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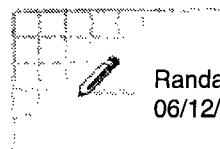
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Randall W. Lutter
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Record Type: Record

To: Janet L. Yellen/CEA/EOP, Jeffrey A. Frankel/CEA/EOP, Joseph E. Aldy/CEA/EOP, Adele C. Morris/CEA/EOP

cc:

Subject: WHITE HOUSE GLOBAL WARMING PLAN UNDER ATTACK FROM ALL SIDES

----- Forwarded by Randall W. Lutter/CEA/EOP on 06/12/98 12:06 PM -----



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Record Type: Record

To: Randall W. Lutter

cc:

Subject: WHITE HOUSE GLOBAL WARMING PLAN UNDER ATTACK FROM ALL SIDES

Date: 06/12/98 Time: 08:21

GWhite House global warming plan under attack from all sides

WASHINGTON (AP) Six months after the glow of victory in Kyoto, Japan, the Clinton administration is facing stiff resistance to its global warming proposal not only in Congress, but also from European allies and now even from environmentalists.

President Clinton's problems in selling the agreement, reached at the historic U.N. climate conference in December, surfaced on two fronts this week: at negotiations in Germany on details of the proposed treaty and during budget battles on Capitol Hill.

Some environmentalists complained that the entire Kyoto treaty might be in jeopardy.

In the negotiations concluding today in Bonn, Germany, the U.S. delegation has been criticized sharply by European delegates as well as environmentalists observing the talks. At issue was the scope of an emissions trading scheme the administration considers essential to holding down compliance costs to U.S. industry.

Meanwhile, a Senate committee reinforced U.S. lawmakers' reluctance to embrace the administration's global warming plan by slashing nearly \$200 million that the White House had sought as part of its climate initiative.

Clinton wanted the additional money to expand energy efficiency programs and research into renewable energy such as wind and solar technology. The White House considers such programs essential as an

early start to wean the country away from heavy reliance on fossil fuels and, thereby, reduce the heat-trapping carbon gas emissions into the atmosphere that many scientists believe are contributing to a gradual warming on the Earth.

In withholding the funds, the Senate Appropriations Committee said it was not convinced of "the existence, extent or of global climate change" and that it considered proposals to cut carbon emissions as outlined in Kyoto "inappropriate" given the information at hand.

Furthermore, it warned against using money for "backdoor" implementation of the Kyoto accord before submitting it for ratification. The White House already has said it has no intention to send the agreement up for ratification this year, fearing it would be defeated.

Both the congressional actions and the rebuke from European allies and many environmentalists at the Bonn talks were seen as further evidence of the difficulties the White House will have in translating the call-to-arms that came out of Kyoto into actual policy.

At the Japan conference, the United States agreed with 37 other industrial countries to commit to reducing greenhouse gas releases mainly carbon dioxide by 2008 to 2012. The United States as part of the agreement would cut such heat-trapping emissions to 7 percent below 1990 levels, or about 500 million tons below what they otherwise would be.

Critics, led by the fossil fuel industry, have argued such cuts would devastate the economy by forcing dramatically higher energy costs. But the administration has argued that costs could be substantially reduced by allowing U.S. companies to buy emission credits from other countries.

The 10-day conference in Bonn was aimed at, among other things, starting to examine details of how that trading program would work. The U.S. delegation proposed a system with few restrictions on the amount of trading.

Administration officials privately have said there is little hope in getting Senate approval of the pact unless there is unrestricted emissions trading to reduce the costs to U.S. industry.

Environmentalists, echoing views by the European delegates, called the unrestricted trading a slap at the Kyoto agreement.

"The United States has suddenly put the world on notice that it's retreating from the commitments it made in Kyoto," complained Phil Clapp of the Washington-based National Environmental Trust and an observer at the Bonn talks.

With a "wide open" trading system the United States could meet its Kyoto agreement by buying "meaningless paper reductions" in the form of pollution credits from Russia and other countries whose emissions in 2010 are expected to be well below 1990 levels because of economic decline or other reasons, the environmentalists argue.

Mark Hambley, chief of the U.S. delegation in Bonn, dismisses the criticism and said in a telephone interview late Thursday that whatever credits would be purchased would have to be properly verified and monitored.

"Those who make the accusations (that the U.S. is retreating

from Kyoto) ... have not read the Kyoto Protocol," said Hambley. He said the United States made clear in negotiating the Kyoto agreement that it expects the most flexible trading scheme in return "for the very aggressive (emission) targets we adopted."

APNP-06-12-98 0823EDT

Clinton's Effort to Curb Global Warming Draws Some Business Support, but It May Be Too Late

By JOHN J. FIALKA

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — In the debate over a global-warming treaty, industry warnings have gotten plenty of publicity: Tighter controls on fuel emissions could raise electric rates 30%, send gasoline prices up as much as \$1 a gallon, and create massive inflation and job losses.

But contrary to the public perception, this isn't a classic business vs. environmentalists fight. At least some businesspeople are digging in to support President Clinton, who today is expected to announce U.S. proposals for final treaty talks in December. "We see this as a business challenge," says Michael Marvin, executive director of the Business Council for Sustainable Energy, a group that includes the natural-gas industry and air-conditioning manufacturers. The question is whether such business support is coming too late in the debate.

By switching to cleaner fuels and using more efficient U.S. technology, Mr. Marvin's group believes emission cuts can be made with little disruption, and the economic "crisis" could turn into jobs and profits. And its members aren't the only ones in business to split from lobbying led by the coal, oil and auto industries against U.S. involvement in an international treaty to curb the accumulation of so-called greenhouse gases.

Supporters in Business

There is Robert Stempel, who retired as chairman of General Motors Corp. in 1992. "I'm not sure why the price of gasoline automatically goes up," says Mr. Stempel, who now is an executive at Energy Conversion Devices Inc., a Troy, Mich., company that makes batteries for electric cars. Electric cars and so-called hybrids that blend small gasoline engines with battery-powered drive systems, he believes, will mean cleaner, more efficient travel.

Mr. Stempel also sees such vehicles as a way to preserve U.S. market share against Japanese auto makers that already are selling hybrids. Most electric-car technology, he notes, has been developed in the U.S. "Do we sit back like we did with the transistor and let Japan take the technology and feed it back to us?" he wonders. "You don't have to read this book to me again."

There is Lee Iacocca, former chairman of Chrysler Corp., who has formed a partnership with Unique Mobility Inc., a Golden, Colo., company that makes battery-powered motor scooters and bicycles. Ray Geddes, president of Unique Mobility, says both men believe incentives to sell the nonpolluting, two-wheeled vehicles will open the door to huge new vehicle markets, especially in China, India and Taiwan. "I think it's a win-win," Mr. Geddes says.

Seeing Opportunities

Then there is John Browne, chief executive officer of British Petroleum PLC. He has spent the past nine months preparing his company for business opportunities that could grow out of a treaty on global warming. One of them involves trading of emission rights, which would allow companies to get credit in the U.S. for carbon dioxide emission-reduction activities overseas. BP has been working with American Electric Power and PacifiCorp, two of the nation's largest coal-fired utilities, on a project to save five million acres of Bolivia's rain forest from logging.

Dale Hydlauff, an AEP vice president, explains that, because trees store carbon dioxide, the companies would earn credits for removing 53 million metric tons from the atmosphere in a global trading program at a cost of only 37 cents a metric ton. Programs like these and sales of U.S. electricity technology abroad, AEP estimates, could reduce the projected cost of carbon dioxide reduction by 90%.

The problem with this business support rallying to Mr. Clinton's side is that it is late. Final treaty negotiations in Kyoto, Japan, start in December. A difficult fight for Senate ratification looms thereafter. "This administration has a problem doing things in a timely fashion," complains Mr. Stempel.

Opponents Long at Work

Meanwhile, the big guns from the other side have been booming away for years. As scientists and environmental groups began to predict rising sea levels and other adverse effects of man caused accumulations of carbon dioxide and other gases that tend to trap the sun's heat in the atmosphere, these business opponents began spending millions of dollars to project some horror stories of their own.

Western Fuels Association, a Denver-based cooperative that sells coal to 23 utilities, makes no bones about what global warming is all about. The cover of its annual report shows a combat helmet against a coal-black background: "Since 1988, Western Fuels Association has occupied the front lines in the battle for Americans' right to cheap electricity," the co-op declares. Western Fuels is one of the pioneer members of the Global Climate Coalition, a consortium of coal, oil, automobile companies and utilities that has been fighting the proposed treaty.

The Coalition for Vehicle Choice, a Washington-based group financed by the U.S. auto industry and related groups, has spent the past two years convincing small business, labor and local civic groups throughout the U.S. that the treaty will be "bad for America." Recently 1,300 groups agreed with that statement in an ad that the group ran in the Washington Post

The Global Climate Coalition, which spun out of the National Association of Manufacturers in 1989, is the source of many dire economic studies. Last week, it released another one, predicting that the cumulative losses to the economy from a treaty between the year 2000 and 2020 could amount to \$30,000 for each household.

The Center for Energy and Economic Development, an Alexandria, Va., group financed by the coal industry with a \$4 million annual budget, has targeted business and civic groups in 11 states, says Steve Miller, the group's president. It often brings in the United Mine Workers union for reinforcement.

The union has spent \$1.5 million and two years working with many of the coalitions against the treaty. "For a long time, I was wondering if anybody was listening," says Cecil Roberts, its president. Now he says he is beginning to hear results. "People are starting to say, 'We're going to do what in December?'"

THE WALL STREET JOURNAL WEDNESDAY, OCTOBER 22, 1997

a separate product; Microsoft insists they are simply another function of Windows.

But this also makes the government a referee in one of history's fastest-changing industries and breaks new ground where the Justice Department team in 1995 was reluctant to tread. "We should be on the lookout for predatory conduct by Microsoft, but it's a useless exercise to try to draw the line between what is the operating system and what is an application," says Robert Hall, a Stanford University economist who worked on the case three years ago. "We shouldn't be trying to stop Microsoft from putting more function into Windows — and you don't want to punish success."

The Justice Department's petition Monday says Microsoft isn't complying with the settlement that ended the 1995 case, which clipped some of the company's power over computer makers. Among other things, the settlement prohibits Microsoft from tying other products to its dominant Windows operating system. But the settlement also has what could be a crucial loophole allowing Microsoft to make "integrated" products — bringing new functions into Windows.

It is that loophole that Microsoft is hanging its case on. Mr. Neukom, the company's general counsel, says the decree explicitly states that it may bring new features to Windows. "All software vendors are entitled to improve their products," he says. If Microsoft can make that argument convincingly in court, the government could lose its gambit. Microsoft is expected to press the case with massive resources and is likely to appeal any adverse ruling.

Tough Judging

The Justice Department also faces a skeptical federal bench. The Washington appeals court with jurisdiction in the case overruled the district judge, Stanley Sporkin, in 1995 after he questioned whether the government's proposed settlement was tough enough on Microsoft. It replaced Judge Sporkin on the case with Thomas Penfield Jackson, who has a record of being rough on federal regulators — in the 1980s, he rebuffed the government's effort to force General Motors Corp. to recall a new car line for allegedly faulty brakes.

Even if the government wins its day in court, Microsoft could still strike back in the marketplace, shifting its strategy to remain within the letter of the law while pressing its competitive assault on the Internet and on Netscape Communications Corp., which has the best-selling browser. Mr. Klein insists he won't have to make newfangled legal arguments at this point in the case. The only issue, he says, is whether Microsoft honored the terms of the 1995 consent decree fashioned by his outspoken predecessor, Anne Bingaman.

Ms. Bingaman made a splash when she first came into office, making it known that after years of reluctant GOP enforcement, the Clinton administration planned to actively enforce the antitrust law. Her big gest case was Microsoft.

Flood of Mergers

But when Ms. Bingaman settled the Microsoft case with a consent decree, many in the industry denounced it as too lenient and unenforceable. Ms. Bingaman gamely defended the deal, saying it gave the department the right to keep an eye on the software maker.

When the Internet case was brought to the Justice Department's attention last year, the decision to act was made not by

Ms. Bingaman, but by Mr. Klein, then her top deputy and acting successor-to-be.

The flood of mergers that has since swamped the department has pressed its staff to the limit. "In addition to the telephone and huge defense mergers, and the Microsoft investigations, we are now going from Big Six accounting firms to the Big Four, plus our many investigations of price fixing cartels — we are being stretched pretty thin," Mr. Klein says. But he adds "we're a money-making organization," bringing in \$205 million in criminal fines last year on a \$100 million budget.

It may be in the Microsoft business for a while. At an industry conference in Phoenix this week, audience members were asked through an electronic-polling system to guess how long it would be before Justice would successfully prosecute Microsoft on antitrust grounds. The consensus view: 4.6 years. But that was before the news of the Justice Department's latest move.

—Don Clark
contributed to this article.

WSJ Journal Link: Join an on-line discussion about the Justice Department and Microsoft at The Wall Street Journal Interactive Edition at <http://wsj.com>

THE WALL STREET JOURNAL WEDNESDAY, OCTOBER 22, 1997

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Clinton Alters His Approach Over Warming

A By JOHN H. CUSHMAN Jr.

WASHINGTON, Oct. 21 — Stung by complaints that it is moving too slowly against global warming, the Clinton Administration has devised a set of rewards for companies that cut emissions of heat-trapping gases faster than the Government would require under a pending international treaty.

The approach, to be outlined in a speech by President Clinton on Wednesday, is meant to mollify environmental groups and European nations that have been demanding deep, early cuts in emissions. The Administration has resisted those calls out of fear that aggressive action might cause too much economic pain.

Even as the White House wrestled with the details of its latest plan today, aides were testing its appeal among business and environmental groups whose support could be crucial to its success. Administration officials and people who had been briefed described the plan's outlines, but cautioned that important elements had still not been decided by Mr. Clinton.

The United States is under pressure to explain its approach this week, as negotiations resume in Bonn on a treaty to reduce the world's emissions of pollutants that are building up in the atmosphere and threatening to disrupt the planet's climate during the coming century.

Carbon dioxide, the main heat-trapping gas, comes primarily from the burning of fossil fuels. With the economy booming and energy cheap, United States emissions have been accelerating.

The Administration's new approach has several elements, which include these:

¶Energy producers and consumers that reduce emissions quickly would get credits, so that those mov-

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ing fastest would benefit the most when, as the Administration envisions, the Government issues pollution permits that companies can buy and sell. ¶This trading of pollution permits is the Administration's favored approach for letting the marketplace choose how to reduce emissions.

¶Instead of a fixed deadline for reducing emissions, the United States would try to achieve its target within a few years on either side of a deadline. That would help to encourage companies to comply earlier.

¶Tax incentives and subsidies, requiring Congressional approval, would also prompt companies to move more quickly.

The new approach would not substantially change the Administration's basic goal: to require in the new treaty that industrial nations emit no more of the gases in 2010 than they did in 1990.

The Administration is expected to propose at the talks in Bonn that industrial nations meet that target, as an average, during a multiyear period falling around 2010, probably during the period from 2008 to 2012.

The Administration will also suggest that deeper reductions occur in later periods, perhaps a 5 percent cut below 1990's levels as 2020 approaches.

A White House official cautioned tonight that although President Clinton was attracted to the multiyear-average approach, he was concerned that the plan was too complicated and might have to be simplified.

By giving extra credit to those companies that lowered emissions fastest, the new approach would seek to put the United States, whose steadily growing emissions currently account for nearly a quarter of the world's output of greenhouse gases, on a downward slope as early in the 21st century as possible.

The initial reductions would be modest, but they would come soon. To meet the targets envisioned by the Administration, the United States would, as a practical matter, have to cut emissions by about 1 percent a year on average beginning in 1998.

To help reverse the current trend of growing emissions, the Administration would seek from Congress a package of about \$5 billion in research spending, tax credits and other incentives for companies. This package would be in addition to the plan for pollution permit credits.

The Administration also wants to make sure that the deregulation of the electric utility industry does not lead to growing emissions of carbon dioxide from power plants that burn coal and other dirty fuels. Mr. Clinton is expected to address this issue as well in his new plan.

In drafting the speech that he is to deliver on Wednesday, at the National Geographic Society here, the President drew upon a set of options presented by senior economic and environmental aides last week. He basically took the most aggressive approach offered — one that environmental groups had criticized as too weak — and tried to strengthen it by providing more incentives for early action.

With the details still incomplete tonight, business and environmental groups that were told of the plan were reluctant to pledge their support.

"It could be viewed as a good minimum ante to put on the table in the negotiations" at Bonn, said Howard Ris, executive director of the Union of Concerned Scientists, which favors deep cuts in emissions. "The President has clearly rejected the do-nothing approach."

The New York Times

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By SETH MYDANS

KUALA LUMPUR, Malaysia, Oct. 21 — A businessman pays for a home-remodeling job with his Mercedes. A chauffeur says imported milk powder for his two children now costs more. A real estate agent spends his afternoons sipping iced tea in an upscale mall: nobody is buying.

In this proud and surging country, the first twinges are being felt in a sharp economic downturn that has swept through Southeast Asia. Economists say the real pain — the bankruptcies, the rising prices, the job losses — is still to come, and many people here are bewildered about what is happening to them.

"We all believed things were just going to get better and better," said a well-to-do woman who insisted on anonymity. "Nobody ever stopped to think. This has hit us in the face. We wonder if the Asian miracle was ever there, or whether it was an Asian mirage."

It is a question that is being asked often these days. In the last few months, Malaysia and its neighbors — newly rich with a flood of foreign investment — have learned that the global marketplace can take away as quickly as it gives.

With their booming economies weakened by mismanagement and by the pressures of international exchange rates, their currencies have plummeted since the summer; then their stock markets followed. Their future growth has been thrown into doubt and their confidence is badly shaken. Foreign investors have fled.

Thailand, the hardest hit, has received a \$17 billion bailout from the International Monetary Fund, and there are signs that even that may not be enough. Indonesia, too, has asked the monetary fund to help and may soon be given bitter economic medicine to swallow.

Malaysia has been forced to put some of its grandiose projects on hold, and last week it announced a tightened budget with scaled-down targets for next year. And the Philippines, which has been hurrying to catch up with its neighbors, was left struggling not to follow them into collapse.

Hit first and hardest, Thailand demonstrates most vividly the costs of the downturn: collapsing banks, stalled construction sites, empty new office buildings and half-empty hotels, rising prices, spreading joblessness, an increasingly restive public, even suicides.

Now many fear that Southeast Asia's problems are spreading. On Monday, both stocks and currencies fell from Hong Kong to South Korea to Taiwan, sending economists and politicians scrambling to understand the causes of the contagion.

Clearly some investors are simply spooked and are steering clear of all

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Asian economies; others may fear that as the cycle accelerates, countries around the region will be forced to raise interest rates to defend their currencies. That could, in turn, slow economic growth throughout Asia and deepen the financial crisis.

Of all the Southeast Asian economies, it was Thailand's that grew the fastest and was most at risk. It borrowed most heavily in foreign currency to finance its growth, indulged the most in vanity projects like four-star hotels, golf courses and ill-conceived business ventures, and extended loans most profligately in an overbuilt property market.

A Futile Effort To Save the Baht

And when currency traders, sensing vulnerability, attacked its currency, the baht, its central bank depleted its foreign currency reserves in an ill-conceived and futile attempt to maintain its value.

"Bad," said Rajiv Malik, a Singapore-based economist with Jardine Fleming International Securities, in summing up the region's economic health. "A one-word answer would be just, 'bad.' For all practical purposes, for the next year or two this region will be very much down in the dumps."

