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**THE HISTORIC KYOTO AGREEMENT:
A CRITICAL FIRST STEP IN A GLOBAL EFFORT TO ADDRESS GLOBAL
WARMING
*December 11, 1997***

The Kyoto agreement represents an historic and unprecedented step to reduce the threat of global warming in an environmentally strong and economically sound way. It involves 160 nations, and recognizes the crucial importance of specific steps to address climate change. The leadership offered by the President and Vice President allowed this agreement to be completed -- and generations from now, the agreement will be remembered as establishing the core elements of a strong, realistic, and legally binding framework.

- **Target and Timetable:** The United States agreed to a binding target of reducing greenhouse gas emissions to 7 percent below a baseline based on 1990 levels by 2008-2012. The agreement is based on a somewhat different accounting system -- so that the 7 percent reduction is roughly equivalent to the President's initial proposal.
- **Market-Based:** The agreement reflects an historic emphasis on market-based mechanisms to address an environmental problem. In addition to the Clean Development Mechanism, the agreement includes a framework for emissions trading among industrialized countries -- producing the most efficient means of reducing emissions.
- **Coverage of Agreement:** The agreement covers six greenhouse gases, which had been a priority of the United States but had not been included in the proposals from other major economies. The inclusion of all six gases represents a major U.S. victory in the agreement and ensures that the environment will be protected against all major greenhouse gases.
- **Joint Implementation:** The agreement includes a Clean Development Mechanism, that will allow the types of joint implementation projects that will benefit U.S. businesses and allow developing countries to grow in a more energy efficient way. The mechanism gives U.S. companies credit for improving energy efficiency in developing countries.
- **Developing Country Participation:** Global warming is a global problem requiring a global solution. We have therefore adopted a two-step process to this problem. This agreement locks in hard commitments by the developed countries, as well as some commitments by the developing countries (such as on the Clean Development Mechanism). But the President has made very clear that the United States would not take on legally binding targets until there is meaningful participation by developing countries. We will be working hard over the coming months and years to secure that participation.



Joseph E. Aldy
12/10/97 05:52:21 PM

Record Type: Record

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

cc:

Subject: Kyoto Negotiators Set to Adopt Pact Calling for 6 Percent Cut by 2008-2012

A draft of the treaty will be posted on the web later today.

**Kyoto Negotiators Set to Adopt Pact
Calling for 6 Percent Cut by 2008-2012**

KYOTO, Japan -- Countries early Dec. 11 were set to adopt a new climate change treaty that would require industrialized nations to curb their greenhouse gas emissions as a move toward achieving a 6 percent cut below 1990 levels by 2008-2012.

The new agreement would require industrialized countries as a group and individually to reduce greenhouse gas emissions "with a view to reducing their overall emissions . . . by 6 percent below 1990 levels" based on the average of emissions in the years 2008 through 2012. These nations could meet their domestic targets on their own or through emission trading with other industrialized countries.

The 2008-2012 deadline was a victory for the United States, which steadfastly rejected earlier dates sought by a number of industrialized nations, most notably the European Union.

Negotiators had not yet assigned a percentage reduction for each industrialized country, which will be included in the final agreement. In a Dec. 9 draft, the percentages ranged from 8 percent for the European Union to 5 percent for the United States, and 4.5 percent for Japan. That earlier draft would let Iceland raise its emissions 10 percent and New Zealand 5 percent over 1990 levels.

Gases, Trading.

Also, the pact would:

Cover six gases -- carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride;

Allow industrialized countries to sponsor and share credit for emission offset projects in developing nations, with transactions brokered through a new clean development fund; and

Let nations claim carbon dioxide offset credits for forests, which absorb CO₂ as they grow and thus act as reservoirs or sinks for this greenhouse gas.

The pact would be a protocol to the 1992 United Nations Framework

Convention on Climate Change.

Negotiations on the general body of text finished early Dec. 11 after a last-ditch push by China to oppose treaty provisions that the United States considers key. One authorizes emission offset trading among industrialized countries. The other allows developing countries voluntarily to accept limitations on their emission growth -- as opposed to emission reduction targets -- that would then allow them to trade allowances with industrialized nations.

A special negotiating group composed of Australia, Canada, China, Columbia, the European Union, India, Japan, New Zealand, Russia, Tanzania, the United Kingdom, and the United States brokered a deal that broke the impasse, a Canadian negotiator told reporters. Tanzania chairs the Group of 77, the bloc of all developing countries except China.

