switzerland and the United States. The best places to live are places with the fewest rules.

Freedom isn't everything. Climate matters. Religion, geography, even luck can make a difference. But nothing matters as much as Liberty.

That's our show for tonight. Thank you for watching. Good night.

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No Secrets to Success
Societies Rise or Fall Because of Freedom

John Stossel travels around the globe to compare the United States with life elsewhere. He asks, "Is America No. 1?" in an ABCNEWS Special Report, Sunday, Sept. 19, at 9 p.m. ET. (ABCNEWS)

By Todd Seavey, ABCNEWS.com

NEW YORK, Sept. 17 -- America is a great success story: It has the most wealth, the most Nobel Prizes, the most immigrants per year of any country, and an infectious pop culture that has spread around the world.

But why do some nations flourish, while others flounder? Why is tiny Hong Kong so rich and gigantic India so poor?

Density Isn't Destiny

One of the most common answers in recent decades has been population density: There are simply too many people in places like India, or so goes the conventional wisdom.

But Hong Kong is densely populated too: nearly 6000 people per square kilometer, compared with India's 287 people per square kilometer. (Even New Jersey has a population density over three times that of India; and despite all the jokes about New Jersey, few would call it unlivable.)

And yet, despite some recent woes caused by the Asian currency crisis, Hong Kong is a fast-paced megalopolis with a per capita income almost as high as that of the United States.

Nothing to Lose But Their Chains

One factor that really does make a difference, according to experts at think tanks such as Freedom House, the Heritage Foundation, and Canada's Fraser Institute, is economic freedom — the absence of government regulations. Hong Kong and the United States, they point out, are amongst the freest nations on Earth; countries like India, Syria and North Korea are among the most highly regulated.

India does have a free press and a democratic government (elevating its ranking on the less economics-oriented Freedom House survey). But its thicket of business regulations and bureaucratic restrictions is so dense — and wealth so difficult to create there — that Indians endure a standard of living as low as that of communist countries.

Hong Kong, on the other hand, has few regulations, low taxes and an entrepreneurial culture. Perched on a barren rock on the Chinese coast, Hong Kong's citizens enjoy all of the perks of other advanced, affluent societies.

The ABCNEWS Special Report, *Is America # One?* with host John Stossel (airing Sept. 19, at 9 p.m. ET) investigates Hong Kong's freedoms and India's bureaucracy — and asks how America compares to both.

The Open Door

In the process, Stossel also examines another key indicator of national success: openness to new ideas.

“If you had landed on this planet in the year 1400, and you had to send back a report: ‘What will be the society that dominates the world?’” says Tom Palmer of the free-market Cato Institute, “it definitely would’ve been China. By A.D. 1400, the Chinese had already invented gunpowder, the compass, the clock, real paper, and printing.

However, just as Europe was entering an age of exploration, China cut itself off from outside influences.

“They burned all of the ships that had been traveling around the world,” says Palmer. “They wanted to make sure they weren’t contaminated by outsiders. They didn’t want all that change that an open, dynamic society brings about.”

China closeted itself, while Europe explored; China stagnated while Europe grew wealthy and powerful.

Free Thinkers Thrive

And as Stossel discovers, one tangible result of a country's greater openness is an influx of immigrants, often the bearers of the new ideas that enrich a culture.

Italy invented pizza, for instance, but it was Italian-Americans who popularized it by adding diverse toppings. Rock ‘n’ roll is derived from the music of Ireland and Africa. Scientists and entrepreneurs often come here to work on ideas that found a less receptive audience back in their countries of origin.

As French expatriate businesswoman Martine Kempf tells Stossel: “I designed and built a voice-recognition system to help disabled people control electric functions in cars, but French red tape made distribution of the product impossible. A move to Silicon Valley changed all that, and

within in a year Kempf was distributing her voice-activated cars in nine countries.

Her hometown back in France is so proud, "they named a street after me" Rue Martine Kempf, "she says. "But I still don't want to go back."

France's loss is America's gain, a pattern repeated every time people flee a stifling environment for a more open one.

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