Despite the gloom that has settled over the area — along with a noxious smog from vast forest fires burning in Indonesia — most economists still say these countries have great promise and are bound to recover.

"In two years, they'll be booming, rolling along," said Linda Lim, director of the Southeast Asia Business Program at the University of Michigan Business School — provided they take some tough steps to make their economies more efficient.

Each of the affected nations has its own story — the heedless spending of Thailand, the careful management tainted with corruption in Indonesia, the over-ambitiousness of Malaysia, the stirrings of growth in the lagging Philippines. As the foreign money poured in, all of them, to one extent or another, squandered their new wealth through inefficiency and self-indulgence.

"It's money plucked from the global economy tree and dumped in here," said Norani Othman, a research fellow at the Institute for Malaysian and International Studies. "It's a new form of gambling that parades itself as economic entrepreneurship."

A Western business executive in Thailand, who insisted on anonymity, was even harsher.

"It was greed and easy money," he said. "People forgot that there is no quick way to get rich. You need hard work. You need to focus on issues of human resources, marketing strategies, efficiency. People became arrogant and complacent and fat and inefficient."

Frustrations Feed Political Discontent

The situation is beginning to have political ramifications.

Prime Minister Mahathir Mohamad retains a strong hold on power here in Malaysia. But private grumbling can be heard about his leadership — countered by organized demonstrations of support for him.

In Thailand, discontent was channeled last month into an emotional drive to change the Constitution, and with it the old ways of Government cronyism and corruption. Prime Minister Chavalit Yongchaiyudh seems to have spent more energy wrestling with political rivals than dealing with the country's potential recession.

In Indonesia, where communal riots have shaken the nation for more than a year, President Suharto's reelection in March still seems assured. But a potential economic retrenchment is likely to touch off further discontent.

And in the Philippines, the slump has hurt the standing of President Fidel V. Ramos, whose major accomplishment has been the creation of the country's first burst of prosperity in decades.

It had been a heady decade for Malaysia, as for its neighbors, with growth averaging around 8 percent a year.

"Development — oh, I tell you — damn fast!" Zulkifili Abdul Aziz, an accountant, said as he sat at an outdoor foodstall with the lights from the twin Petronas Towers, the world's tallest building, twinkling above him. "We've all earned money, easy money."

As recently as May, The Bangkok Post in Thailand gazed south toward Malaysia and had stars in its eyes.

The New York Times

WEDNESDAY, OCTOBER 22, 1997

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Emissions in US surge 3.4%

By Nancy Dunne
in Washington

US emissions of greenhouse gases from cars, factories and power plants recorded their largest rate of increase in recent years, the US energy department said yesterday in a report expected to be highly embarrassing for the Clinton administration.

The department said greenhouse gas emissions surged by 3.4 per cent in 1996, driven by strong US economic growth and unusually severe weather. Most of the increase was traced to carbon emissions, which shot up by 51.3m tonnes last year, after increasing by only 10.9m tonnes in 1995.

President Bill Clinton has vowed to take a lead role on the reduction of greenhouse gases. He has said the US would commit itself to "realistic and binding goals" when it meets in December in Kyoto, Japan. But he has rejected a European initiative to cut the 1990 level of carbon dioxide emissions by 15 per cent by 2010.

He is expected to announce the US proposals in Washington tomorrow when officials meet in Bonn to negotiate the Kyoto pact.

The US has only voluntary programmes in place to reduce the emissions of greenhouse gases, said to be responsible for severe global weather change. Energy efficiency programmes helped suppress carbon dioxide emissions in the 1980s and early 1990s.

The report said several unrelated factors also caused an earlier decline in the intensity of carbon dioxide use. These included:

- The deregulation of the

natural gas industry which lowered prices and increased the use of the cleaner fuel.

- Individual events - including the Gulf war and the oil price rise of 1990 - which restrained the growth of energy consumption.

- Increased use of nuclear power plants as utility operators began to solve operating problems.

- More snowfall in the Pacific north-west so that hydroelectric power generations returned to the levels of the early 1980s.

However the growth in nuclear power generation has levelled off. World oil prices remain relatively low, and the US economy has been growing rapidly. Last year electric utilities met the demand for increased electricity largely with coal-fired power generation. Electric utility carbon dioxide emissions rose by 4.7 per cent. The rapid growth of natural gas use has moderated. In the cold winter last year, consumers used 7.8 per cent more natural gas and 3.5 per cent more electricity than in 1995, pushing up natural gas prices.

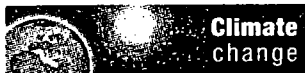
The president has been under intense pressure from industry not to commit to any plan that would prove costly. An industry coalition has been running an advertising campaign against an agreement, criticising the developing countries for not agreeing to reduce their own emissions.

On his trip to Latin America last week, Mr Clinton made much of agreement by Argentina that the emerging economies would have to play a larger role in containing greenhouse gases.

Clinton holds key to Kyoto treaty, Page 8

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NEWS: INTERNATIONAL



■ Salvaging the draft treaty ■ Sideshow could prove fruitful ■ Opec cool on global w

US holds key to climate treaty Oil expo resist call for more cuts

Officials meeting in Bonn will tomorrow try to reconcile huge differences on emissions

By Leyla Boulton and Ralph Atkins in Bonn

Officials from more than 100 countries tomorrow begin intensive work to salvage an ailing draft treaty on climate change.

The governments, meeting in Bonn for the last-ditch preparations, face two main headaches in negotiating a deal to curb greenhouse gases in time for a ministerial conference in Kyoto, Japan, on December 1.

The biggest contention is over what targets industrialised countries should agree for curbing emissions of

gases linked to global warming.

The most important of these gases is carbon dioxide, produced by the consumption of fossil fuels. Industrialised countries differ widely on the level of cuts they are prepared to make.

The other difficulty is over whether a diplomatic formula can be found for developing countries to consider emission cuts of their own, as is being demanded by President Bill Clinton's domestic critics.

The European Union wants other industrialised

nations to emulate its call for a 15 per cent reduction in greenhouse gas emissions from 1990 levels by 2010.

The EU believes rich countries, which account for the bulk of the emissions problem, have a duty to lead by example. Johny Lahure, the Luxembourg environment minister who is president of the EU environment council, said last week the EU goal was "absolutely possible if we use state of the art technology".

At the other end of the spectrum, Australia is opposed to any cuts, saying it would be put at a competitive disadvantage to fast-growing neighbours such as South Korea, which have no obligations.

Caught in the middle is Japan, host of the Kyoto talks, which recently pro-

SETTING TARGETS

posed 5 per cent as a base reduction with countries able to set individual targets.

On Friday, Ryutaro Hashimoto, Japan's prime minister, defended the plan from EU attacks that it was too weak. In a pointed reference, he said his government's proposal was meant as "a basis for negotiations so that not only EU member states but also all the other countries could participate".

And tomorrow the US, the world's biggest emitter of greenhouse gases and key to any deal in Kyoto, is expected to put its cards on the table. The White House said last night that Mr Clinton would unveil his long-

awaited proposals in Washington.

Mr Clinton's proposals, however, are expected to fall short of European demands. The EU proposal has weaknesses. It denies different targets to non-EU countries, although individual EU countries would be allowed some flexibility as long as the EU meets a collective 15 per cent target. It also does not take into account that countries starting from different emission levels are unlikely to agree a single number. The UK for instance is already close to 4 per cent below 1990 emission levels while the US is 14 per cent above them.

The best that rich countries can hope for is probably to agree something closer to Japan's call for a realistic deal.

By Robert Corzine in Yanbu

Campaigners who argue for severe cuts in the use of fossil fuels would probably have been as welcome in Yanbu, the Saudi Arabian industrial city on the Red Sea coast, at the weekend as a gang of drug runners.

Given the overwhelming role that oil and natural gas plays in the economy of the world's biggest oil exporter, it was not surprising to find little sympathy among delegates to a Saudi energy conference for further curbs on the use of petroleum.

But even in Saudi Arabia, sensitivity is growing about climate change and its causes.

On Sunday, Ali Naimi, petroleum minister, was quick to point out that the kingdom has stopped the controversial practice of flaring the "associated gas" that is produced along with oil.

But the attitude towards global warming of most of the big oil exporters, especially those in the Organisation of Petroleum Exporting

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Emissions traders set out their stall

By Leyla Boulton and Bruce Clark

A sideshow by a Chicago financial expert and a UN official could prove more

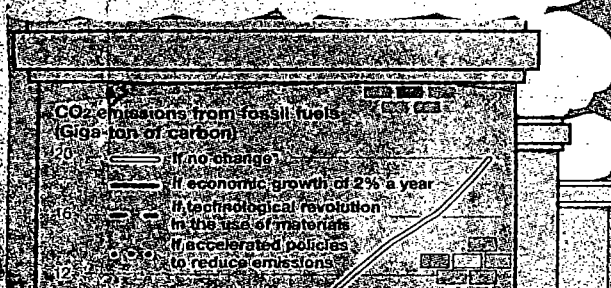
SELLING TARGETS

plants below all expectations

tonnes. In this case the abatement cost would be \$450 plus \$250-\$700.

Provided tougher targets were set for industrialised nations than for developing

Tackling greenhouse gases



Ess'ois traders set out their stall

By Leyla Boulton and Bruce Clark

SELLING TARGETS

plants below all expectations.

"There has been too much emphasis on top-down modelling of the expected costs of tackling climate change and not enough emphasis on price signals," says Mr Sandor. "Markets have eyes," he argues. Trading would help countries and companies reduce greenhouse gas emissions in a more cost-effective way than a flat rate reduction target for all. Allowing countries where cuts can be achieved more cheaply to sell emission rights to others could reduce abatement costs in the developed world

Deals to trade in greenhouse gas emission targets could cut costs by 40 per cent

by at least 40 per cent, estimates the Royal Institute of International Affairs in London.

This is best illustrated by a numerical example. Suppose abatement costs in country A are \$6 a tonne of carbon dioxide and \$10 per tonne for country B. If each country reduced its output by 50 tonnes, the cost would be \$300 plus \$500-\$800.

But through trading, the two countries could vary their emissions providing the total did not exceed 100 tonnes. They could trade emission permits so that country A cut output to 25 tonnes and country B to 75

tonnes. In this case the abatement cost would be \$450 plus \$250-\$700.

Provided tougher targets were set for industrialised nations than for developing countries, a bigger north-south trading system would enable poor countries to sell emission surpluses for cash or more energy-efficient technology, and still grow.

Finally, an agreement on trading would help the US government get a climate change treaty ratified by Congress and spike the guns of industry lobbyists who have campaigned against any accord at Kyoto under the slogan: "It isn't global and it won't work."

The idea is still viewed with suspicion by some European Union officials and developing nations as a ruse for letting rich nations such as the US, to continue growing at the expense of the poor.

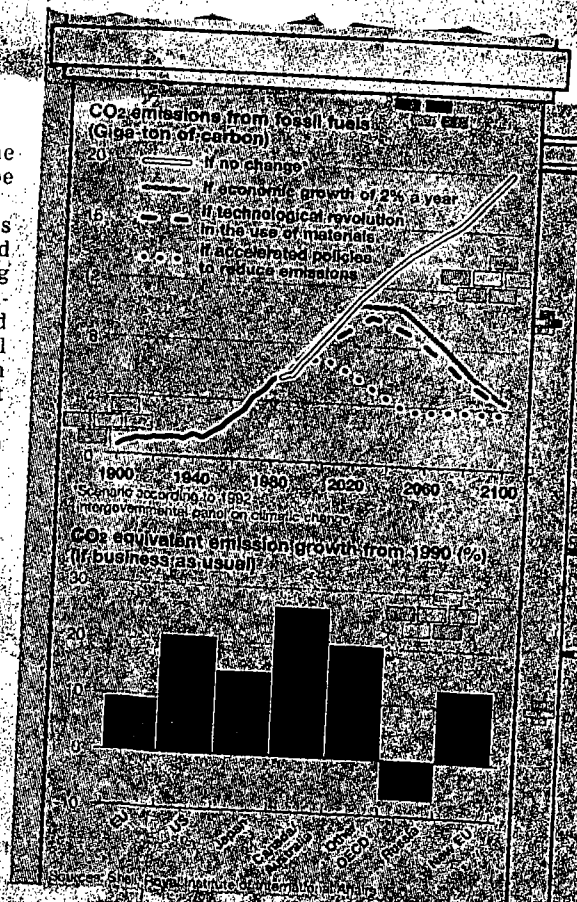
"We must not preach to others behind the luxury of our own high living standards," warned Derek Fatchett, British junior foreign minister.

But the devastation wrought by the El Niño weather pattern in the southern hemisphere has provided an additional push for developing countries to consider action earlier than planned.

"If you want to see what climate change might be like, just look at El Niño," says Tom Burke, an environmental adviser to business leaders and politicians. "It's the trailer to 'Climate change, the movie'."

Efforts by the US administration to extract a commitment on climate change from developing countries scored a first public success at the weekend US Presi-

Tackling greenhouse gases



dent Bill Clinton signed a deal with President Carlos Menem of Argentina. This provides for US companies to transfer to Argentina technology needed to cut carbon dioxide emissions in return for credits to help the US meet emissions targets.

It is a model the US would like to see replicated with other fast-growing developing nations.

Timothy Wirth, the State Department's climate change envoy, won at least tentative promises from China last week that it was prepared to co-operate with the US in dealing with the problem.

The UK will make similar efforts to encourage developing countries to start considering action of their own at the Commonwealth summit in Edinburgh on Thursday.

Mr Joshua reports that a report commissioned by the US industry lobby group, which complained that trading was too complicated, "hears this all the time but only additional requirements of trading would be to reduce transactions," he says. "On a pilot system was up and running, its benefits would quickly become apparent."

He and his colleagues have two basic requests of government policy makers in Bonn this week and at Kyoto in December. One is that industrialised nations agree at least some binding limits on emissions, without which trading could not get off the ground. The second is that governments should "no stand in the way of allowing trading to start soon after Kyoto."

NEWS: INTERNATIONAL

raft treaty ■ Sideshow could prove fruitful ■ Opec cool on global warming

To climate treaty Oil exporters resist calls for more curbs

ions to emulate its call
15 per cent reduction in
household gas emissions
by 1990 levels by 2010.

The EU believes rich coun-
tries, which account for the
bulk of the emissions, prob-
ably have a duty to lead by
example. Johny Lahure, the
Luxembourg environment
minister who is president of
the EU environment council,
last week, the EU goal
is "absolutely possible if
use state of the art tech-
nology."

On the other end of the
spectrum, Australia is
opposed to any cuts, saying
it would be put at a competi-
tive disadvantage to fast-
growing neighbours such as
China and Korea, which have no
obligations.

Caught in the middle is
Japan, host of the Kyoto
talks, which recently pro-

SETTING TARGETS

posed 5 per cent as a base
reduction with countries
able to set individual tar-
gets.

On Friday, Ryutaro Hashi-
moto, Japan's prime minis-
ter, defended the plan from
EU attacks that it was too
weak. In a pointed reference,
he said his government's
proposal was meant as "a
basis for negotiations so that
not only EU member states
but also all the other coun-
tries could participate."

And tomorrow the US, the
world's biggest emitter of
greenhouse gases and key to
any deal in Kyoto, is expec-
ted to put its cards on the
table. The White House said
last night that Mr Clinton
would unveil his long-

awaited proposals in Wash-
ington.

Mr Clinton's proposals,
however, are expected to fall
short of European demands.
The EU proposal has weak-
nesses. It denies different
targets to non-EU countries,
although individual EU
countries would be allowed
some flexibility as long as
the EU meets a collective 15
per cent target. It also does
not take into account that
countries starting from dif-
ferent emission levels are
unlikely to agree a single
number. The UK for instance
is already close to 4 per cent
below 1990 emission levels
while the US is 14 per cent
above them.

The best that rich coun-
tries can hope for is proba-
bly to agree something
closer to Japan's call for a
realistic deal.

By Robert Corzine in Yanbu

FEARING TARGETS

Campaigners who argue for
severe cuts in the use of fos-
sil fuels would probably
have been as welcome in
Yanbu, the Saudi Arabian
industrial city on the Red
Sea coast, at the weekend as
a gang of drug runners.

Given the overwhelming
role that oil and natural gas
plays in the economy of the
world's biggest oil exporter,
it was not surprising to find
little sympathy among dele-
gates to a Saudi energy con-
ference for further curbs on
the use of petroleum.

But even in Saudi Arabia,
sensitivity is growing about
climate change and its
causes.

On Sunday, Ali Naimi,
petroleum minister, was
quick to point out that the
kingdom has stopped the
controversial practice of flar-
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is produced along with oil.

But the attitude towards
global warming of most of
the big oil exporters, espe-
cially those in the Organisa-
tion of Petroleum Exporting
Countries, remains cool.

In a recent speech, Ril-
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The result, he said, was
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energy sources despite the
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Behind the scenes, some
Opec producers see more sin-
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believe that environmental
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up."

Though coal appears to be
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because of the greater
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Reduced demand would
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Some scenarios even show
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falling mainly on less afflu-
ent producers such as
Nigeria, Iraq and Iran.

Opec oil producers have
not helped their cause by
being seen as intransigent
and insensitive to the envi-
ronment.

Their generally hardline
stance contrasts sharply
with that of Norway, the
world's second largest oil
exporter, which has taken a
number of steps to reduce
the environmental impact of
its petroleum production.

"Environment and energy
issues go hand in hand,"
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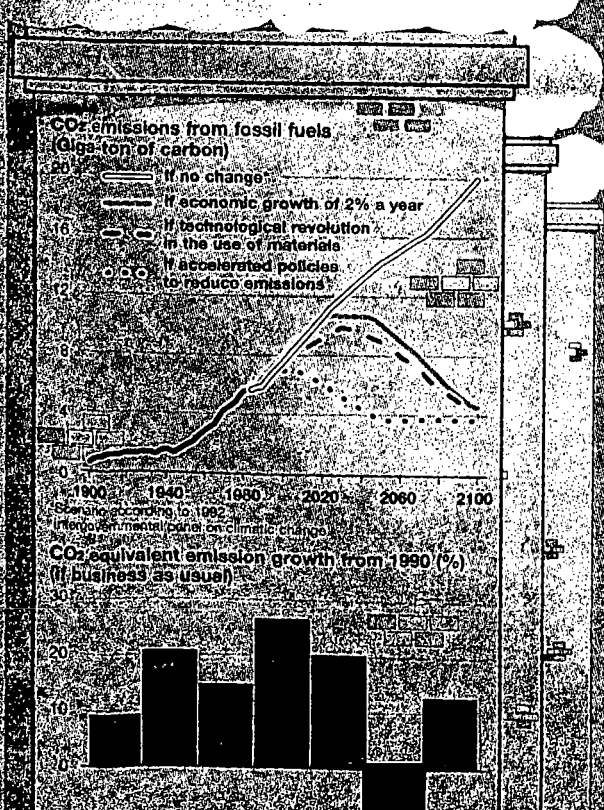
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Leaders tall

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some flexibility as long as the EU meets a collective 15 per cent target. It also does not take into account that countries starting from different emission levels are unlikely to agree a single number. The UK for instance is already close to 4 per cent below 1990 emission levels while the US is 14 per cent above them.

The best that rich countries can hope for is probably to agree something closer to Japan's call for a realistic deal.