The G-77 late Dec. 10 announced that they would accept emission trading and voluntary opt-in provisions after long months of opposing these concepts.

Delegates have repeatedly referred to the negotiation as a sort of gigantic jigsaw puzzle with moving pieces, with national acceptance of the outcome hinging not on any one issue, such as emission targets and timetables, but on the final array of parts. The atmosphere here has been one of haggling among countries, offers followed by counteroffers, interspersed with calls to national capitals for counsel.

U.S. Signature, Ratification?

Sen. John Chafee (R-RI), chairman of the Senate Environment and Public Works Committee, told reporters that he intends to consult with Eizenstat and other U.S. negotiators about whether the United States should sign or ratify the new pact.

Countries may not sign the deal before March 16, 1998. After a country signs the treaty, its government would have to ratify the accord. In the United States, the Senate must give its advice and consent to ratification of any treaty.

Chafee said he saw three possibilities for the United States. One would be signing the agreement but not submitting it to the Senate for ratification. The second would be not signing it, he said. Either of these options would give the administration more time to drum up international support for large developing countries, notably China, to limit their greenhouse gas emissions, Chafee said.

The third option, Chafee said, is for the Clinton administration to sign the deal and submit it to the Senate for ratification. He called this plan "a tough row to hoe."

Chafee said his committee was unlikely to have hearings on the Kyoto deal in early 1998 because its agenda is full with issues including reauthorization of the superfund law, the Endangered Species Act, and the Intermodal Surface Transportation Efficiency Act.

Chafee called the final treaty "a very significant achievement" because it contains elements U.S. negotiators have long called for -- coverage of all six greenhouse gases, emission trading, allowing industrialized nations to sponsor

and share credit for emission offset projects in the developing world, and forest preservation provisions. However, he said a 6 percent cut in U.S. greenhouse gas emissions by 2008-2012 would be "tough to do."

By Cheryl Hogue

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► Michele Jolin
12/11/97 07:10:02 PM

Record Type: Record

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

cc:

Subject: Q re CEA in the GCC Press Briefing

Q Has the NEC or the CEA done any modeling on what this seven number would actually do to economic growth between -- you know -- not only just the budget time but in running up to the budget time? And then there is one of the figures that some of the critics have bounced around -- is a \$2,000 per person figure that they'd be paying more in energy costs by 2008 -- can you debunk that figure? Do you have the models to do that?

MR. SPERLING: You know, this is nothing -- this is nothing unusual when people want to criticize a proposal. They take a static model and they throw any disruption on it and you do an econometric model and since the assumption of any econometric model is things we're kind of working on an efficient basis, any disruption basically has a negative impact. The problem is I don't think most of us think the world works like that. And I think that you could do -- you could battle -- we could have a battle of kind of 15-year econometric model versus a 15-year econometric model and you would probably say to us, "But weren't you the same guys who told us that you couldn't have unemployment lower than 5 percent without inflation?"

I think the reality is that -- the way that we looked on it -- we did significant economic analysis -- we went through. But our feeling was that the econometric analysis kind of begs the question of all the inputs that you put in which is where the real policy issues are. So, if you put in that you think there will be tremendous amounts of technological innovation, if you put in the cost of not acting on what that does -- you can put things in that will help you come out to almost any position.

But what we were trying to do was not create a PR modeling device to battle for. We're trying to look at -- like policy makers have to do in any situation like this -- you have a lot of knowledge and you have a certain amount of uncertainty. And the question is what is the best way to act with that knowledge and uncertainty. And our view was that, first of all, the science was compelling enough that there was a discernable human impact, that there was a compelling and certain reason to justify action going forward.

Secondly, what we looked at was the basic principles that we talked about. What are the type of lead times that help people adjust. What are the kind of market mechanisms that are likely to spur industries to hopefully get into competitive battles for producing most carbon efficient products. You know, we looked at the models both that had been done -- both that had analysis internally -- I think there is a Stanford energy model, a World Bank analysis that talked -- showed that there were tremendous efficiencies if you had the potential for international trading.

So, when we were in there fighting so hard for joint implementation, and we were in there fighting so hard for missions trading that is based on our economic analysis that the more you -- the greater -- the more you allow people to search for the most efficient reduction of greenhouse gas emissions the more you will lower the cost.

But the real question is: We've gone in five-year periods so that at each five-year period we can look and evaluate what is working, what is not working and proceed in a common sense point of view. Because that is the only way -- you can model anything you want but ultimately you have to make judgments and you have to make judgments about what the impact will be.