Campaigners who argue for severe cuts in the use of fossil fuels would probably have been as welcome in Yanbu, the Saudi Arabian industrial city on the Red Sea coast, at the weekend as a gang of drug runners.

Given the overwhelming role that oil and natural gas plays in the economy of the world's biggest oil exporter, it was not surprising to find little sympathy among delegates to a Saudi energy conference for further curbs on the use of petroleum.

But even in Saudi Arabia, sensitivity is growing about climate change and its causes.

On Sunday, Ali Naimi, petroleum minister, was quick to point out that the kingdom has stopped the controversial practice of flaring the "associated gas" that is produced along with oil.

But the attitude towards global warming of most of the big oil exporters, especially those in the Organisation of Petroleum Exporting Countries, remains cool.

In a recent speech, Rikwanu Lukman, Opec's secretary-general, claimed the UN framework convention on climate change "had resulted in an undue targeting of oil".

The result, he said, was "more discrimination against oil and the encouragement of renewable energy sources despite the (higher) costs".

Behind the scenes, some Opec producers see more sinister forces at work. A few believe that environmental measures are simply a smokescreen for a western political agenda to restrict the financial power of the big, mainly Middle East oil producers.

Those of a less conspiratorial opinion merely complain of the use of environmental concerns to justify the steady growth in the taxation of petroleum products in industrialised countries; Saudi Arabia, for example, receives only 17 cents out of every dollar's worth of products refined from a barrel of the country's crude.

Opec has threatened to demand compensation if more stringent controls on the emission of greenhouse gases cuts into their oil exports.

But Michael Grubb, head of the energy and environment programme at London's Royal Institute of International Affairs, last week warned Opec members such a policy could be a double-edged sword.

In a paper delivered to an Opec seminar, he said con-

suming countries could also cite the principle of compensation for any future oil price rises that threatened economic growth: "Compensation seems a dangerous claim for exporters to open up."

Though coal appears to be much more vulnerable to climate change initiatives because of the greater amount of emissions that result from its use, oil producers are unlikely to escape over the long term with today's relatively robust oil demand growth rates intact.

Reduced demand would probably mean lower prices. Some scenarios even show the brunt of lower demand falling mainly on less affluent producers such as Nigeria, Iraq and Iran.

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Their generally hardline stance contrasts sharply with that of Norway, the world's second largest oil exporter, which has taken a number of steps to reduce the environmental impact of its petroleum production.

"Environment and energy issues go hand in hand," says Tore Sandvold, the senior civil servant in the petroleum ministry. "There is a strong political will to handle these issues."

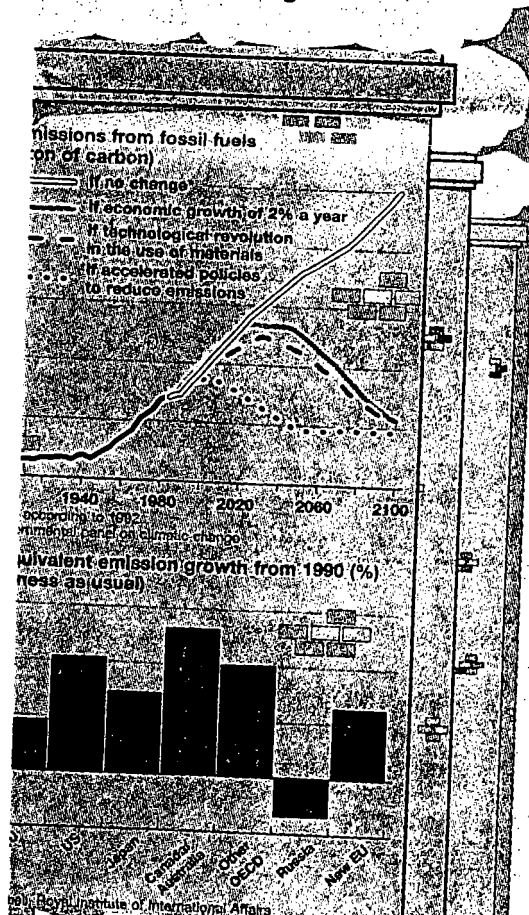
Power generation on production platforms accounts for a quarter of Norway's carbon dioxide emissions, even though the Oslo government already levies an offshore CO₂ tax to encourage lower emissions.

The prospect that offshore emissions will rise sharply in coming years, along with a surge in oil output, has resulted in a new technical programme to cut emissions by about a third over the next decade.

Harald Norvik, the head of Statoil, the state oil company, says Norway's record in greenhouse gas emissions "is much better than the UK and Russia", with the latter said to emit 10 times the amount of greenhouse gases per unit of natural gas produced than Norway.

Unlike most big oil producers, Norwegian officials believe there may even be a competitive advantage in being the most environmentally acceptable producer of oil and gas, with the possibility some buyers might even be willing to pay a premium for "clean" energy supplies.

ling greenhouse gases



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PHOTOCOPY
PRESERVATION

Customs Staffing 'Disparity' Seen To Favor East

By Jeff Leeds
Los Angeles Times

LOS ANGELES—U.S. Customs Service officials have acknowledged there is a wide disparity between resources allocated to the East and West coasts, leaving the Los Angeles area vulnerable to international crime.

Robert S. Trotter, the assistant commissioner for field operations, said last week that while Customs and other federal agencies have historically allotted more resources to the East Coast, the agency had been slow to reassign investigators to new frontiers of criminal activity.

"The bad guys, they're able to shift more quickly," Trotter said.

Trotter and other top Customs officials testified Thursday at a hearing of the House Government Reform and Oversight subcommittee on government management, information and technology.

Chairman Stephen Horn (R-Calif.) has studied the differences in manpower that the Customs Service assigns to New York, Miami, Los Angeles and other ports of entry, and said last week he planned to pressure agency leaders to deploy more personnel to the Los Angeles and Long Beach areas.

"I think there is clearly a disparity," Horn said.

Faced with a vast area that includes 300 miles of open coastline, the nation's third-busiest airport and the world's third-largest seaport complex, local Customs inspectors have a task that "can best be described as overwhelming," said John E. Hensley, special agent in charge of the Los Angeles Customs office.

Data provided to the committee by the Customs Service show that the agency has placed about twice as many special agents in its New York and Miami offices, for example, as it has in Los Angeles, where 167 people are assigned to the investigative unit. Even though it covers the largest metropolitan area of the agency's field offices, the Los Angeles investigative unit ranks seventh in size.

But the Los Angeles seaport receives about three times as many shipping containers as that of New York, and the metropolitan area covered by the Los Angeles Customs office has more than triple the population of South Florida.



PHOTO BY JAMES A. PARCELL / THE WASHINGTON POST

REP. STEPHEN HORN

... seeks more West Coast personnel

Horn said he plans to ask the General Accounting Office, the investigative arm of Congress, to present more data on Customs deployment and may hold another hearing next spring.

Trotter said the agency's complements of investigators at airports on the East and West coasts are comparable, in part because it can use international passenger fees paid at each airport to pay for operations. Under current law, the agency cannot use user fees at seaports to pay for more personnel.

Under questioning from Horn, Trotter said the agency could not simply transfer personnel from New York to Los Angeles to bolster its inspection and investigative units there. He said New York already had lost about 1,000 staff members in the last decade due to budget cuts and noted that Customs has made increasing its strength at the San Ysidro, Calif., border crossing a higher priority.

The nation's oldest law enforcement agency, the Customs Service was founded in 1789 to levy tariffs and collect revenue for the nation's treasury. But the agency's role has increased dramatically. With an annual budget of about \$2.1 billion, the Customs Service now shares responsibility for stopping international money-laundering, arms-smuggling and Russian organized crime.

To some critics, however, the Customs Service has expanded into those areas at the expense of its core mission, inspection of cargo and interdiction of narcotics traffic.

"Customs headquarters has allocated too great a portion of its resources in pursuit of too many new initiatives," said Judy Grimsman, president of the Los Angeles Customs Brokers and Freight Forwarders Association, a trade organization. "Its focus on sexy initiatives should not detract from its key concerns."

The Washington Post

MONDAY, OCTOBER 20, 1997

Greenhouse Gas Emissions Up Sharply in U.S. Last Year

By Joby Warrick
Washington Post Staff Writer

Emissions of greenhouse gases from cars, factories and power plants in the United States rose sharply last year, according to a new Energy Department analysis that aides said further complicates administration efforts to devise a strategy for dealing with pollutants blamed for global warming.

The 3.4 percent increase found in heat-trapping gases could put pressure on the Clinton administration to propose even more stringent steps to limit emissions. But many Clinton advisers are concerned that tough action to limit pollutants could have serious adverse economic consequences, and they might use the Energy Department study to bolster their arguments for setting less ambitious goals for reducing emissions of greenhouse gases.

The Energy Department report, a copy of which was obtained by The Washington Post, is to be released today as the White House is completing its strategy for combating global warming. White House sources said they expect details of that strategy to be announced this week in Bonn, Germany, where delegates are meeting to negotiate an international treaty on greenhouse gas reductions that is to be signed in December in Kyoto, Japan.

While the White House proposal will reportedly include specific, legally binding targets for reducing emissions of gases such as carbon dioxide, the new Energy Department figures suggest that achieving those goals could be even harder than anticipated. Despite substantial improvements in energy efficiency in recent years, U.S. economic growth and new consumption patterns have triggered a sharp rise in pollution, according to the annual assessment by the department's Energy Information Administration.

"Although U.S. emissions have been growing since 1991, their growth accelerated in 1996," the report said. It described last year's 3.4 percent rise from 1995 levels as "the highest rate of increase in years."

Pollution levels grew even faster than the nation's energy consumption, which rose 3.2 percent, and much faster than U.S. economic output, which grew 2.4 percent.

The report attributed the rise in part to a robust economy and higher prices for natural gas. The price

increase has slowed the switch from dirtier energy forms such as coal, which is still the fuel of choice for many of the nation's electric utilities.

Another temporary factor was unusually severe weather in some parts of the country, reflected in a 6.3 percent increase in residential heating bills, the report said.

The recent increases in greenhouse gas pollution overshadow many of the gains achieved through energy efficiency in the past two decades, the report suggests. During the 1980s and early 1990s, the energy intensity of the U.S. economy—as measured in tons of emissions per unit of the gross domestic product—declined steadily. But total carbon dioxide emissions from industry, which plummeted in the 1980s as businesses switched to cleaner fuels, now exceed pre-1980s levels.

The growth in pollution runs counter to commitments by both the Bush and Clinton administrations to reduce emissions through voluntary measures. A 1993 pledge by President Clinton—repeated by Vice President Gore two years later—committed the nation to reducing its output of greenhouse gases to 1990 levels by the year 2000.

Environmental groups and some Western governments are pushing for even more ambitious reductions in pollution as part of the proposed Kyoto treaty. The European Union, in a proposal rejected by the Clinton administration, wants to set emissions at 15 percent below 1990 levels by the year 2010.

Two months before the Kyoto conference, the U.S. position on targets had not been decided, and fundamental disagreements over the possible options caused a near deadlock among senior White House advisers.

White House officials prepared a memo for the president a week ago that outlined a broad range of options. That memo was refined over the weekend, administration sources said, to reflect the issues that had been decided and those still up in the air.

One senior official said the president has given "some direction" to his staff on key points, but the official dismissed speculation about the ultimate direction of the administration's policy as premature. "At the moment there is no policy," the official said.

The Washington Post

MONDAY, OCTOBER 20, 1997

Why the U.S. Fell Short of Ambitious Goals for Reducing Greenhouse Gases

By JOHN H. CUSHMAN Jr.

WASHINGTON, Oct. 19 — Four years ago, President Clinton stood in the Rose Garden and declared that by the end of the decade his Administration would reverse the increase in the nation's emissions of pollutants that threaten to warm the planet's climate.

On Oct. 17, 1993, as he issued a 50-point plan, the President said, "Today, I reaffirm my personal, and announce our nation's, commitment to reducing our emissions of greenhouse gases to their 1990 levels by the year 2000." To skeptics who called the plan too weak, he promised periodic reviews and modifications to keep the reduction of emissions on track.

Mr. Clinton's detailed promise, and how the nation is breaking it, will be at the heart of the Administration's problem this week in Bonn when representatives from around the world once again meet on the climate. They will be negotiating how quickly the industrial nations must rein in the emissions of carbon dioxide and other so-called greenhouse gases that build up in the atmosphere and trap the heat of the sun.

The talks are supposed to end in December in Kyoto, Japan, with a new treaty on climate change to strengthen the one most of the world's nation's agreed to in Rio de Janeiro in 1992. And while the United States has called for a binding new treaty, it is also calling for what the White House calls realistic targets and timetables for reducing emissions that cause the greenhouse effect.

At the current rate of growth, the emission of greenhouse gases by the United States will be 13 percent above the level of 1990 by the end of the decade. The Administration has indicated that it will most likely postpone until the year 2010 or beyond the goal Mr. Clinton pledged to meet by 2000. Instead of accomplishing the goal in the year Mr. Clinton leaves office, the country would have to wait until well after his successor finished a second term.

The reason, many critics say, is that the Administration refused to impose mandatory measures, like requiring the fuel efficiency of automobiles to be increased, or raising energy taxes to force people to conserve fuel. Greenhouse gases come mostly from burning fossil fuels, like coal and oil, and one of the best ways to reduce their emission is to save energy.

"The only thing we know for absolute certain is that voluntary programs won't work," said Jessica Tuchman Matthews, an environmentalist who worked for Mr. Clinton at the State Department and is president of the Carnegie Endowment for International Peace. "And that is progress. It was probably a stage that we had to go through."

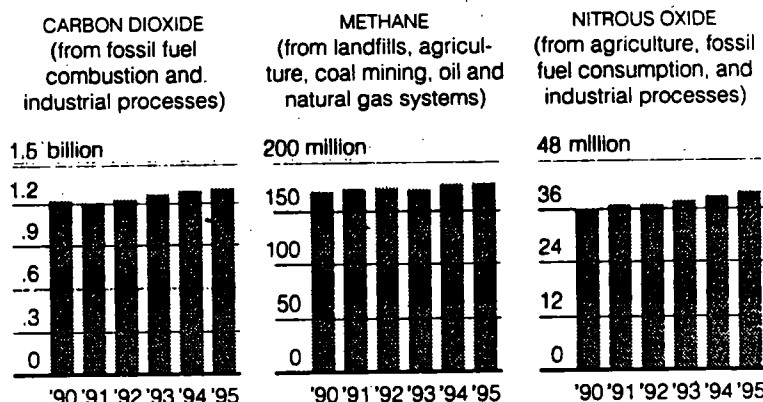
Kathleen McGinty, the top environmental aide at the White House, cited three main reasons for the failure of the 50-point plan to achieve its goals: Congressional cuts in financ-

KEEPING TRACK

Standardizing Global Warming

As emission levels of greenhouse gases rise in the United States, the debate continues over how to control them — through voluntary programs or Federal regulations.

Greenhouse gas emissions In metric tons of carbon equivalent



Source: U.S. Climate Action Report

The New York Times

ing for energy conservation, the unexpectedly high rate of economic growth and fuel prices that were cheaper than anticipated.

Other factors, too, helped to undermine the Administration's efforts. Congress temporarily blocked the Energy Department from issuing new energy efficiency standards for household appliances, and the department itself failed to issue new efficiency standards for electrical distribution transformers on power lines, where about 7 percent of all the nation's power simply leaks away.

A proposal to label car tires so that consumers could tell which ones provided the best gasoline mileage went nowhere; the same fate awaited a tax proposal to discourage employers from subsidizing parking spaces

for their employees. And forestry agencies missed the goals for planting trees, which absorb carbon dioxide from the atmosphere as they grow.

Only 70 percent of the projected reductions in greenhouse gases materialized, and even these reductions were offset when the booming economy brought a growing demand for fossil fuels.

When Mr. Clinton issued his action plan four years ago, he projected that it would reduce greenhouse-gas emissions by about 100 million tons a year by 2000. That would be enough to return emissions to their 1990 level: 1.58 billion tons of carbon, an amount that had grown only slightly to 1.59 billion tons in 1992, the year before the plan was announced.

The New York Times

MONDAY, OCTOBER 20, 1997

1/2

An American envoy flatters French skeptics.

century wages and galloping capitalist cruelty. It is not uncommon to hear economists declare simply that the American system has failed.

In the United States, the French are almost uniformly presented as clinging stubbornly to archaic socialist ideals even as their unemployment rate climbs close to 13 percent and a wired world passes them by. It is not the merits of French public medicine that gain attention but the silliness of French strikers.

"The old Franco-American antagonism, the almost genetic rivalry, has been aggravated," said Jean Baudrillard, a sociologist. "The idea of a French exception, a French difference, is absurd, but a certain American triumphalism and our own relative decline has turned the idea into an obsession."

The new tone of Mr. Rohatyn, a former partner of the Lazard Frères investment firm in New York who took up his new post last month, was clearly intended to get beyond these obsessions and the accompanying caricatures.

If France was troubled by Medicare cuts, and if it does not want globalization to mean the relentless erosion of workers' rights, well, Mr. Rohatyn intimated, these were themes with which the Clinton Administration could sympathize.

He spoke of the need for fairness in the distribution of wealth, the need to promote "social values," the problems of big cities and crime, and the quest to insure "adequate retirement for our aging populations." In short, he seemed to make a limited defense of the very welfare state France is so determined to safeguard.

"The American in me is very

pleased with our economic performance," said Mr. Rohatyn, who was born in Vienna. "The European in me understands your ambivalence about some of the choices that have been necessary to return to economic health."

The day after he spoke, Hubert Védrine, the French Foreign Minister, made remarks that were perhaps even more surprising. To a group of foreign correspondents, he declared, with disarming frankness: "We are a country that has trouble facing up to the reality of the world."

It was no good, Mr. Védrine said, to have excessive pretensions — to wallow in the old, rankling talk about the universality of French civilization and its values; the notion of occupying a position close to the center of the world; the harkening after past glory. "There is," he said, "something unhealthy in all that."

What was needed instead was a new realism, he said. And realism led France inexorably to the fact that there was only one superpower: the United States. To imagine otherwise was only to invite the terrible fits of melancholy that have periodically overcome France in the last year.

France, Mr. Védrine continued, was still very important, one of a group of perhaps seven countries — including Russia, China, Japan, Britain and Germany — with the power to have an influence throughout the world. It was firmly allied with the United States, but that did not mean it would always agree with America.

"France is not at the center of the world," he said, "but that is not a reason to despair. Let us try to have relations with the United States that are normal, calm, dispassionate and useful."

This new tone on both sides appears closer to the nuanced reality behind the caricatures. For it is not in fact so much America that is forcing France to reconsider its welfare state but the pressures of a European integration of which France is a chief architect.

France has freed capital movements, sold off swathes of state industry, embraced budget austerity and made a strong franc a pillar of its policies because the opening of European borders and the push for a single European currency, the euro, have required such changes. But it is much easier to market these changes — and Mr. Jospin continues to push them — behind a veneer of anti-American statements than to dwell on what the euro means for France.

Similarly, the talk of the defense of "a French model of civilization" against the American masks the fact that the French private sector shows every sign of embracing a rugged American capitalism complete with storming corporate raiders.

In recent weeks, multibillion-dol-

lar hostile takeover bids have been the talk of the bourse, as one giant supermarket chain tried to swallow two others and the rags-to-riches financier François Pinault bid \$5 billion for the heart of the financial establishment, Worms & Cie. The fact that American pension funds are among the biggest investors in French companies suggests that the France-as-basket-case image is more than a little simplistic.

Moreover, French popular culture has embraced the American in a way not paralleled in Britain or Germany. The reversed baseball cap, basketball shoes, American movies and music — these are the frame of reference of a majority of French kids. The anti-Americanism glibly wheeled out by intellectuals and politicians finds little echo among ordinary French people.

But this remains a people that wants to dream — "to aim for the ideal and understand the real," as the socialist Jean Jaurès once said. It is the legacy of the Revolution of 1789: the idea of a perfectible soci-

Anti-Americanism is used as camouflage.

ety, of equality and freedom reconciled, of what the historian François Furet called "a universal promise of earthly well-being."

In the same remarks that poured scorn on America's attempt to legislate for the world, Mr. Jospin outlined his own notions of "earthly well-being." He talked of his plans to institute a 35-hour work week in France in place of the current 39-hour week without a loss of salary. Thus, he suggested, more jobs would be created as the cake would be divided among more people.

Such ideas naturally make many Americans smile, laugh out loud or despair. They seem to confirm notions of the French basket-case.

But Mr. Jospin has proved a shrewd politician. He is as pragmatic as his Foreign Minister. He knows that without ideals and enemies, the French cannot function, and that a small dose of anti-Americanism is a useful camouflage for the changes that are inexorably bringing French society closer to the American.

Mr. Rohatyn — and the Clinton Administration — now seem equally aware of the need for camouflage: by questioning American economic failings, and implicitly flattering the French, they may actually encourage change faster than through confrontation.

Instead, the emissions in 1995 totaled 1.67 billion tons, and when the annual report for 1996 is issued later this month, it is virtually certain to show further growth. To be sure, the growth would have been even greater without the energy-saving plan.

Michael Oppenheimer, a climate scientist at the Environmental Defense Fund, called the reductions achieved "nothing to sneeze at."

"It is a very big achievement, that voluntary programs were able to do that well," he said. "The trouble is, the legs were cut out from under the voluntary program. Volunteerism works a lot better when it is matched up with mandatory measures. Jawboning is going to be less effective unless there is a cap on emissions."

A report by the State Department in July predicted that if the present levels of spending on energy conservation programs are continued under the plan, the emission of greenhouse gases would exceed 2 billion tons by the year 2010 and 2.2 billion tons by 2020.

So the Administration wants to impose a new cap on future greenhouse gases. Under its plan, companies would be given permits to emit greenhouse gases, but at a reduced level. Companies that can inexpensively reduce their emissions below the cap would be allowed to sell their excess permits to companies that have a harder time cutting emissions. This approach, advocates say, would drive down the overall cost of compliance while guaranteeing that the nation's emissions' goals would be met.

But the utility industry, which did more than any other sector to slow the growth of emissions under the voluntary plan, opposes stricter measures.

"We just have a basic disagreement," said Robert A. Beck, vice president for environmental affairs of the Edison Electric Institute, which represents electric compa-

nies, "We believe you have not maximized the voluntary programs yet."

Hundreds of utilities signed up for a voluntary program called the Climate Challenge, and the steps they have promised to take are estimated to have cut 45 million tons from emissions of greenhouse gases that otherwise would have occurred by 2000.

But despite those reductions, the total emissions from the utility companies nationwide are going up, not down, and many of the reductions came from actions like switching to natural gas from coal, which might

Economic growth can have a cost: energy conservation.

have occurred anyway.

Of the reductions utilities say they achieved, 30 percent came from nuclear power plants, which do not emit any polluting gases, notably the opening by a Texas utility of a nuclear power plant that was ordered decades before global warming appeared on the nation's agenda. Only 7 percent of the reduction came from renewable energy projects, for example solar and wind.

In the transportation sector, which accounts for about a third of the nation's greenhouse gas emissions, the action plan offered almost no proposals to reduce emissions in the short term, and none were forthcoming. A series of negotiations among industry, environmentalists and Government officials, aimed at achieving 2 percent annual increases in automotive fuel efficiency, broke down in disagreement.

Instead, the Administration is banking on long-term research into new technologies, expecting that in the decades ahead automobiles can go two or three times as far on a gallon of gas — or some other fuel.

Opposition in Congress to spending on energy conservation and renewable energy appears to be waning. Based on actions in Congress so far, it appears that spending on these areas at the Energy Department next year will grow 10 percent, to about \$924 million.

Although that is still less than the \$1.1 billion spent in 1995, the Sustainable Energy Coalition, a group of business, consumer, environmental and policy organizations, said the shift "reflects growing Congressional awareness that energy efficiency and renewable-energy programs offer a cost-effective solution to environmental pollution — including global climate change."

The Administration's voluntary programs have helped demonstrate that big companies can easily adopt more lighting that uses less electricity and otherwise conserve energy in commercial buildings.

But some of the most effective actions taken under the Clinton Administration's plan were not voluntary. Rather, they involved old-fashioned command and control regulations.

The Environmental Protection Agency, for example, sets rules under the Clean Air Act that require large landfills to capture and burn their emissions of methane, a gas that contributes to the greenhouse effect. When the agency issued the rules in 1996, it acted more strictly than planned, and the latest estimates are that the emission of greenhouse gases will be reduced by 8 million tons by the year 2000. That is 60 percent more reductions than the original plan predicted.

The New York Times
MONDAY, OCTOBER 20, 1997

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Goals Clash in Shielding Privacy

Proposals to Protect Personal Data Seem to Be Facing Stalemate

By NINA BERNSTEIN

Senator Dianne Feinstein was dismayed last year when it took only three minutes to get her confidential Social Security number, like millions of others, from an on-line look-up service available to Internet users around the world.

"People are losing control over their own identities," Ms. Feinstein, a California Democrat, told Congress in April as she introduced the Personal Information Privacy Act, a bill to limit the circulation and sale of Social Security numbers without the individual's written consent.

That measure is now one of at least 40 privacy bills pending in Congress, a flotilla launched by legislators on a rising tide of public concern about the loss of privacy in an electronic age. Some are modest, like a postal code amendment that would let people stop the post office from selling their change of address to direct marketers. Some are ambitious, like legislation to govern how the health care industry handles personal medical information.

But with few exceptions, the proposals seem to be going nowhere. Beneath the surface of their popular appeal, most are mired in unresolved conflicts over contradictory goals: on the one hand, preserving personal privacy, and on the other, the advantages of quick, computerized access to personal information for fighting crime, fraud and waste, or promoting growth in the information economy.

Ms. Feinstein herself illustrates the deep ambivalence behind the stalemate. To combat illegal immigration, for example, she proposed requiring all employers to telephone a high-tech national database and punch in the Social Security number of every job applicant. The plan has been denounced by privacy advocates as "1-800-Big-Brother."

To curb the use of counterfeit identity documents, Ms. Feinstein urged adoption of a "biometric" ID card and database with the digital fingerprints, retinal eye scans or voice patterns of all eligible workers and benefit recipients in the United States. And to fight voter fraud, she favored a bill that would require anyone registering to vote in a Federal election to provide their Social Security number.

Such a requirement would make the numbers part of the public record and, critics say, more accessible than ever.

"Everybody wants to have it both ways," said Robert Gellman, a lawyer and privacy expert in Washington. "Nobody is willing to pay the price for privacy."

Until a scandal erupts, many people remain unaware of the growing amounts of computer-gathered information that could jeopardize their privacy. But legislation drafted in response to such scandals is often watered down by opposition from business or law enforcement, weakened by exemptions, and finally shelved with general ambivalence about its broader consequences.

Earlier this year, for instance, Mr. Gellman headed advisory hearings for the Clinton Administration on the disclosure of health care records without the patients' consent. Under current practice, the intimate details of almost anyone's treatment are available to hundreds of thousands of billing and insurance clerks at computer terminals across the country.

Everyone who testified, from industry officials to consumers, agreed that Federal restrictions were needed, Mr. Gellman said. Everyone agreed that individual consent for release of information was important to protect privacy. "And everyone," he added, "wanted to be exempt," citing such needs as cost containment, peer review and public health research.

In the end, a sweeping exemption giving access to law enforcement

and intelligence agencies was written into the recommendations. It brought a storm of criticism from privacy advocates in Congress as well as powerful players in the health care industry.

"The members of Congress are ambivalent about privacy, as are all Americans," said Robert Ellis Smith, a privacy watchdog and publisher of The Privacy Journal.

The White House is no less ambivalent, said Alan Westin, a Columbia University law professor and consultant to Equifax, the credit-checking and medical records giant.

"The Clinton Administration now views privacy as a wonderful quality-of-life issue," Mr. Westin said. "But the Administration has come out in favor of self-regulation when it comes to the on-line world," partly out of fear of stifling commercial development of the Internet.

What Mr. Westin calls the classic tension between privacy and surveillance is illustrated by a law that was passed last year to establish a "new hires" database to help the Federal authorities find parents who fail to pay court-ordered child support.

The privacy consequences got little notice in the rush to embrace the plan, said David Banisar, a lawyer and policy analyst at the Electronic Privacy Information Center, an advocacy group in Washington, because it sounded like a way to cut

amounts of personal and financial information. The company abandoned the service after a public outcry, but the publicity helped lead to Ms. Feinstein's information privacy bill, among others.

Another incident might help win passage of some version of pending bills on children's privacy. Several were introduced after a California television reporter, using the name of a notorious child killer, bought a list of households with young children from the Metromail Corporation, a leading supplier of direct mail information.

Few privacy advocates were satisfied with any of the resulting proposals, including one introduced by Ms. Feinstein, which would bar the collection and sale of children's personal information without written parental consent. Yet the children's privacy bill met strong and well-financed opposition from business interests like the Direct Marketing Association, the leading trade group.

The association, whose lobbyists include Tommy Boggs, one of the most influential in Washington, contends that market forces and industry self-policing are preferable to laws regulating commerce in personal information. After pressure from industry lobbyists, the Feinstein bill, for instance, was scaled back, so it would forbid selling lists of children only when the seller knows the data would be used for harm.

A bill to protect the privacy of genetic information seems to have the best chance of passage. Sponsored by Senator Olympia J. Snowe, Republican of Maine, and Representative Louise M. Slaughter, Democrat of New York, the bill has a vocal, well-organized constituency: women, already galvanized by the issue of breast cancer, who fear discrimination from insurers and others if their genetic information predicts a greater likelihood of the disease.

Bills on data encryption, on the other hand, are locked in the kind of impasse that characterizes many Federal battles over privacy. The subject — technology that scrambles private communications by telephone and computer — makes most people's eyes glaze over. Yet on both sides of the issue, those close to the battle describe the stakes in apocalyptic terms.

The American Civil Liberties Union is trying to overcome both the lack of a broad-based privacy constituency and the traditionally patchwork, reactive approach to legislation. The effort is an ambitious campaign, called "Take Back Your Data," that seeks an omnibus privacy rights bill, said Don Haines, legislative counsel for the A.C.L.U.

The privacy effort has involved unusual political alliances. The coalition opposing the so-called 1-800-Big-Brother plan, for example, included the Christian Coalition, the National Rifle Association and the A.C.L.U. Because of strong opposition, the plan was scaled back but survived in the form of six pilot projects to be established later this year in California, New York, Illinois, Texas, Florida and Iowa.

Part of the frustration for privacy advocates, said Mr. Banisar of the Electronic Privacy Information Center, is that they find themselves spending much of their energy fending off the unintended consequences of other bills.

Some states have been quicker to pass tough privacy laws than Congress, but in every area, this fuels conflict over whether weaker Federal bills should pre-empt them.

"They've made us fight a lot of little privacy battles, and we've so far lost the war," said Edmund Mierzewski, program director for the United States Public Interest Research Group, a consumer organization. "We have not been able to create the notion that privacy is a right. It's always an afterthought."

Benefits and dangers in widening access to information.

welfare.

"People want privacy for themselves," Mr. Banisar said, "and of course they're not welfare recipients, so they don't care about that."

What many failed to grasp, he said, is that the database would include not only deadbeats but eventually also every working parent in the United States.

Mr. Gellman, the lawyer and privacy expert, sees a pattern.

"Set up a database for some hard-to-defeat purpose," he said, "add another use, and then everybody is selling records to private detectives."

Many private investigators increasingly rely not only on electronic databases but personal information bought in an underground market that includes telephone records, bills, even medical histories.

Already the purpose of the new-hires database shows signs of expansion: under a bill sponsored by Representative Carolyn B. Maloney, Democrat of Manhattan, the Treasury Department could use the database to collect delinquent Federal debts, like student loans.

Yet Ms. Maloney is also the sponsor of one of the 40 pending privacy bills, a proposal to insure that when Federal Bureau of Investigation records containing sensitive personal information are provided to the White House, they are properly protected for privacy and security.

Like some other privacy bills, it was drafted after a scandal, in this case the revelation that low-level aides in the Clinton White House had improperly obtained confidential F.B.I. files on more than 800 officials from previous Administrations.

A single horror story that attracts a burst of media attention has often prompted privacy legislation, though the affected industry usually scrambles to defuse the issue. Last year, for example, Lexis-Nexis, one of the nation's largest information brokers, began offering individual Social Security numbers, the key to vast

The New York Times

MONDAY, OCTOBER 20, 1997

The Outlook

Global-Warming Issue Bears Close Watching

A

WASHINGTON

It's no surprise Americans increasingly conclude Washington is irrelevant to their lives. After all, things out there are going pretty well. Things in here have seldom been screwier. Why should people care whether the president greets his guests in the Oval Office or the Map Room? Whether the vice president makes phone calls at the office or at home? Janet Reno may be mad, but the rest of the country is just bored.

There is, however, another less visible but no less raging debate going on here that could touch the lives of every American. Its subject: global warming.

Enviroskeptics, who have decided to let their grandchildren worry about their own air-conditioning bills, may be inclined to tune this out, too. They shouldn't. It isn't just about global warming in the next century. It's also about what might be done in the next few years to slow it.

The White House is considering a plan that would reduce carbon-dioxide emissions in the U.S. to 1990 levels by as early as 2010. The efforts to make that happen, White House economists believe, could raise gasoline prices by 25 cents to 50 cents a gallon and electricity bills by 20% to 40%. The total effect would be equivalent to a tax increase of \$100 billion to \$200 billion a year.

Global warming isn't just a fear; it's a fact — or at least as close to a fact as science usually gets. Average global temperatures have risen about one degree Fahrenheit during the past century. Moreover, research suggests there is a strong connection between average temperatures and carbon dioxide in the atmosphere. Over the next century, the carbon dioxide in the atmosphere is projected to double. As a result, the Earth's average temperature probably will rise by two to six degrees Fahrenheit.

That's where science ends and speculation begins. Some effects of global warming can be predicted. The melting of the polar icecaps would put beachfront property in Florida in jeopardy, and sugar maples would disappear from New England. But global-warming worriers take the argument much further.

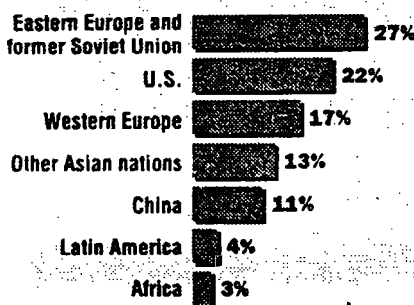
Ross Gelbspan's book "The Heat is On" — which President Clinton was spotted carrying during his vacation — predicts a biblical onslaught: hurricanes, droughts, waves of disease-carrying vermin, a general breakdown of the ecosystem, chaos and, ultimately, totalitarianism. (A quote on the book jacket refers to Mr. Gelbspan as an "optimist.") Those arguments should be taken with a large bag of rock salt. And one could speculate about some technological breakthrough that might eliminate the need for fossil fuels entirely.

But even without going to extremes, there is reason to worry. The more difficult question that faces President Clinton is this: How much should the nation sacrifice now to buy insurance against threats in the future? To do nothing would be irresponsible. But to pay \$100 billion to \$200 billion a year in higher energy costs is to pay a lot.

That's exactly the debate going on in the White House. The economists argue the cost is too high, given that the benefits are so uncertain. Environmentalists hate the very notion of cost-benefit analysis and suspect those using it are tools of the oil industry. We

CO₂ Emissions

Share of world total, 1995



Source: Office of Science and Technology Policy

only have one Earth, they say. They also dispute cost estimates, noting the government's success in reducing sulfur-dioxide emissions at lower-than-estimated costs.

The current political environment makes the issues even more difficult. President Clinton, worried about how posterity will view him, doesn't want to ignore a problem that could wreck posterity. Nor did he enjoy being lectured by other world leaders at the Denver summit about how his government has failed to address the issues. (The Europeans and Japanese want to reduce emissions below 1990 levels.)

Vice President Al Gore feels the pressure even more intensely. He has built his reputation on environmental issues and can't afford to go into the 2000 election with environmentalists feeling he has betrayed them.

Yet both men know that proposing even something as modest as a 25-cent-a-gallon gasoline tax for this purpose wouldn't sell with the American public, which is busy buying gas-guzzling sports vehicles, or with Congress.

So what to do? Mr. Clinton will probably try to have it both ways. He will commit to stabilizing emissions at 1990 levels by either 2010 or perhaps 2015 or 2020 but will be vague about the costs. Instead of a tax, he will talk about an emissions-trading system but play down the effect such a system would have on energy prices. And his negotiators will make sure any language agreed to in Kyoto, Japan, has ample wiggle room.

Before the U.S. public makes large sacrifices to slow global warming, it will need to be convinced of the magnitude of the problem. On that score, Mr. Clinton and Mr. Gore still have a lot of work to do.

—ALAN MURRAY

THE WALL STREET JOURNAL MONDAY, OCTOBER 13, 1997

Clinton's Trip to South America Seeks To Boost U.S. Support for Trade Plan

By JACKIE CALMES

Staff Reporter of THE WALL STREET JOURNAL

CARACAS, Venezuela—President Clinton is on a belated first trip to South America for a goodwill tour of three big hemispheric neighbors, but he will be playing to his U.S. audience with events aimed at building support for his endangered "fast-track" trade proposal.

Mr. Clinton's arrival here yesterday at the start of an eight-day swing through

the effort is proving even harder than President Clinton's 1993 campaign for the North American Free Trade Agreement, particularly among his fellow Democrats.

"An important goal of the trip is to demonstrate to the American public the important progress that's been made in Latin America, and the value of our partnership — trade being one of the most important elements of that," said White House spokesman Joe Lockhart.

The president himself proposed ideas to trip planners — asking, for example, that cabinet officials take U.S. reporters on

Please Turn to Page A14, Column 1

Continued From Page A2

side-trips to places where European competitors have made trade inroads. Here in Venezuela, he is noting its status as the biggest U.S. supplier of oil, underscoring the benefits of trade for reducing U.S. dependence on Mideast oil. He will highlight free-trade benefits in speeches to business leaders in Sao Paulo, Brazil, and Buenos Aires. And he will hold a town-meeting-style event in Buenos Aires, broadcast throughout the continent. Meanwhile, aides say, he may phone fence-sitting lawmakers back home for support.

While Congress is on a weeklong recess, Mr. Clinton's adversaries on the issue won't be idle, either. House Minority Leader Richard Gephardt of Missouri and AFL-CIO President John Sweeney will lead rallies against fast track tomorrow in Philadelphia and Thursday in New York.

In the days before Mr. Clinton left, the House Ways and Means Committee's tepid endorsement of a trade bill gave rise to speculation that his effort is doomed. House Speaker Newt Gingrich privately had told his associates that he wouldn't bring the fast-track legislation to a House

vote this year unless at least five committee Democrats voted for it; only four did. A Gingrich spokesman said any scheduling decision won't be made until after Congress returns next week from its recess.