I will say the following: There is a long history of dire predictions about environmental changes. If you were to look 25 years ago at people who opposed the Clean Air and Clean Water Act -- it was not part of their analysis that you could do those type of things and have 14 million jobs created over five years, 4.6 percent unemployment and 2.1 percent inflation. There were dire, dire predictions. But what's tended to happen is when you give the American economy enough time to adjust and incentives, market incentives, the power of the market, the power of technological innovation has tended to dominate and we've been able to do these type of things and still have a strong economy.

Q Gene, the President said --

Q -- Sport utility vehicles, Gene, what's the power of the market or technological innovation mean five years down the road for Ford Explorers and stuff? Are people going to find the price tag out of range or do you expect technology to make it more efficient?

MR. SPERLING: I don't want to comment on a specific thing. We will have a package that will come out and address that. I think it is the case that in the period I said between 2008 and 2012 there would be a price differential between more carbon intensive uses of energy and less carbon intensive energies. That may, and should have an effect on people's behavior. But I don't want to try to predict on, you know, whether a specific form of car that's -- I'm not going to try to predict here what the movement of the industry would be.

But again, I will say that there are many potentials out there with electricity restructuring as a perfect example of where there are way that we could lower the price of energy for consumers and at the same time create incentives for people to prevent the waste of two out of three units of electricity that could have a positive climate change effect.

Q Gene, the President said that because the US economic growth has been so strong since 1990 that therefore it would be a far greater burden for us to make similar cuts to the Europeans who have not had the same kind of economic growth and yet the agreement has us cutting it almost the same percentage as the Europeans whether it's 7 percent or 3 percent of whatever it actually is, it's a similar percentage. What happened to that principle? Why was that abandoned? not sure

MR. SPERLING: The President was talking in a situation where the EU was asking for a 15 percent greater cut than we were. And he was explaining why we thought that the target we had was achievable and realistic which was basically to have 1990 levels by 2010 or the budget period of 2008 to 2012. In real terms that is basically where this agreement came out.

So, I don't know how to respond to what you're saying other than the argument -- the President was making an argument not about that somehow the EU had to have a different target than us but as to why our target was more realistic and achievable. And as you saw the agreement ended up having our timetable exactly, our target almost exactly and the joint implementation and emissions trading and the U6 gases that were very close to what we had. So, I think that's a relative vindication of the President's argument.

Q But just to follow up then, isn't it then therefore a far greater burden, what's been agreed to on the US then it is on the European community?

MR. SPERLING: The European community has a bubble which will -- I'm sure there will be quite a bit of analysis over many years over what the impact will be on different countries within the bubble. I don't want to try to give you an off-the-cuff prediction of what those differential impacts would be. The important thing for us was to have an achievable and realistic target that we thought would keep the US economy sound and strong. And I -- we could not realistically have come much closer to our goals going in then we did.

Q A lot of people in Congress want to kill this treaty and a lot of them say these measures are not necessarily win-win. Do you expect a tough fight over these?

MR. SPERLING: Well, I think that when this first happened -- when this first happened I think that some members of Congress had two misunderstandings. One, I think they didn't understand that the minus 7 they heard was actually far closer to the initial proposal. And secondly, what many of them said was that they would not ratify this treaty as it is which is our position as well. So, I think that as people understand that what we did was lock in historic progress -- that all of you who are covering this probably were not necessarily betting that there would be an agreement here and that the differences between the EU and the US would be able to be worked out.

When you have that type of historic progress among so many countries coming together and you make clear that what we were doing is locking in that progress and locking in that agreement and that we were going to go back and work to bring on meaningful participation by developing countries and that only then would we send the treaty to the Senate for ratification, then I think you can see that our position is very close to the position of some of the people who may have initially criticized it when they didn't understand what our posture was.

Thank you.

Message Sent To:

Janet L. Yellen/CEA/EOP
Jeffrey A. Frankel/CEA/EOP
Joseph E. Aldy/CEA/EOP
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Joseph E. Aldy
12/08/97 11:29:41 AM

Record Type: Record

To: Janet L. Yellen/CEA/EOP, Jeffrey A. Frankel/CEA/EOP, Adele C. Morris/CEA/EOP, Randall W. Lutter/CEA/EOP

CC:
Subject: GCC: unbelievable bna report

U.S. may give up developing country requirement in Kyoto. See below.