Here in Venezuela, meanwhile, Mr. Clinton noted in his remarks to President Rafael Caldera and other assembled dignitaries at the airport that all nations in the hemisphere but one — Cuba — have moved to democracy and free markets. "We tear down trade barriers and create good jobs for all our people in the Americas, North and South," he said.

The visit here will produce no major bilateral initiatives, and talks between officials of the two nations on business taxation and greenhouse-gas reductions weren't expected to yield agreements. Secretary of State Madeleine Albright and Venezuelan Foreign Minister Miguel Angel Burelli-Rivas yesterday did sign agreements for cooperative efforts against international crime and customs offenses, aimed in particular at targeting U.S.-bound drug shipments through Venezuela from neighboring Colombia.

Slow Start

Business has gotten off to a slow start lobbying for "fast-track" trade legislation, letting opponents such as organized labor take the lead. Separately, Chile's salmon industry faces a suit brought by producers in Maine and Washington. Articles on pages A18 and A24.

Venezuela, Brazil and Argentina comes just days after a divided House committee approved his bid for special trade-negotiating authority — but with a tally that presages trouble in the full House. That uncertain future clouds a trip that was intended to showcase opportunities for U.S.-Latin America trade pacts.

The trade proposal would renew the president's power to negotiate trade agreements and submit them to Congress for an expedited up-or-down vote only. Without fast-track authority, foreign countries refuse to enter trade deals for fear U.S. lawmakers will change them. The administration seeks the authority with an eye to future trade pacts with Chile and ultimately other South American nations. But

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Emission proposals upset US utilities

By Bruce Clark
in Washington

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The US administration yesterday laid out plans for a drastic reduction in the emission of nitrogen oxides, one of the main components of smog, and the move drew an angry reaction from electric utilities.

The Environmental Protection Agency called on 22 states, covering most of the eastern half of the country, to slash their output of nitrogen oxides, at an expected total cost of \$2bn per year. Indiana, Kentucky, Missouri, Ohio and West Virginia face the sharpest reductions.

While the states could choose which source of pollution to curb, the cost of the programme would be much higher if they focused on any sector other than electric utilities, the EPA said.

"These reductions alone will help almost all areas to achieve the EPA's new, more protective air standards in a common-sense, cost-effective way," said Carol Browner, the EPA administrator.

But the Edison Electric Institute, which speaks for most utilities, said the plan was "unfair, expensive and misdirected" and other ways of tackling smog should have been considered.

Gene Sperling, the White House economic adviser, said a broad range of policy options had been presented to President Bill Clinton but they did not include a direct tax on gasoline or energy consumption.

Mr Clinton had asked his advisers to come up with options between two "extremes" - the sceptics who want no action at all because the science is too vague, and the "completely unrealistic" targets proposed in Europe.

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Global warming meets the prodigal eagle

WASHINGTON, DC

THE sequence of catastrophe is the stuff of nightmares: temperatures will rise, ice-caps will melt, the sea will heave up and low-lying land—from pinprick islands in the Pacific to America's own Florida Keys—will disappear beneath the waves. All this, say the scientists (though not all of them), because of the “greenhouse-gas” emissions from man's ever growing use of fossil fuels. Surely Americans, a mere 5% of the world's people but the source of more than 20% of its carbon-dioxide emissions, will soon see the error of their energy-profligate ways?

Well, no. America is the land of the gas-guzzling “sports utility vehicle” (this year's trendy car for young and old alike), of washing machines that use four times more water than their European equivalents, of the “big is better” mindset: all possible only because cheap energy is everybody's entitlement. Bill Clinton, opening a one-day conference this week as part of the so-called White House Initiative on Global Climate Change, said bluntly but realistically that raising energy prices “either won't pass the Senate or it won't pass muster with the American people.”

In which case, what chance is there of the United States making the emission-cutting commitments that will lead to an international agreement at the UN's climate summit in Kyoto in two months' time? Pre-

cious little, say the pessimists. After all, at the same time as the president was warning Americans of the need for action, readers of the *Washington Post* could look at a three-page advertisement from American industry declaring that “the global climate treaty doesn't make sense for America—or the world.” At the very least, therefore, the president must leap over the barrier of public relations on the way to Kyoto.

That was the whole purpose of this week's conference, held at Georgetown University, Mr Clinton's alma mater, on what was, by an irony, possibly Washington's hottest October 6th on record. Let some 200 of America's leading scientists, economists and chief executives pontificate, and let the Clinton team spread a message of concern, determination and realism. And hope it all adds up to something.

The president, underlining “our global responsibilities and our responsibilities to our children”, talked of the need to promote green energy technologies (even algae-power is possible, said one participant). His wife Hillary spoke of the increased occurrence, actual and potential, of asthma, malaria, dengue fever and starvation as the earth's temperature rose and its characteristics shifted.

Vice-President Al Gore, an environmentalist of long and genuine standing, mused

on the possibilities for market-based incentives to cut emissions, for example by trading carbon-dioxide emissions permits, an idea which already works with sulphur-dioxide pollution. (Within an overall target for an industry, the efficient factory or utility can sell its reduction in pollution to allow a less efficient buyer to continue polluting.) Even the secretary of state, Madeleine Albright, was put on stage to prove that global warming is, indeed, a global issue.

All very fine and eloquent; but completely lacking in the detailed commitment the rest of the world is waiting for. The European Union, collectively at least as industrialised as America, decided seven months ago on its stance for Kyoto: by 2010 the EU will, it claims, cut its CO₂ emissions some 15% below their level in 1990. The United States has kept mum, although it will probably define its position later this month. The poor Japanese, desperate not to host a disaster, this week proposed that industrial nations cut their emissions of greenhouse gases over the next 15 years by 5% from their 1990 levels. Add in adjustments for population and economic output, and the actual cut might be only 2.5%. No wonder the EU sniffily describes the Japanese plan as “not nearly ambitious enough.”

It is, of course, much too soon to decide one way or another. After all, brinkmanship is the essence of reaching international agreements. In the end what matters as much as the content of a treaty is its implementation, and here too neither the Americans nor the Europeans have much to brag about. The Kyoto conference is meant to build on the commitments of a conference in Rio de Janeiro five years ago, when America and 34 other industrial countries agreed to try to cut their greenhouse-gas emissions back to the 1990 level by 2000. So much for good intentions. Switzerland looks set to meet the target; so should Britain, which has shut down much of its coal industry, and Germany and Eastern Europe, which have shut down filthy ex-communist factories. The rest will not.

The Japanese argue that they cleaned up their emissions act in the 1970s, in response to the OPEC oil-price shocks of the 1970s. To make an extra 5% cut in emissions now, they say, would mean building another 20 nuclear power stations. Meanwhile, the unspoken message from both the Americans and the Japanese is that the Europeans are indulging in “gesture politics”, grabbing favourable headlines in the knowledge that they will later agree to a less ambitious target.

Maybe so. But what worries America's

**PHOTOCOPY
PRESERVATION**

industrial establishment is not so much European posturing as the possibility of third-world profiteering. The reasoning is simplistic: in the effort to cut emissions, the developed world will make its energy dearer, and so energy-using industries will relocate to developing countries with lower environmental standards.

Mr Clinton can hardly ignore such populist arguments. After all, any Kyoto treaty will have to be ratified by the Senate, and in July, 95 senators urged him not to sign an agreement that did not include commitments for poor countries, too. So what can he do? The Kyoto conference cannot succeed without America, and if it fails America may be blamed, which would be bad news for Mr Gore in his role as the president's heir-apparent. The obvious answer is not just to obscure the figures but also to

keep massaging both public and business opinion.

For a masseur like Mr Clinton, the task is challenging but not impossible. Most of America's leading scientists agree that ur-

gent action is needed to check global warming, and many industrialists see opportunity rather than danger in promoting energy efficiency. Indeed, the Business Council for Sustainable Development, which numbers among its supporters a former boss of General Motors, confidently concludes that "the United States can reduce its production of heat-trapping greenhouse gases and simultaneously maintain a strong economy."

The real question is whether the president can persuade heavy energy-users, such as the members of the Chemical Manufacturers Association, that the developing countries will not be free-riders on the commitments from Kyoto. Mr Clinton understands the worry: "The industrialised world alone cannot assume responsibility for reducing emissions. Otherwise, we'll

Climate change scorecard

	● Good	○ Medium	○ Bad
	Fulfillment of Rio conference commitment	Government's urgency on dealing with climate change	CO ₂ emissions per person
Germany	●	●	○
Britain	●	○	○
Italy	○	○	●
France	○	○	●
Russia	●	○	○
Sweden	○	○	●
Japan	○	○	○
Australia	○	○	○
Canada	○	○	○
United States	○	○	○

Source: World Wildlife Fund

The fuzzy coffee show

WASHINGTON, DC

FILIBUSTERING senators, a mysterious gap on a White House videotape, an embattled attorney-general and an unapologetic president preaching one thing and doing another: no wonder America's voters have so little faith in their politicians. What might restore it is the reform of a system of campaign financing that favours the rich and turns even the virtuous candidate into a devious sinner.

But alas, sin has too many attractions to be easily abandoned. On October 7th the Senate did not exactly bury the latest bipartisan attempt to reform the financing rules, but it certainly dug the grave. Trapped by procedural wrangling, the Republican senator from Arizona, John McCain, and the Wisconsin Democrat, Russell Feingold, were unable to get the 60 votes they needed to prevent the delaying tactics of their less well-intentioned colleagues. They say they will fight on, but the verdict of Mitch McConnell, the Kentucky Republican who argues that politics needs more money, not less, looks convincing: "McCain-Feingold is dead. This effort to put the government in charge of political discussion is not going to pass now, is not going to pass tomorrow, is not going to pass ever."

The president claims to disagree, saying he will fight for campaign-finance reform "as hard as necessary, for as long as necessary". Maybe, but the president, reserving the right to use the present system to the Democrats' best advantage, was this week in New Jersey and Pennsylvania

busily shaking hands and eating lunches in an effort to raise another \$2m in the "soft" money (ostensibly raised for parties, rather than candidates) that McCain-Feingold would have banned.

The question is whether Mr Clinton also raised soft money within the confines of the White House. In the hair-splitting ways of America's political hypocrisy, it is perfectly legal to invite a donor to a White House "coffee" as long as no donations are then solicited or received. Hence the interested viewing of White House videotapes this week by the Senate committee currently investigating campaign-finance abuses.

The 44 tapes may be anodyne in total,



Mr Huang, I presume?

but conspiracy theorists can certainly find the odd hint of murkiness: a missing 60 seconds of sound; the appearances of a supposedly "shady" Lebanese-born financier, Roger Tamraz, and of the mysterious John Huang (the link to an alleged Chinese attempt to "buy" last year's elections). Best of all is the unidentified donor announcing that he has five cheques for the Democrats—only to be warned of "the attorneys" and to be told by the chairman of the Democratic National Committee that the cheques will be picked up later.

Certainly Fred Thompson, the Tennessee Republican in charge of the Senate's committee, is suspicious. Why, he wonders, has it taken the White House so long to produce tapes which the committee asked for in April? The White House answer is that nothing came up in the database until somebody belatedly typed in the word "coffees". Mr Thompson, whose committee must finish its hearings by the end of the year, has a different answer: "It is clear that the White House is trying to run the clock on this committee."

In which case, it is surely up to the attorney-general, Janet Reno, to crack down hard on the man who appointed her. As it is, Ms Reno is giving the appearance of incompetence rather than loyalty. True, she has instigated investigations into the fund-raising behaviour of both the president and the vice-president, but she has given Mr Clinton a clean bill of health over his coffee mornings. Unhappily, she did so without apparently knowing the videos even existed. The Republicans' solution? Let the president sack Ms Reno and, in Mr Thompson's words, "call for an independent counsel" himself.

wind up with no reduction in emissions within a matter of a few decades." But whether grand schemes to trade emissions permits or to get developed and developing nations to set up "joint implementation" projects to cut pollution will assuage the worry is another matter.

Last week the World Wildlife Fund released a nationwide poll that it found encouraging. Most American voters believe global warming is an urgent problem; most believe that scientists who say otherwise are in the pockets of big business; most believe international agreement is needed, with President Clinton taking "immediate action"; and most would support stricter regulations for the car industry and for utilities. Unfortunately, most "will not countenance" a rise in the petrol tax. What a pity. As any right-thinking economist could tell Messrs Clinton and Gore, raising prices is the best way to cut consumption. But, as any politician knows, it is not the way to win elections.

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LETTERS TO THE EDITOR

What Can We Do About Global Warming?

Paul Nitze is right that "the United States must lead the way" in dealing with pollution ["A Cold-War Solution for a Warming World," op-ed, July 2]. We spew out more global-warming pollution than any other nation, and we must take the lead in curbing emissions.

But leading cannot include trading away our obligations to developing countries using pollution-trading schemes.

Trading schemes provide polluters with the right to pollute a certain amount. If a company wanted to pollute more, it could buy pollution credits from another polluter in, for example, Ukraine, which would promise to pollute less. Or it could plant a forest of saplings in Guatemala, for example. Under such a system, enforcement and monitoring of thousands of international trades would be impossible and sham transactions unavoidable. How would we punish a country that cuts down forests that had been traded to allow a U.S. company to pollute more?

Steps taken to reduce greenhouse emissions also reduce soot, smog and acid rain. Therefore, allowing polluters to trade away greenhouse reductions would mean more of all these pollutants; improving energy efficiency, on the other hand, would cut pollution and save Americans money. And trading would reduce the pressure to develop new, cleaner technologies because it is always cheaper to buy "paper" pollution reductions than it is to put engineers to work creating real ones.

ANN MESNIKOFF
DANIEL BECKER
Washington

The writers are associate representative and director, respectively, of the Sierra Club's Global Warming and Energy Program.

Paul H. Nitze gives a pretty clear picture of what the Environmental Defense Fund and like-minded organizations want the U.S. government to do: take "bold steps" to "stabilize the world's climate." Why not try to stop the tides and stabilize the ocean?

Mr. Nitze wants President Clinton to make a "personal commitment" to get the world to cut energy use and "reduce [emission of] greenhouse gases by half during the next century,"

using an "international greenhouse-gas emissions budget system." This quota plan, in which a company could buy unused emission permits from developing nations, represents a stealth energy tax that is even worse than the one Congress turned down a few years ago. It would be a permanent entitlement program for Third-World kleptocrats and would help ensure that their nations remain undeveloped and poor.

But the really "fun" part of such a scheme from a regulator's point of view would be enforcing compliance. In Mr. Nitze's vision, teams of international inspectors would roam the world, identifying and reporting violations so that economic measures—sanctions or embargoes—could be put in place by the U.N. Security Council.

Mr. Nitze claims that "the earth's climate has remained stable for the past 10,000 years." It has not. For example, the world experienced the Little Ice Age from about 1400 to 1850, with the climate recovering and warming rapidly only between 1900 and 1940. Analyses of ocean sediment cores, published last year by the Woods Hole Oceanographic Institution, show rapid and large climate variations throughout recorded history: a warming 2,500 years ago was greater than anything predicted by computer models for the next century.

Mr. Nitze also states that "the earth's temperature is rising." It is not. Precise weather satellite data, available since 1979 and covering the globe for the first time, show a slight cooling trend. And spring has not been "arriving a week earlier," as he claims. It's just that the earth is becoming greener, with forests growing faster and earlier, because of increased carbon dioxide in the atmosphere.

The only potential catastrophes are the economic consequences of energy rationing, which are sure to raise the cost of living and destroy jobs.

S. FRED SINGER

President
The Science & Environmental Policy Project
Fairfax

Jessica Stern ["Preventive Defense," op-ed, June 13] accurately describes threats to world security posed by the large amounts of weap-

ons-grade plutonium found in the former Soviet Union. But nowhere does she mention that this material can be treated to be burned as fuel in a power-producing reactor—and thus virtually destroyed as weapons-grade material. Several countries routinely do this today. The Clinton administration has proposed a two-track program for eliminating weapons-grade plutonium that envisions years of study before burning it as fuel or—as the administration prefers—burying it. But if the administration would abandon its policy not to recycle used nuclear fuel, we would have an abundant energy source.

Paul Nitze's July 2 op-ed about global warming identifies the potential harm to our planet's atmosphere posed by the continued burning of fossil fuels. But his only solution is a byzantine system of greenhouse-gas emission limits and credits. Mr. Nitze did not mention that nuclear fuel can be used to generate electric power with no greenhouse-gas emissions. Nor did he address the fact that most of the world's population is demanding electric energy to help them along the path to economic and social development. The only fuel source that can come anywhere near meeting this demand without choking the atmosphere with carbon dioxide is nuclear fuel that is recycled.

The administration's no-plutonium-use policy is based on the premise that recycling nuclear fuel would result in large quantities of separated plutonium—a material that can be used to build weapons. However, plutonium produced in power-reactor fuel is contaminated by various isotopes that make the job of fashioning it into a nuclear explosive device difficult, if not impossible. No nation that has built, or has attempted to build, nuclear weapons has used this type of material.

The institutional framework and technology exist today to safeguard the facilities required to reprocess and recycle nuclear fuel and thus take advantage of plutonium, a fuel source that is almost inexhaustible. The no-plutonium-use policy not only rejects this immense, greenhouse-gas-free energy resource, but provides little or no reduction in the risk of nuclear proliferation. It should be scrapped.

W. REED JOHNSON
Charlottesville

Washington Post

THURSDAY, JULY 24, 1997

PHOTOCOPY
PRESERVATION

AL By DEBORAH SONTAG

GUAYNABO, P.R. — Wearing his many tattoos like a sneer, Walter Cabrera Benavides, also known as the Scorpion, awaits his second deportation here at the Federal prison just outside San Juan.

As the product of a violent American subculture, Mr. Cabrera is an export dreaded by the Government of El Salvador, one of thousands of criminals apprehended for deportation by a newly efficient Immigration and Naturalization Service.

But in reality he, like many of his colleagues, is a human boomerang. A 27-year-old gang leader, he will not last long in El Salvador, he said, before he ventures across the border again, just as he did the first time he was deported.

"I cannot survive in El Salvador," he said in Spanish, his two front teeth framed in gold. "I'm too Americanized. It's so hot there, and there's no air-conditioning."

For more than a decade, Congress has been ordering the immigration service to improve its admittedly poor record of deporting criminal aliens on the supposition that it would make the United States safer.

In the last few years, particularly this year, with increased financing from Congress, stricter laws and better organization, the agency has finally built a more efficient deportation system — one that was able to

DEADLY EXPORTS

Second of two articles.

track down Mr. Cabrera in a county jail, where he was held under an alias.

But Mr. Cabrera's case illustrates a critical frustration for a system that is finally beginning to function. The criminals who are deported are finding it surprisingly easy to return. Partly as a result, the effect of the increased deportations are barely perceptible on the streets of the nation's major cities.

Born in El Salvador, Mr. Cabrera was made in the U.S.A. A hick kid when he left the small city of San Miguel for Los Angeles, he will return a felon many times over, with a bag full of tricks learned on the streets and in the prisons of the United States. Like Mr. Cabrera, criminal aliens are immigrants, legal and illegal, who are convicted of crimes, mostly felonies, in this country. The Immigration and Naturalization Service is supposed to deport them at the end of their sentences. But that has proved a task more challenging than critics of the agency have ever comprehended.

The agency still does not remove all or even most of the criminal aliens, and a result is that thousands are released every year, with little reason to fear apprehension unless they commit another crime. All the same, the agency expects to deport perhaps 50,000 criminal aliens this year, a record number.

So far, the repercussions have been most keenly felt abroad: many countries blame the deportations for

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increases in American-style violent crime and the emergence of gangs. But in the United States, the increased deportations are not noticeably altering life on the streets. No analysis of the dropping crime rate, which has coincided with the increased deportations, even considers them a factor, except perhaps in isolated localities like San Diego.

"We applaud the I.N.S. for its efforts, but several hundred deportations from Rikers, or a thousand from the state prisons, make only a small dent in a city of this size," said Michael Farrell, a Deputy Police Commissioner in New York. "Our view is shaped by the order of magnitude of our own enforcement. We're making 350,000 arrests a year."

Immigration officials say this is the first year in which the volume of criminal deportations is substantial enough to be perceptible.

"If you look nationally, it's been a blip so far," said Russ Bergeron, a spokesman for the immigration agency. "This is really the first year it should pop out on the radar screen. But still the impact will vary from one location to another. Removing 1,000 criminal aliens from metropolitan New York might not have the same impact as removing three gang members from suburban Cleveland."

But even in those suburbs, local officials are skeptical that the immigration service can keep deported criminals from returning.

"It's been our experience that these people come back," said Jerry White, the police chief of Painesville, Ohio, a suburb of Cleveland. "We recognize the faces, even though they're now using the maiden name of their mother's aunt twice removed."

Case History

Growing Up Hard: Walter Cabrera

In a fiercely air-conditioned interview room at the Metropolitan Detention Center here, Walter Cabrera Benavides told the story of his life bluntly and articulately. Working his

way across his body, he pointed out tattoo after tattoo as if they were markers of key moments in his biography.

His parents left El Salvador in the mid-1970's without him — his mother for Los Angeles, where she found work chopping vegetables in a canning factory, and his father for Alexandria, Va., to work at construction. Both are now United States citizens.

In the eastern Salvadoran town of San Miguel, Mr. Cabrera stayed behind with his grandmother until his mother saved enough money to send for him. He had been sad without her, and he was grateful. To show it, he got his first tattoo, on his left forearm: Ester, his mother's name, next to the image of a curvaceous woman in a bikini.

Mr. Cabrera landed in Pasadena at the age of 10, short and skinny and intimidated. By 13, quick on his feet and agile with his fists, he had dropped out of middle school to devote himself to fighting.

His mother was very upset, but he told her it was the only way to survive in their neighborhood. The choice was not whether to join a gang but which one, he said.

He elected Mara Salvatrucha, a gang formed by Salvadoran immigrants in Los Angeles that is now pan-Hispanic, with branches in Seattle, San Francisco, Washington and elsewhere, including El Salvador. After his initiation, which was a severe beating, he had MS tattooed on his chest.

"MS totally gave me a feel of belonging," he said, demonstrating the hand signs that serve as the gang greeting.

By 16 he was chief of the gang's Hollywood chapter. Between the ages of 18 and 22, he accumulated 14 aliases and a rap sheet that included two dozen arrests and six felony convictions. He stole cars, dabbled in burglary and vandalism and occasionally strong-armed a rival gang member for money.

"We knew we were doing bad things, but bad things were valued as good things in our world," he said. "We were confused."

Law enforcement officials said Mr. Cabrera had rarely been arrested for violent offenses because he had quickly achieved a reputation for toughness that put him behind the scenes, directing the battles between others.

"This is a very intelligent man who, if he had had the benefit of a formal education and

U.S. Increasing Its Dependence On Oil Imports

By MATTHEW L. WALD

WASHINGTON, Aug. 10 — American drivers are consuming record quantities of gasoline so far this year, with about half refined from imported oil.

Indeed, the nation's dependence on imported oil is also setting records as domestic production of oil slowly declines.

The prospect, oil industry experts say, is for all these trends to continue robustly, at least as long as the economy remains strong. But the heavy demand means that any sharp increase in gasoline prices would have an even bigger effect on the American economy.

The soaring gasoline consumption is driven by more than just the strong economy, though. A long period of relatively low oil and gasoline prices has led to a change in the types of vehicles on the roads: The cars and trucks reaching the junkyards this year have higher gasoline mileage, on average, than the new ones rolling off dealers' lots, for the first time on record. As a result, the introduction of new cars and trucks, which had previously helped conserve gasoline because of the vehicles' fuel efficiency, is now adding to the demand.

Because of that shift, and because an increase in the car population is swelling the total miles driven by 2 percent to 3 percent every year, gasoline consumption in June was the highest ever for that month. The same was true for May and will probably be true for July, although

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statistics for that month have not been reported.

Despite the increased consumption, the Government reported on Tuesday that gasoline prices on average have fallen by 7 cents a gallon since January and could drop more this year. According to the Energy Information Administration, the national average price of a gallon of regular unleaded self-serve gasoline was slightly more than \$1.19 as of Aug. 4.

Oil imports, which account for about 50 percent of consumption, fill far more of Americans' petroleum needs than they did at the beginning of the first oil crisis in 1973, when they accounted for 36 percent of the oil supply. American production is declining because it is easier to obtain oil from other countries than from the dwindling reserves in the United States.

Imports reached more than 10 million barrels a day in April. They may decline when the peak summer driving season ends, but for the first half of the year they averaged 9.9 million barrels a day, according to the American Petroleum Institute, the industry's trade association. In contrast, imports were less than two-thirds as large, about six million barrels a day, in the last two oil crises, in 1973-74 and 1979, both of which provoked recessions because crude oil prices soared.

The rise in imported oil means that the Strategic Petroleum Reserve — which was established after the first oil crisis as a hedge against future shortages — is becoming a smaller and smaller shield. The reserve is not growing despite rising demand; indeed, it has shrunk several times after Congress voted to sell oil to help balance the budget.

While oil experts say that the United States is not vulnerable to a single country's cutting off supplies because oil comes from so many countries, the increase in fuel consumption means that any increase in gaso-

line prices most likely would have a bigger effect on the economy.

Behind the surge in demand for gasoline is a big change in consumption patterns. The Environmental Protection Agency recently estimated that over the lifetime of the vehicles in the 1996 model year, the mini-vans, pickup trucks and sport utility vehicles would together use more gasoline than the cars. If that trend continues, within a few years all the cars on the nation's roads will be consuming less than half the gasoline that is sold.

Two decades ago, Congress required that the average car get 27.5 miles a gallon, but mileage of the 1996 model year has declined to 24.6 miles a gallon because cars make up only 60 percent of the fleet.

Trucks and vans are increasingly using more gasoline than cars.

"Back in 1975, when the statistics started, trucks were a 19 percent market share," said John M. DeCicco, a senior associate at the American Council for an Energy Efficient Economy. "They felt it was such a small and insignificant part of the market, they would just leave it to the Department of Transportation" to set a standard.

But such light trucks, which include mini-vans, pickup trucks and sport utility vehicles, have since doubled their share of the automotive market. At the same time, auto makers have persuaded Congress to bar the Transportation Department from raising the minimum fuel efficiency on light trucks, which is 20.7 miles a gallon.

In response to the oil shortages of the 1970's and the price spike of 1979-

80 after the revolution in Iran, auto makers shifted their production to more-fuel-efficient vehicles. As a result, by the time oil prices crashed in 1986, these cars and trucks dominated the market, bringing the fleet's average gas mileage to its highest, 25.7 miles a gallon in 1986 and 25.9 miles a gallon in 1987 and 1988. Then it began falling again.

By 1994, 1995 and 1996, the fleet average for those model years had fallen to 24.6 miles a gallon, and E.P.A. experts say the number will be the same, or perhaps slightly lower, when the 1997 numbers are calculated later this year. For years, fleet economy improved because vehicles that got more than 20 miles a gallon were replacing the inefficient pre-1973 models that got less than 20. But most of those old cars have long since been junked, and those that remain are not used much.

The average car or light truck lasts about 12 years, so the vehicles leaving the fleet now are the ones from the mid- to late 1980's, which had the highest fuel efficiency.

And new vehicles are driven more than old ones, experts say, with multi-vehicle households taking the newer car or truck on the longer trips, so the least-fuel-efficient models are already racking up most of the miles.

With a booming economy, the demand is also strong for jet fuel. Diesel is in big demand, too, because of the economy and a shift to just-in-time manufacturing that has helped create a boom in trucking.

In the face of this rising demand, Congress and the Clinton Administration are debating about what to do with the Strategic Petroleum Reserve, which was established after the Arab oil embargo of 1974 to cope with interruptions in supply. But the debate is not over whether to add to the reserve, which has not happened since 1994. Instead, the question is whether to continue draining some of the oil from the underground salt domes in Louisiana and Texas where it is stored and selling it to pay the reserve's operating costs. The Gov-

ernment has sold 28 million barrels in the last two years.

Earlier this year, the House of Representatives and the Senate Appropriations Committee voted to sell \$200 million more worth of oil, or about 10 million barrels. But under the Federal budget agreement signed into law last week, no more oil will be sold, although Congress has still not resolved how to pay the reserve's operating costs.

Even without sales, the reserve is shrinking, as measured by the number of days of imports it could replace, because imports are on the rise. Measured that way, the reserve reached its peak in 1985, when it had 493 million barrels but was equal to 115 days. Now, at 566 million barrels, it equals 67 days. Federico F. Peña, the Secretary of Energy, told the Energy and Natural Resources committee in May that this would dwindle to 46 days by 2002.

In addition, the reserves are getting smaller relative to world oil production, which was 52 million barrels a day when the American reserve was established. Now production totals 74 million barrels a day and is expected to rise by 1.5 million to 2 million barrels a day each year.

C. Kyle Simpson, senior policy adviser to Mr. Peña, said the reserve was no longer intended to physically replace oil that had been blocked by, say, another Middle East war. Rather, he said, an interruption anywhere in the global oil market would be followed by a worldwide price increase. Gas lines would not develop again in the United States, officials say, because prices would rise until demand adjusted to reduced supply.

But a sale from the reserve could push prices down again, experts inside and outside Government say, as was the case when President George Bush sold oil from the reserve in 1991 after the Iraqi invasion of Kuwait.

U.S. Urges Arabs and Israelis to Cooperate

Clinton's Special Envoy Presses for Joint Effort to Bolster Security

By NEIL MacFARQUHAR

JERUSALEM, Aug. 11 — President Clinton's special envoy to the Middle East pushed the top Israeli and Palestinian security officials today to work together on one specific task — finding out who unleashed two suicide bombers in a Jerusalem produce market last month — as the first step toward salvaging the tattered peace negotiations.

But anger continued to sputter between the two sides, bringing the first stone-throwing clashes in months between Palestinian youths and Israeli troops during a brief confrontation at a checkpoint in Ramallah. Israelis have been furious at the toll taken by suicide attacks, and the Palestinians have been chafing at restrictions imposed on their towns and general population in the wake of the bombing.

The bombing claimed its 14th victim today with the death of Eli Adorian, a 49-year-old Israeli man who had been in an intensive care unit since twin explosions erupted in Jerusalem's Mahane Yehuda market. Although Hamas took responsibility for the bombing, the usual swift identification of the bombers through leaflets or the family funerals did not happen in this case. The bombers have yet to be identified and security officials fear that whoever organized the attack remains free to strike again.

The American envoy, Dennis Ross, said today that the meetings between the top officials from both sides had to produce something concrete to prove that a working relationship could be re-established for security problems.

"Clearly what is important is not meetings for their own sake, but meetings that will produce tangible results," Mr. Ross said between separate consultations with various Israeli Cabinet ministers and senior Palestinian officials. "Security is something that serves Israeli interests and Palestinian interests. You have a common threat and you have a common enemy and it's important to deal with that as partners."

Mr. Ross, who is scheduled to leave the region on Tuesday, attended the first round of talks between Ami Ayalon, the chief of the Shin Bet secret police, and his Palestinian counterparts on Sunday. But a senior American official said Mr. Ross stayed out of most of the second round of talks late tonight in hopes that the meeting would focus on spe-

Anger continues to erupt over terrorism and retaliation.

cific problems, and conferred only with Mr. Arafat. C.I.A. officers did attend the security meeting, he said.

The two sides have held a series of consultations since the July 30 suicide bombing, with Israel handing over a list of 88 suspects and the Palestinians detaining 11 of them, the official said. But no real attempt at cracking the case had emerged and the police reportedly have few leads.

"Conversation is not a problem, it's whether it leads to action, whether it gets people arrested and an investigation into what happened in the July 30 bombing," said the American official, speaking on condition of anonymity. "They have to wrap up that cell which is still out there."

The Israeli Prime Minister, Benjamin Netanyahu, and the Palestinian leader, Yasir Arafat, have been sniping at each other on the subject since the bombing. Mr. Netanyahu has insisted that the bombers had to have been helped by groups under Mr. Arafat's control, and Mr. Arafat has demanded proof that they were from the areas where the Palestinian police are in charge of security.

American and Palestinian officials said the Palestinian side was at first wary of the talks organized under

Mr. Ross's aegis, fearing that his public statements about security placed too heavy an emphasis on the Israeli point of view. But Mr. Ross seemed to placate Mr. Arafat by stressing that restored security cooperation would usher in a larger initiative by Secretary of State Madeleine K. Albright.

"We want an effective security cooperation with the Israelis," said Nabil Amr, a Palestinian negotiator. "This is the door to the visit of Albright, which would translate into practical measures."

David Bar Ilan, the communications director for Mr. Netanyahu, said that the talks were a step in the right direction but that Israel wanted results. "It depends on the meat, on the substance, if they're going to exchange information and act on it, if they are going to arrest people listed by us," he said.

Despite Israel's jitters over the possibility of another bombing, Palestinians have been reluctant to move ahead without some reassurance that the punishment meted out against residents of the West Bank and Gaza would be eased. Security cooperation that had been growing right before the bombing actually ceased in the face of the measures, the American official said.

Palestinians in the West Bank cannot travel from town to town, nor have any Palestinian workers been allowed into Israel from Gaza. Some of the most stringent measures ever enacted, like closing the border crossings to Jordan and Egypt, have been lifted, however.

Cyprus Negotiations Open in Switzerland

GLION, Switzerland, Aug. 11 (AP) — Greek and Turkish Cypriot leaders are setting aside the most important issues in talks aimed at reuniting their divided island and focusing first on lesser matters, the United Nations mediator said today.

Diego Cordóvez, the United Nations special adviser on Cyprus, said the talks that opened today in this Swiss village did not deal with problems like the withdrawal of Turkish troops from the northern part of the island.

"Settling all the issues would be a miracle," said Mr. Cordóvez, an Ecuadorian diplomat. "It has to be an incremental thing."

The talks between the Greek Cypriot President, Glafkos Clerides, and Rauf Denktash, leader of the breakaway Turkish Cypriot state, are to last about five days.

The Mediterranean island has been divided since 1974, when Turkish troops invaded to protect the Turkish minority after a coup by supporters of union with Greece. The Turkish Cypriot state is recognized only by Turkey.

In previous negotiations, the Turkish Cypriots have insisted that the Greek Cypriots recognize their state, and the Greek Cypriots have pressed for the full implementation of Security Council resolutions.

The New York Times

TUESDAY, AUGUST 12, 1997

U.S. and Japan Key to Outcome In Climate Talks

By WILLIAM K. STEVENS

AS time grows short in the latest and most serious attempt to deal with the prospect of global warming, everyone is waiting for two decisive players — the United States and Japan — to get their acts together.

Last week in Bonn, negotiators representing 145 countries inched closer to what would be the first international agreement on legally binding reductions in emissions of waste industrial gases, like carbon dioxide, that trap heat in the atmosphere. Mainstream scientists say these greenhouse gases threaten to disrupt the earth's climate and may

THE WARMING WORLD

Confronting Climate Change

already be doing so.

But with only one more session scheduled in the two-year-old talks before a final meeting in Kyoto, Japan, in December, both the United States and Japan have yet to produce their proposals for specific reductions and timetables. Until they do, negotiators here said, no breakthrough is possible.

Japanese and American proposals are "the key to the success of the process," Raúl Estrada-Oyuela of Argentina, the chairman of the United Nations-sponsored talks, told the delegates.

Japan is seen as a pivotal nation because of its economic strength and because, as host of the final session, it will be in a special position to influence the outcome of the talks. The United States, by virtue of its economic weight, international influence and huge emissions of greenhouse gases, is the 900-pound gorilla of international climate politics.

"Without the U.S., nothing will happen — it is

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absolutely crucial," said Bert Metz, a veteran climate negotiator from the Netherlands.

It may be that nothing will happen anyway. The complexities, economic stakes and rival interests at play in the talks are such that few would express surprise if they failed to produce a meaningful agreement. But leaders of major countries have become personally engaged in the issue, infusing it with new bite and raising it to a new level of relevance and visibility.

President Clinton says that he finds the scientific evidence for the fact of climate change "pretty compelling." He supports legally binding but "realistic" emissions reductions. He has opened a campaign to rally popular support for what could be unpopular steps to reduce the burning of fossil fuels like coal and oil, the main source of carbon dioxide emissions.

But the United States has yet to propose any amounts by which emissions should be reduced or to say when limits should take effect. Until it puts numbers on the table, the nature and strength of the American commitment are impossible to judge.

American negotiators in Bonn told a number of major countries privately that Mr. Clinton was strongly committed to binding action and that his Government was working intensively to complete the specifics of its proposal, a senior Administration official said. The American delegates also told their counterparts that any agreement acceptable to the United States must maintain economic growth, the official said.

The Administration is widely expected to announce its proposal after a scheduled White House conference on climate in early October and before or during the next negotiation session here, from Oct. 20 to Oct. 31.

Toshiaki Tanabe, the chief Japanese delegate in Bonn, acknowledged the concern about his country and the United States. Like the Americans, he said in an interview, Japan is "still in the process of working out our figures." He did not say when they would be ready.

While the talks go on, lobbying and debate intensify. On one extreme are representatives of industries that produce fossil fuels, who argue that cutting emissions will hurt economies. It is better, they say, to study global warming more to be sure that the remedy matches the threat rather than rush to judgment. On the other end of the spectrum are environmentalists who say that every year that passes without action will make climatic disruption more likely, more serious and more painful to deal with in the end. Unless a first step is taken now, they say, it might be years before the opportunity comes again, and by then climatic disruption might be obvious to all.

The most influential reduction proposal on the table so far is that of the European Union, which calls for industrialized countries to cut their emissions of carbon dioxide, methane and nitrous oxide (all greenhouse gases) by 15 percent by 2010 and by 7.5 percent by 2005.

No reduction targets and timetables for developing countries are being formally discussed in Bonn. Those countries have a general obligation, under a 1992 climate treaty signed in Rio de Janeiro, to reduce their emissions. But a conference of parties to the treaty that met in Berlin in 1995 expressly exempted the poorer countries from any new, more specific commitments in the present talks. The poorer nations have long insisted that since the industrialized countries got rich by burning fossil fuels, developing countries should not be unfairly penalized as they build their own industries.

The issue of the developing countries' role may be the thorniest in the talks, and many insiders believe that it has the most potential to scuttle them. Both the Clinton Administration and the United States Senate, which must ratify any Kyoto deal, are insisting that all countries must play some role in reducing emissions. Otherwise, it is feared, some American industries might move their operations to developing countries if those countries had no similar emissions controls.