----- Forwarded by Joseph E. Aldy/CEA/EOP on 12/08/97 11:30 AM -----



JRamses @ UWyo.Edu
12/08/97 11:21:00 AM

Record Type: Record

To: Joseph E. Aldy

CC:
Subject: unbelievable bna report

Gore Hints of U.S. Acceptance if Separate
Pacts Reached With Developing Countries

KYOTO, Japan--Vice President Gore Dec. 8 left open the possibility that the Clinton administration would accept a new climate change treaty if it contained all the elements it wants save one--action by developing countries.

If the new pact has the provisions the administration wants--and if the United States hammers out side agreements on greenhouse gas emission reductions with key developing countries such as China--the administration might send the treaty to the Senate for advice and consent to ratification, Gore suggested.

Such a scenario might spark "a real knock-down, drag-out debate that would be great for the country," the vice president told reporters. "I think it'd be a lot of fun. I would look forward to it. But we're not there yet."

Gore reaffirmed the Clinton administration stance that for the U.S. to accept a new climate change treaty under negotiation here, large developing countries will have to agree in some format to limit their greenhouse gas emissions.

"We've said from the beginning that we have to have meaningful participation by key developing countries" in the new treaty that negotiators hope to finish by Dec. 10, Gore told reporters. "If we don't get that, it won't meet our conditions" for agreeing to be bound by greenhouse gas emission limits in the pact, he said.

When asked what would constitute "meaningful participation," Gore replied, "We'll know it when we see it, and if we see it, we hope the Senate will see it." The Senate must give its advice and consent to ratification of the accord before the United States would be bound by it.

Congressional Reaction.

Senate and House observer delegations here also emphasized that the Kyoto accord should include participation by developing countries in limiting greenhouse gas emissions. However, legislators were divided on what the form of those commitments should be, although they agreed that China has to be involved.

Sen. Joseph Lieberman (D-Conn) said, "China has to be part of this." He noted that China is the world's second largest emitter of greenhouse gas emissions after the United States.

Rep. Jim Sensenbrenner (R-Wis), head of the House delegation and chairman of the House Science Committee, said, "The vice president missed a golden opportunity today to make clear that the Clinton-Gore administration will not sign any treaty that does not include China, India, Mexico, Brazil, and every other country in the world." He told reporters that a climate change accord without emission limitation action by the 134

developing countries "does not
pass the smell test."

Sensenbrenner said he would find the treaty more
palatable if the larger
emitters of the developing world "had some legally
binding goals" that were "not
as severe" as goals for the industrialized countries.

Lieberman said, "We can't get this ratified by the
Senate until [developing
countries] do something." He agreed with earlier
observations by Republican
senators that the expected new treaty would not meet
the criteria of S Res 98.

The resolution, which the Senate passed last July on a
95-0 vote, declared that
the Senate will not support a climate pact that does
not include developing
countries, or that would cause harm to the U.S. economy
(144 DEN AA-1,
7/28/97).

Sen. John Kerry (D-Mass) said the Senate would reject
any agreement with "a
permissiveness that permits the richer developing
countries to reach the U.S.
level" of greenhouse gas emissions "and then negotiate"
an emission control
strategy. Developing countries must accept that they
"are part of the solution"
to climate change, he said, adding that there is no
intent to deprive these
nations of economic growth.

Gore said although S Res 98 and the Clinton
administration use different
terminology for developing country involvement, they
hold a common position.

"We share with them the view that developing countries
that are meaningfully
contributing to the problem [of climate change] have to
meaningfully contribute
to the solution," Gore said.

By Cheryl Hogue

► **Michele Jolin**
12/04/97 06:36:24 PM

Record Type: Record

To: Jeffrey A. Frankel/CEA/EOP, Joseph E. Aldy/CEA/EOP, Adele C. Morris/CEA/EOP, Randall W. Lutter/CEA/EOP

CC:

Subject: FYI -- Press Briefing on the VP's Kyoto trip

----- Forwarded by Michele Jolin/CEA/EOP on 12/04/97 06:30 PM -----



SUNTUM M @ A1
12/04/97 06:19:00 PM

Record Type: Record

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

CC:

Subject: 1997-12-04 Press Briefing on the VP's Kyoto trip

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 4, 1997

PRESS BRIEFING BY
DIRECTOR OF THE NATIONAL ECONOMIC COUNCIL GENE SPERLING
CHAIR OF THE COUNCIL ON ENVIRONMENTAL QUALITY KATIE MCGINTY
THE VICE PRESIDENT'S NATIONAL SECURITY ADVISOR LEON FUERTH

The Briefing Room

3:03 P.M. EST

MR. SPALTER: Good afternoon. This afternoon, Leon Fuerth, who is Vice President Gore's National Security Advisor, and Katie McGinty, who is chairperson of the Council on Environmental Quality, will provide a briefing on the Vice President's trip this weekend to Kyoto. He is leaving on Saturday. He will be in Kyoto on Monday.