The 1992 treaty, ratified by the Senate, included an important compromise on principle: Since the rich countries have emitted the most greenhouse gases so far, they should take the lead in controlling emissions. But the developing countries' emissions are expected to equal or surpass those of the richer nations after 2010 or so, and it was always expected that the developing countries would follow the lead of the developed nations — once it was clear that they were indeed moving.

That evidence has not yet appeared. First, the rich countries have generally failed to cap their emissions at 1990 levels voluntarily, as the treaty says they must aim to do. Only two large countries, Germany and Britain, are succeeding at that. And there is that lack of concrete new proposals from the United States and Japan.

There are a number of ways the developing countries might participate. Their targets and timetables need not be the same as that of the rich countries, for example, and their adoption could be contingent on the rich countries' adoption of their own targets and schedules. Or a rich

country could get credit for so emissions reductions by providing money or technology to help a developing country reduce its emissions. That would cut the cost of the reductions, and since the gases, once emitted, quickly become part of a single, global concentration, it does not matter where the reductions come from.

The United States favors this "joint implementation" approach but, over all, developing countries are skeptical. Still, the idea is already being tested in pilot projects, although no emissions-reduction credit is yet being awarded to rich countries for undertaking them.

At the meeting here, representatives of developing countries, citing recent studies, said they were already doing more than expected to control emissions. As for binding new commitments for the poorer nations, "one should not take on something he is not able to deliver," said Mark J. Mwandosya of Tanzania, the chairman of the developing-country caucus in the talks. But he did not rule anything in or out, saying he "wouldn't like to prejudge Kyoto," where the developing-country issue is expected to be decided — or not.

As for the industrialized countries, Mr. Estrada said he hoped to have an agreement on their reduction commitments nailed down by the end of the next Bonn session in October (it will be the eighth negotiating session since 1995).

Achieving that agreement is not merely a matter of setting reduction targets and timetables. Both the Americans and the Japanese, for instance, believe that the structure within which the reductions would take place is just as important. They want countries to have the flexibility to achieve reductions in ways that make the best sense for themselves, and at the least cost.

The United States, for instance, has proposed that reductions be carried out over a series of multiyear periods, with the reduction targets expressed as an annual average of emissions for each period as a whole. It also advocates the "banking" of emissions reductions: applying reductions achieved in one period against the next, and "borrowing" from a future period — at a penalty — to meet the current period's targets.

The United States further proposes an arrangement called "emissions trading." In this approach, countries that find it difficult and expensive to reduce their emissions could purchase a permit to emit more than they are allowed from countries that find it less costly and easier. The price of the permits would be determined by supply and demand in an open market. The rationale is that in the long run, and over all, emissions reductions would be both cheaper and more effective.

In another idea on the table, some countries favor tailoring emissions reductions and the means of achieving them to a country's individual economic and energy profile, rather than imposing a flat-rate, one-size-fits-all target and a fixed set of methods. There would presumably be an overall reduction target, and countries would negotiate how much of it they would be responsible for. The European Union has devised an internal arrangement similar to this for its members, with countries like Britain and Germany taking on bigger reduction burdens than others.

But for now, the world is looking to the United States and Japan to take their stands. "When we have those two proposals," Mr. Estrada said, "the other pieces will fall into place."

Global-Warming Treaty Faces Host of Political Clouds

By JOHN J. FIALKA

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—In the long run, it may be easy for Americans and their elected representatives to see the impact of global warming. The Smithsonian Institution has a new computer model predicting what storm surges will do here in 2075 when the sea level is expected to have risen by two feet.

Press a button and—slosh—a good part of the Mall goes underwater. Whitecaps break at the foot of Capitol Hill.

But getting across the idea that an international treaty is needed this year to prevent the slowly accumulating effects of man-made "greenhouse gasses" in the atmosphere has become a headache for the Clinton administration. And its major salesman — Vice President Al Gore — appears to be running out of gas on the subject.

Meanwhile, the treaty's political foes are heating up. The AFL-CIO's executive council, worried about lost jobs, calls the idea of negotiating a treaty focusing on restrictions on emissions from industrial nations to be a "fundamental error." And executives from the coal, oil, steel, electricity, chemical and automobile manufacturing industries say it will mean more regulations. "We don't think it makes any sense to go forward with these negotiations," says Connie Holmes, an official of the Global Climate Coalition, industry's main lobbying group.

To make things more difficult, European nations have recently taken a flamboyantly pro-environment negotiating position that the U.S. can't hope to match: Europeans say they will cut their overall emissions of such gasses — primarily carbon dioxide created when coal, oil and other fossil fuels are burned in internal-combustion engines — by a whopping 15% by the year 2020.

Dale Jamieson, a professor at Carleton College in Northfield, Minn., who follows the politics of the issue, thinks the Clinton administration has dropped the ball in terms of explaining its position to the public. He notes that Mr. Gore was mute about the issue during his recent tour of flooded cities. "There is a big educational task to do here," he says. "When they come back [from treaty negotiations] and try to sell it to a public that hasn't really been informed about the issue, the public will be easy prey" for treaty opponents, he says.

Katie McGinty, who heads the White House Council on Environmental Quality, says Mr. Gore often explains the linkage that scientists make between global warming and increasingly violent weather patterns, but his remarks rarely get reported; "It's like pulling teeth to get somebody interested in this."

'Partnerships' With Industry

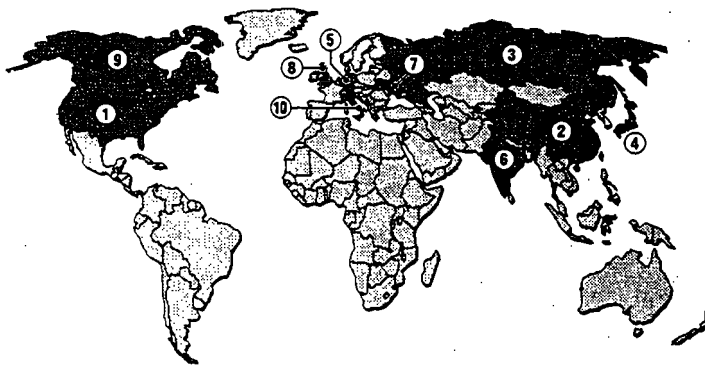
She says the Clinton administration plans to avoid new regulations by calling for "voluntary partnerships" with industry. One such scheme involves plans for a new generation of automobiles that are three times more fuel-efficient.

Eileen Claussen, an assistant secretary at the State Department in charge of treaty preparations, asserts that when it comes to the politics of the issue, Europeans are different. "They have a strong green constituency that knows more about this than the American public." She refers to Europe's network of Green parties that have no equivalent here.

The U.S. currently produces more than

Gassing Up The World

The world's biggest emitters of carbon dioxide (in millions of metric tons* per year):



1	U.S.	4.80	6	India	0.76
2	China	2.60	7	Ukraine	0.61
3	Russian Federation	2.10	8	United Kingdom	0.58
4	Japan	1.06	9	Canada	0.41
5	Germany	0.87	10	Italy	0.41

Source: U.S. State Department

*Equal to 2,204.62 lbs

a fifth of 22 million tons of carbon dioxide accumulating in the planet's atmosphere each year and is heading to a 25% increase by 2010. As the gas accumulates, scientists say, it traps more of the sun's heat. The resulting melting of the polar ice caps and rising sea levels are only one part of a family of ugly weather effects anticipated by many scientists.

That scientific view isn't universal, however. James Christy, who teaches atmospheric science at the University of Alabama in Huntsville, contends that computer models show a real warming trend over the past century but can't account for the fact that satellites measuring the atmosphere record a slight cooling trend since 1979. "This just points out how little we know about the climate system," Dr. Christy says.

When 160 nations gather for final treaty negotiations in Kyoto, Japan, in December, Ms. Claussen says, the U.S. strategy will be to push for a "flexible" process that could curb man-made carbon-dioxide pollution over 50 years.

The U.S. proposal is so flexible and complex, however, that it is difficult to explain to Americans, let alone the rest of the world. It involves a pollution-permit trading scheme that rewards companies and nations that develop innovative pollution-curbing moves and punishes those that don't. Modeled after a system now used in the U.S. by utilities to curb acid-rain pollutants, the proposal would work across national boundaries.

Under an international trading scheme, such a pollution-lowering move would earn the U.S. companies credits for buying the permits they will need to legitimize their own pollution levels. Dirk Forrester, head of the White House Climate Change Task Force, explains "the market would move the money to the locations where you get the biggest reductions."

Using Computer Models

Last month, Mr. Forrester and Commerce Department officials revealed the computer models they will use to simulate what impact the proposal might have on the U.S. economy. But even the proponents of stronger controls say the modeling will

be a touchy, controversy-laden business. Robert Repetto, senior economist at the World Resources Institute, a Washington-based nonprofit group, notes most economic computer models "are not structured to deal with environmental questions."

Worst-case scenarios, he says, predict a 2.6% drop in the nation's gross domestic product by the year 2020. Scenarios showing economic gains make several assumptions, such as that as the air gets cleaner, weather will stabilize and tangible health

and economic benefits will result.

Industries that sell natural gas, nuclear energy and wind- and solar-generated electricity support a strong treaty. And John Browne, the chief executive of British Petroleum Co., recently staked out a maverick position in the oil industry, asserting that "corporate responsibility" requires BP to help scientists explore the problem and to support energy alternatives such as solar power.

The reinsurance industry is concerned because its members get the loss claims from violent storms, floods and other natural disasters. Thomas Karl, a scientist at the Commerce Department's National Oceanic and Atmospheric Administration, thinks more losses will loom as the temperature rises. In an article for Scientific American, he predicts "killer heat waves," severe droughts, more cloudbursts and heavier snowstorms in northern climates and rising ocean temperatures will result.

If Americans find all this confusing, they are not alone. Despite 18 months of preparatory deliberations for Kyoto, large parts of the globe are in disagreement. Most developing nations, led by China, India and Brazil, want a flat exemption from any treaty, arguing that it amounts to a way for older industrial nations to stifle them. Oil-rich nations, led by Saudi Arabia, are opposed to a treaty.

A smaller group of island states in the Caribbean and South Pacific are pushing for the strongest treaty possible. While a two-foot rise in sea level might dampen a few basements in Washington, it would wipe out most coastal business in Barbados and poison its supply of drinking water. "It would have grave consequences for our economy," predicts Dr. Leonard Nurse, who heads the island's coastal-zone management office.

THE WALL STREET JOURNAL

TUESDAY, MAY 27, 1997

France's Prime Minister Juppe to Resign

Left's Surprising Showing Makes Right Scramble Ahead of Final Voting

By THOMAS KAMM
And DOUGLAS LAVIN

Staff Reporters of THE WALL STREET JOURNAL

PARIS—Alain Juppe, France's unpopular prime minister, said he will resign in what's seen here as an effort by the ruling conservative party to prevent a Socialist victory in Sunday's second round of parliamentary voting.

Over the weekend, the left and its allies posted an expectedly strong showing in the first round of voting.

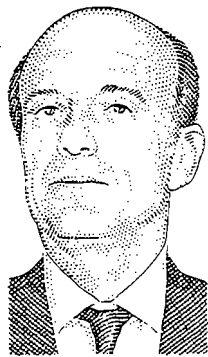
President Jacques Chirac had called the elections in a bid to extend his influence over the National Assembly, but the vote instead turned into a setback ahead of Sunday's final round.

A definitive victory by the left would force the conservative Mr.

Chirac to appoint a Socialist-led government, calling into question France's current commitment to free-market reforms and raising new doubts about the country's ability to qualify for Europe's planned common currency in 1999.

Mr. Juppe, who led the right to its worst electoral result in the 39-year history of the Fifth Republic, said he will resign after Sunday's final round. "A new era must begin now," he said. "We have a week before us to give the French people a better idea of our vision of the future."

Philippe Seguin, the speaker of the



Alain Juppe

National Assembly and a member of Mr. Chirac's Gaullist Party, is positioned to succeed Mr. Juppe if the right wins.

Official results of the first round of voting showed the Socialists and Communists polling 33.7%, with other left-wing and environmentalist parties gaining an additional 11.9%. The ruling center-right coalition, which currently controls 80% of the assembly's seats, scored just 29.9%, while other moderate-right parties polled 6.5%. The far-right National Front, polling about 15%, one of its best scores ever, will complicate the right's task because it is refusing to stand down in favor of conservatives in constituencies where its candidate qualified for the second round.

Computer projections based on the weekend's first-round results show the Socialist Party and its allies ultimately winning a slight majority of seats in the new 577-seat National Assembly. But analysts and pollsters say the high abstention rate of about 31.7% in the first round makes for a wide-open contest. Pointing out that the right came out ahead in more than 100 constituencies where there will be a runoff, analysts say a slight center-right majority in the new National Assembly is still possible, but so is a hung parliament.

"Anything can happen," said Finance Minister Jean Arthuis.

The left's unexpectedly strong showing sent French financial markets tumbling yesterday. The Paris Bourse's CAC-40 index fell 3.9%, while the French franc slumped against the German mark, closing at 3,3770 francs to the mark, down from 3,3690 francs Friday. Thomson-CSF lost 9.6% of its value on the Paris Bourse yesterday; it is one of the companies whose planned privatization the Socialists have said they would halt.

Many politicians from both the right and the left cautioned against drawing too many conclusions from the first round of voting, saying many voters seemed to be sending a message of protest.

Nonetheless, candidates on both sides said the vote is a major blow to Mr. Chirac,

who called the elections 10 months ahead of schedule in order to seek a free hand to carry out necessary reforms in the march toward a single European currency. "The elections show Chirac's gamble was incredibly risky at a time when the economic situation isn't great and his government is unpopular," says Pascal Perrineau, director of the Center for Research on French Political Life.

Mr. Chirac himself wouldn't have to step down if the right lost, but he would be forced into an unwieldy "cohabitation" with Socialist leader Lionel Jospin that would drain the president's influence over policy at a crucial time for France.



Lionel Jospin

Both sides scrambled yesterday to woo the undecided voters who hold the key to the final outcome. Mr. Juppe's resignation

was designed to reassure voters that the center-right had heard their message of protest and will respond by putting in place a new team.

Both the center-right and Socialists have endorsed the idea of monetary union in Europe. But the Socialists have differed with the center-right on how to meet that goal; they've argued against further cuts in social programs and against additional major privatizations. Both sides have also differed over how to address the central issue in the current political debate in France: what to do about a record 12.8% jobless rate.

THE WALL STREET JOURNAL
TUESDAY, MAY 27, 1997

DEPARTMENT OF STATE, U.S.A.
WASHINGTON, DC 20520

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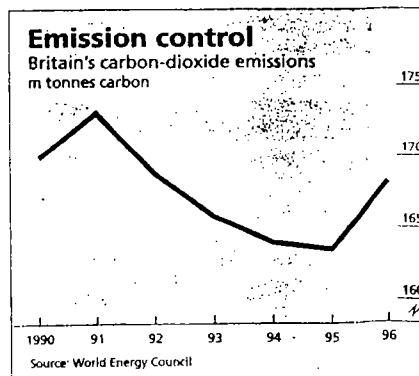
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MOSTLY by accident, Britain's recent record on curbing greenhouse-gas emissions, which are believed to contribute to global warming, is one of the best in the world. The collapse of the coal industry and the "dash for gas" in electricity generation since the mid-1980s did wonders for this.

Thus Britain was one of the few countries on target to spew out no more greenhouse gases in 2000 than it did in 1990.

Coal mines were shut down for economic reasons, of course, not environmental ones, and Labour fiercely opposed pit closures. Nevertheless, Tony Blair has been quick to use Britain's greenhouse-gas record as a platform to lecture the world, more than a little high-handedly, on its environmental responsibilities. Indeed, the prime minister has promised that by 2010 Britain's emissions will be an impressive 20% below 1990 levels.

These fine aspirations could go up in smoke. In 1995-96, Britain's emissions of carbon dioxide (by far the most widely produced greenhouse gas) actually rose by 2.9%, almost wiping out the steady falls



THE ECONOMIST AUGUST 9TH 1997

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Since 1991. According to figures contained in a forthcoming report by the World Energy Council, an industry research group, the 168.2m tonnes of carbon emitted in 1996 is not much different from the 169.9m tonnes in 1990. If the 1996 rise in carbon emissions is the beginning of a long-term trend rather than merely a blip, then the 2000 target is by no means a sure thing—and the chances of meeting the much more ambitious goal for 2010 look remote.

Michael Jefferson, the author of the report, reckons that two factors are combining to produce the increase. First, not much room is left for coal-to-gas conversions because so much has already been done. Second, economic recovery has meant more energy use as factories and businesses either commence or increase production.

The 2000 target is not yet out of reach. As power plants age, their equipment can be replaced with more efficient technologies. Improved productivity in the nuclear sector, where output has risen by a third since 1991, and an increase in renewable energies such as wind power could also help. But some limits are built in, especially in the near term, to the growth of nuclear power—who wants a station in their garden?—and renewables remain more a matter of hope than glory. In short, the easy greenery has been done. Any further reductions in emissions are going to require contentious trade-offs.

Labour's first budget, last month, tiptoed around such choices. It lowered value-added tax on domestic fuel to 5% and abolished the gas levy; the result will be higher-than-projected emissions. And for all the Labour-speak of an integrated transport strategy, the budget was kind to Britain's 22m cars. Fuel prices were raised by 6% (one percentage point more than the Tories planned), but the favourable tax treatment of company cars and parking spaces was unchanged, even though the Tories had been chipping away at it. Britain remains wedded—uniquely in Europe—to a single excise rate on cars; a variable rate could encourage sales of fuel-efficient vehicles.

The environment was barely mentioned in the Queen's Speech, which set out the Labour government's agenda, and is the subject of no new primary legislation. "So much for Mr Blair saying good things at the Earth Summit," frets Charles Secrett, the executive director of London-based Friends of the Earth. "He hasn't done anything to deliver on environmental promises."

The budget's timidity is a reminder of the nasty decisions greenery will henceforth entail. Like most good things, a healthy environment will cost a lot, economically and politically. Talk, on the other hand, is cheap.

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Everett M. Ehrlich

A Common-Sense Approach to Global Change

A leading business group a week ago advertised its desire for a national debate on climate change policy. All power to them: Such a debate is sorely needed.

But a debate needs to start somewhere, which means asking ourselves what we understand about climate change policy. Economists have thought about this issue—the administration's among them—and their thinking provides a set of "common sense" precepts about climate change that form a worthwhile basis for the discussion our nation needs to have. Before we debate, let's remind ourselves of what we already know.

(1) **The science is compelling.** Carbon dioxide warms the planet and by pumping more of it into the atmosphere, humankind is changing its climate. It's hard to say by how much, and it will affect different places in different ways, but the net effect is unlikely to be good. And as is too often the case for "system changes," the shift in temperature is likely to be more abrupt than we'd like it to be.

(2) **The economic costs are small.** Abating carbon dioxide and other greenhouse gases will entail economic

"The longer we wait, the further we have to catch up."

costs, but these are small and transitional. The economic literature suggests that we could roll back our CO₂ emissions to their 1990 levels by 2010 for the equivalent of a 25 cent gas tax. It's not free, but it's not the end of the world. Catastrophic climate change, if it occurs, could be.

(3) **Price signals matter.** Would that we could mandate that all refrigerators run on hamster power and that banana peels fuel automobiles. We can't. Broad price signals—perhaps the product of emissions permits that polluters could trade—send everybody the right message. They're not a whole policy, but a requisite basis for one.

(4) **Waiting won't work.** As serious as it is, climate change is not some sci-fi terror that requires immediate mobilization and massive sacrifice. But deferring action will raise the cost of stabilizing the world's atmos-

pheric concentrations of greenhouse gases, our ultimate goal. That's because our emissions (both the United States' and the world's) are growing faster than any imminent technology can abate them. The longer we wait, the further we have to catch up. On the other hand, the sooner we give ourselves some lead time, the easier all of this will be.

(5) **Capital incentives are important.** The faster we invest, the faster we turn over our capital stock, and the faster we achieve emissions reductions. That's because new investment embodies the latest technologies for reducing emissions. Experience across a wide range of industries shows that well-designed processes reduce both emissions and total business costs. Investment incentives must be considered as part of climate change strategy, because

pro-investment policy is pro-environment policy.

(6) **Allow cross-border trading.** It's all one atmosphere, whether it's polluted by U.S. utilities, German steel plants or Korean traffic jams. If we let polluters in one country search for cheaper pollution offsets in others, then we lower the cost of the entire process. The former Soviet bloc, China, India and others will offer such opportunities, at least for the next few decades. The question is: How do you make such a system work? That's something worth debating.

(7) **Technology is the key.** The economic effects of climate change policies occur over periods so long that even Alan Greenspan can't manage them—decades, even generations. We must have a far-sighted technology program that aims our most formidable economic weapon—new ideas—at this pressing problem. Let's sidestep the yammering about "corporate welfare," sit down with the business leaders who have expressed their concern and work out a shared program to innovate our way through this problem.

(8) **The whole world must be in-**

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The Approach to Global Change

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(8) **The whole world must be in-**

involved. The current negotiating
framework would require the leading
industrial economies and the former
Soviet bloc to sign up to firm commit-
ments now while the newly industrial-
izing nations of Asia and Latin Ameri-
ca catch up, somehow, later. Will this
lead to a massive out-migration of
capital from the United States and the
other developed nations as firms flee
the burden climate change policies
impose? Probably not, given that
there are already sizable differences
in energy costs and environmental
stringency between these two
groups. But that's no reason to let
them persist. Any climate treaty has
to show how all of the world's nations
are brought into the process.

(9) **Compensate the losers.** The fact
that the economic costs are small in
general does not mean that everyone
escapes unharmed. It would be high-
handed in the extreme to speak of
climate change policy as an abstract
"transition" without addressing the
losses it imposes on men and women
who work hard and support their
families through jobs such as coal-

mining. Fairness demands nothing
less.

(10) **The United States must lead.**
The business leaders are right when
they call for a debate that allows our
entire nation to understand the cli-
mate issue. But there are also inter-
national negotiations underway. The
United States can't walk away from
the table. To date, it has done a good
job of pushing for greater flexibility
for our private sectors as a general
principle, even while not agreeing to
any specific targets. If the United
States falls back from a leadership
role in these negotiations, then the
vacuum will only be filled by thinking
and directions that will disserve us
later. We must stay involved, even as
we build consensus at home.

It's time to have a climate change
debate. But the debate should con-
cern itself with how best to take these
"common sense" precepts and turn
them into a policy that preserves both
our prosperity and our quality of life
for generations to come.

*The writer was undersecretary of
commerce for economic affairs until
this month.*

Clinton Officials Reverse Course on IRS

Rubin, White House Back Overhaul of the Agency, Making Reforms Likely

By JACOB M. SCHLESINGER
Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—Facing an embarrassing political rout in the battle over Internal Revenue Service reforms, the Clinton administration reversed course yesterday and endorsed congressional efforts to overhaul the tax agency.

"We believe that this is now, on balance, a workable plan and one that we can support," said Treasury Secretary Robert Rubin, who until yesterday had been the leading critic of the legislation now making its way through the House.

But Mr. Rubin also reiterated his position that "improvements can and should be made." He expressed hope that somehow the provisions most offen-

sive to the administration still could be watered down before a bill reaches President Clinton's desk, likely by the spring.

"I'm glad that the president has completely changed his position on reforming the IRS," House Ways and Means Chairman William Archer, a Texas Republican, crowed. Indeed, with the White House now joining hands with large majorities among congressional Democrats and Republicans, it appears certain that the IRS will undergo its most significant change in more than four decades. The ambitious IRS Restructuring and Reform Act attempts to change everything from the way the IRS is governed to the culture of its work force.

Supporters say that taxpayers fairly quickly would see improvements in how

they interact with the agency. The plan would make it more "customer-friendly," along the lines of a private bank or credit-card provider. Some proposals are aimed at upgrading the IRS's antiquated computers and making it easier for people to file returns electronically. Other provisions are designed to strengthen taxpayer rights in disputes.

For all the heady talk, however, skeptics say that a 100,000-employee government bureaucracy can take years to turn around. Besides, the reforms barely address the complexity of the tax code, a factor many analysts consider the biggest problem plaguing the IRS.

Mr. Rubin's about-face came as top Democrats, notably House Minority Leader Richard Gephardt, started abandoning the administration and announcing support for the bill. The tax-writing House Ways and Means Committee is expected to approve the bill easily today; the full House is expected to back it by a large margin before adjourning for the year early next month.

Leading senators also have backed the
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Robert Rubin

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bill, though action in the Senate isn't likely until next year, mostly because of time constraints. Senate Finance Committee Chairman William Roth, whose hearings last month on alleged IRS abuses helped to spur political momentum for reform, hasn't held hearings on the proposals, and a spokeswoman said he probably will want to study and toughen taxpayer-rights provisions.

The administration's main objection has been the portion of the bill that would create an oversight board drawn largely from the private sector. Mr. Rubin has argued that such a board, if given too much power, would make the IRS unaccountable and subject to conflicts of interest.

Yesterday, Mr. Rubin emphasized concessions he won over the past week to limit the board's authority. Recent changes leave the power to hire and fire the IRS commissioner with the White House, make clear that the IRS commissioner reports to the Treasury secretary, and state that the board won't have influence over law-enforcement policy.

But the board — made up of the Treasury secretary, the IRS commissioner, the head of the IRS employees union and eight private-sector members — still would have the power to approve strategic plans. Mr. Rubin said he hoped to make more changes "with respect to [powers of] board approval."

The White House also is concerned about a provision that would shift the "burden of proof" in certain taxpayer disputes to the IRS, which administration officials said could make it harder for the IRS to collect revenues. Mr. Rubin said he hoped to "try to clarify" the provision's

effect.

The Treasury had led supporters to believe that their changes to the original legislation weren't enough to win administration support. "This is incredible news," said Rep. Rob Portman, the Ohio Republican who had been negotiating with Mr. Rubin. "Frankly, it surprises me."

One reason many Democrats bought into the IRS reform bill, despite the perceived glitches, was a fear that Republicans were using the issue as part of a broader agenda to scrap the progressive income tax. Indeed, numerous GOP leaders are scheduled to hold a news conference today invoking IRS troubles as a way to justify changing the tax code.

The bill is expected to cost the government about \$2.5 billion over five years, according to congressional staffers, largely because of the taxpayer-rights provisions. The legislation proposes to cover that cost by changing the rules for companies deducting vacation pay.

Earlier versions of the bill had proposed moving the filing date for certain taxpayers away from the April 15 deadline. That element was dropped from the current proposed measure.

Rerun Election for Teamsters President Is Delayed Until Mid-March by Judge

By GLENN BURKINS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — A federal judge has delayed until mid-March the rerun election for Teamsters union president. The delay means rank-and-file Teamsters will be voting just as the union is negotiating a new trucking agreement for more than 120,000 members.

The last time the Teamsters' freight agreement expired, in March 1994, the union launched a three-week strike that crippled much of the trucking industry. Trucking officials declined to speculate about what effect union politics might have on the coming talks.

"We are staying out of that issue," said Timothy Lynch, president of the Motor Freight Carriers Association, which represents unionized trucking companies. He said the two sides have already met to lay out a framework for the talks, but he declined to discuss specifics.

On Monday, U.S. District Judge David Edelstein agreed to move the date for the 1.4 million Teamsters members to complete their balloting to March 17 from Feb. 6. The delay is meant to give the government more time to investigate whether Teamsters President Ron Carey should be disqualified from seeking a second term because of alleged fund-raising abuses by members of his campaign staff.

Mr. Carey last fall won a narrow victory over rival James P. Hoffa, a Detroit labor lawyer. But because of the alleged abuses, a federal official overseeing the race ordered a new vote.

The union's freight agreement expires at midnight on March 31. It affects at least 12 major trucking companies, including Consolidated Freightways Inc., Roadway

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Express Inc. and Yellow Corp.

Teamsters spokesman Rand Wilson said contract negotiations won't be affected by union politics. "I think our members are looking for a union that will focus on their concerns and convey them to their employers," he said. "With or without the election we are prepared to do that." But some other Teamsters officials say privately that the continuing uncertainty surrounding Mr. Carey is a major source of distraction.

According to court documents, the election delay was requested by Kenneth Conboy, a federal election officer who will decide if Mr. Carey may run again. Mr. Conboy was appointed to decide the issue after election officer Barbara Zack Quindel recused herself, citing a potential conflict of interest. In requesting the delay, Mr. Conboy said he didn't believe he could complete his investigation and make a decision until about Nov. 15.

Even if Mr. Carey is ruled ineligible, Mr. Hoffa wouldn't be assured victory. Under election rules, new candidates may be nominated, though no likely contenders have emerged.

Richard Leebove, Mr. Hoffa's spokesman, said he was concerned that Mr. Carey, if he is allowed to run, may use the freight negotiations to bolster his popularity among union members. During contract talks last summer with United Parcel Service of America Inc., Mr. Carey's critics accused him of calling a strike to shore up his sagging popularity and to divert attention from his campaign's legal problems. Mr. Carey denied that politics played a role in the UPS strike.

Fast Tax Cuts Would Be Tied To Emissions

By JOHN J. FIALKA
And JACKIE CALMES

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON President Clinton today will propose immediate tax cuts for businesses as part of a plan to reduce U.S. carbon-dioxide emissions 15% to 20% by 2010 under an international global-warming agreement. The proposal sets the stage for one of the most difficult peacetime treaty negotiations in history.

After classic late-hour planning ses-

Airing Their Views

In the debate over curtailing greenhouse gases, some industries are issuing dire economic warnings, while others see opportunity. Article on page A24.

sions, with many of the president's advisers still at odds over the proposal's details and economic impact, a formula emerged with heavy emphasis on emissions trading by companies and on providing developing nations with incentives to make early commitment to treaty goals. As incentives to U.S. businesses to take steps right now toward energy efficiency, Mr. Clinton tentatively had decided last night to call for tax breaks worth about \$5 billion over five years.

The tax incentives, which would expand on provisions already in the code to encourage energy-saving, include proposals rewarding construction of energy-efficient buildings; fuel-efficient and alternative-energy vehicles, such as electric cars; and industrial cogeneration plants. Administration officials stressed that the ideas were still formative, on the eve of Mr.

Clinton's long-awaited speech today at the National Geographic Society to lay out the U.S. negotiating stance on a treaty against global warming.

The administration proposals already are drawing flak from all sides, from industries that oppose the potential expense and environmentalists who don't think the plan goes near far enough. The Clinton proposal's targets appeared to be below the starting negotiation positions of the European Union and Japan. That means the final negotiating session in

Kyoto, Japan, in December will be tough going. White House spokesman Michael McCurry predicted yesterday.

"This is going to be very, very hard work," he said at a news briefing, adding that, because of a wide spectrum of options among nations, it is "far from certain that there can be success" in Kyoto.

Most of the debate within the Clinton administration involved variations on the "stabilization" plan, in which the U.S. would cut its carbon-dioxide emissions to

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1990 levels by sometime around the year 2010. Japan has called for a 5% reduction below 1990 levels to be reached between 2008 and 2012, with lesser cuts for nations with relatively clean energy systems—such as Japan.

European negotiators will press for 15% cuts below 1990 levels, a relatively easy mark for them to make because of events shortly after the 1990 base year. Germany shut down dirty coal-fired plants in the former East Germany shortly afterward, and England switched its energy system from coal to cleaner burning gas—moves that have already drastically cut their carbon-dioxide levels.

Meanwhile, U.S. emissions of carbon dioxide, the primary "greenhouse gas," have risen sharply. According to the Energy Department, U.S. carbon-dioxide emissions rose 3.4% last year, growing faster than energy consumption as more electric utilities resorted to cheaper coal-fired plants. Many scientists believe that man-made sources of carbon dioxide trap heat in the earth's atmosphere and will cause violent storms and rising sea levels over the next century.

"We don't think that stabilization [to 1990 levels] is an adequate response to the science," said Alden Meyer, of the Union of Concerned Scientists. "It's sort of a minimum ante into the game to keep the [negotiation] process going."

Emissions trading amounts to buying and selling certificates permitting a company to emit a ton of carbon dioxide. It would allow companies and nations to get credit for pollution-abatement activities here and abroad and could reduce the cost of meeting the carbon-dioxide limits. Some business groups, such as the National Association of Manufacturers, have predicted the economic impact will be severe.

U.S. Backs Preparations For European Currency

WASHINGTON (AP) — The Clinton administration endorsed preparations for a single European currency, saying it expects no negative impact on the U.S. economy or to the dollar's continued dominance of the international financial system.

"If the European Monetary Union works for Europe, it will work for the United States," declared Deputy Treasury Secretary Lawrence H. Summers.

Although the U.S. government has no direct role in preparations for the EMU, Mr. Summers told a Senate panel, "We have the same interest with regard to the creation of a single economy. . . . We are well served when the region is vibrant economically, and is working to open its markets and strengthen its ties with the global economy."

The U.S. government in the past has been reluctant to comment publicly on arrangements for the monetary union, deeming it inappropriate to meddle in debates over whether a single currency is right for Europe or over details of how it should be structured.

Last year, America's trade with the EU's 15 nations exceeded \$270 billion, and was second only to trade with Canada.

"When Europe is growing rapidly it is a more dynamic market for our exports, and a stronger partner for us around the world," Mr. Summers said.

THE WALL STREET JOURNAL WEDNESDAY, OCTOBER 22, 1997

The Daily Telegraph

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Driven to distractions

‘WE SHOULD have the highest aims for our transport system,” declared the Deputy Prime Minister, John Prescott, yesterday. As an avid enthusiast for Jaguar cars, Mr Prescott has always aimed high where transport is concerned. But yesterday, wearing his ministerial hat as Secretary of State for Environment, Transport and the Regions (no less), he urged us all to leave the car at home and make greater use of public transport. To that end there will, he announced, be a fundamental transport review and eventually an integrated transport policy.

An integrated transport policy has long been the holy grail of environmentalists. It is one of those catchphrases that sounds impressive until somebody asks what it might actually mean. More public transport and fewer cars is the usual answer, and most of us would say amen to that. But hitherto, no one has been able convincingly to explain how, in a society as averse to tax and keen on cars as ours, such a desirable outcome can be achieved. Yesterday, Mr Prescott merely promised “a long-term strategy White Paper” for next spring, and moved rapidly on to his other important announcement — a reaffirmation of Labour’s manifesto commitment to reduce British carbon dioxide emissions by 20 per cent by 2010.

Unlike the integrated transport policy, this is a precise objective, but one that will also be difficult to meet; so difficult, indeed, that even many environmentalists wonder if it was not plucked out of thin air during the party’s time in Opposition. The previous government had set a target of a 10 per cent reduction, which was considered demanding but attainable, given the increasing switch to gas for electricity generation. If a further 10 per cent reduction is to be found,

there will have to be a substantial cut in transport emissions.

Unless we are to mire ourselves in permanent recession, however, the demand for transport will continue to grow, and to a greater or lesser extent all forms of transport pollute. More use of public transport might slow or even halt the rise in emissions from cars, buses and lorries, but it is hard to see how they can be cut by anything like the amount Mr Prescott apparently envisages. And while public transport is often the best option for commuting or travel within city centres, for most other journeys the car is likely to remain the most practical choice.

So what can the Government do? It can of course raise taxes on petrol and probably will, although the Conservatives were already doing that. To raise them any faster might simply prove inflationary. It can encourage greater investment in public transport, although if it is to do that it had better drop its abusive and menacing attitude towards the privatised bus and train companies. Gestures can give a lead in a cause like this, but they should be positive rather than negative ones. A better example from the top would be a start. It seems inappropriate, to say the least of it, that the Prime Minister has chartered Concorde to take him to the UN General Assembly’s Special Session on the Environment later this month. Then there are all those ministers’ and mandarins’ cars, 200 at the last count. Whitehall is a small village, and its new masters would get a little more exercise by walking around it. Mr Prescott did his bit by travelling on the Tube en route to his speech yesterday. If he really wants to practise what he preaches, perhaps he should get rid of the Jag altogether.

NEWS

ENVIRONMENT POLICIES

Labour sets out its 'green' agenda

By Charles Clover, Environment Editor

JOHN PRESCOTT, the deputy prime minister, set out a series of proposals yesterday aimed at meeting the Government's new target of reducing Britain's fossil fuel emissions by a fifth by 2010. These include the rationing of road space for private cars, pollution taxes and priority for public transport.

In his first speech on the global environment, to mark World Environment Day, Mr Prescott announced that the Government would field the "strongest possible ministerial team" at the Rio-plus-5 environmental summit in New York at the end of the month.

The delegation — Tony Blair, Mr Prescott, Robin Cook, the For-

eign Secretary, Clare Short, the International Development Secretary, and Michael Meacher, Environment Minister — represents twice the number of Cabinet ministers that went to the original Rio Earth Summit.

Officials say the new Government aims to give its allies in the Clinton administration "a good kicking" over America's reluctance to sign up to quantified reductions in greenhouse gas emissions.

Mr Prescott, who travelled to the conference given by the UN Environment and Development Committee by Tube, said that transport would be "a key area" in meeting the new Government's

manifesto target. This is twice as demanding as the 10 per cent cut in carbon dioxide emissions promised by the Conservatives.

Mr Prescott said the Government would be launching "a fundamental transport policy review" setting out how it intended to achieve an integrated transport policy.

"We should have the highest aims for our transport system. It should be effective, efficient, clean, safe and reliable. It should provide genuine choice to meet the transport needs of all sectors of society," he said.

He warned industry and individ-

uals that the Government intended to use taxes to discourage pollution. "Whatever the environmental concern, we must ensure that the polluter pays the costs of measures required."

He also warned — as Mr Meacher did earlier in the week — that meeting the Government's target on reducing fossil fuel emissions would involve pain and a change in lifestyles.

Britain, he said, was one of the few countries on course to meet the Rio target of freezing fossil fuel emissions at 1990 levels because it had shut down the coal mines. "There is a lot of pain

involved in these issues." Mr Prescott said that the Government was committed to tackling the decline in fish stocks. This also often involved "difficult decisions".

John Gummer, whose record as Tory Environment Secretary was praised in Mr Prescott's speech, offered a "bi-partisan" approach on the environment from the Conservatives.

"There will be a very effective kind of cross-party agreement on the things that matter, coupled with a very vigorous opposition on how to do what needs to be done," he said.

Bill Jordan, general secretary of the International Conference of

Free Trade Unions, said that the potential of new renewable energy technologies to create jobs had not been evaluated.

The RAC's director of public affairs, David Worscott, said it welcomed the Government's "active role" and "a strategic policy which will at last solve some of the congestion problems and will put in place a modern integrated transport system".

Tony Juniper, Friends of the Earth spokesman, described Mr Prescott's speech as "one of the greenest speeches we have heard from a British political leader". But he added: "These things need to be backed up with action."

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