I will turn the floor over to Leon Fuerth, who will have to be leaving in a few minutes to go to another meeting, but you will have some time with him. Please, Leon.

MR. FUERTH: Katie and I have been working a long time with the Vice President and we remember the early days of his engagement with this issue. So it is with great satisfaction that, as old-timers on his staff, we see him representing the United States and heading off to this conference in Kyoto. The mere fact that this conference is being held is a testament to how far the issue of the relationship between industrial civilization and the environment has gone and how high it has risen in the consciousness, not just of governments, but of people around the world.

That didn't happen by accident, and I think we are each proud of any role that we played in helping along the way, and especially proud of the role that the Clinton administration has played in truly recognizing that this issue takes its place as part of a normal set of issues that affect the security of nations.

I really don't have too much to say, except that opening comment. I will be going in just a few minutes and Katie will be carrying the brunt of the Q & A session. So let me turn this over to you and, if I'm still here when the questions begin, I'll pitch in.

MS. MCGINTY: Thanks, Leon. I would just add my own sense that as headlines have appeared on this issue trumpeting the fact that consensus emerges on climate change, that is a proud moment for an issue that is really coming into its own and the understanding of which has increased enormously in the last five years, 10 years at the most, that it has emerged on the radar screen.

The Vice President's attendance at the conference on Monday is a sign of the United States' commitment to this issue, to the process of negotiations that are under way there. We have an extraordinary team of people committed to help work through the complex issues that are presented there. Negotiations led for us by Stu Eizenstat, who is a long-term negotiator on this issue, has been involved with us on this issue but on many other issues as well, a very skilled negotiator.

It is an issue that is of the utmost importance to us, and we are going to do our best, both throughout this week and then as we get into the ministerial level sessions of this meeting in the early days of next week, to try to bring some consensus among the

more than 160 nations that are participating in Kyoto.

I think it is important for us to keep in mind that the job here is not one of just reconciling the differences, for example, between the United States and the European Community or the United States and Japan. There are 160 nations. Their opinions range from those of the Netherlands to those of Saudi Arabia. The leadership the United States is called to show here is neither to be extremist to the left, extremist to the right, but to try to provide that common ground on which these many and quite diverse nations can stand.

Second, I think it is important to keep in mind that Kyoto won't be the final answer in any circumstances to the issue of climate change, and the critical thing is that Kyoto be an important step along a much longer path where the nations of the world seriously and responsibly will come to grips with this issue, and, post-Kyoto, continue to make progress on it. The Vice President is committed to being there to try to help further that cause, and we have the job of traveling with him on what is going to be an arduous journey.

Q He is really there to hold the flag, isn't he? I mean, he's not going to be negotiating. What is he really going to be doing except representing --

MS. MCGINTY: Well, let me say a couple things. Leon, you may want to add to it, too. First and foremost, we want to underscore the seriousness and importance that we attach to these negotiations. We have worked very hard. The Vice President personally has worked very hard not just on the issue in general but, in the last several years, to bring the nations of the world to the point where we are actually talking about a legally binding treaty.

It was the United States three years ago that said, first, the treaty that was negotiated in Rio is not adequate to the challenge of climate change and we won the agreement of the nations of the world to that principle. It was the United States a year and a half to two years ago that said to the nations of the world, a voluntary agreement has not proven effective enough on this issue; we need to move into a legally binding regime.

This process we are now in is the culmination of those efforts and that work we have done over the last several years and, frankly, that the Vice President has led the way for us in accomplishing. So he is there to help move us now through this next set.

Q Wasn't the Vice President supposed to make calls this week to European leaders, and could you tell us who he called?

MR. FUERTH: Let me respond to that. First of all, you are right. He is not going there to negotiate. Our negotiator is Stu Eizenstat. But the Vice President's willingness to be there and

his presence there are helpful to Stu in his effort to underscore the seriousness of intent of the United States and the general process and in the United States position that we have announced previously.

The Vice President has been making a number of phone calls to some leaders who are involved in the conference on his way there, and he will probably continue to make calls on his way back. So, for him, it is a continuous effort and not just a one-shot trip to Kyoto and back.

Q Leon, could you talk about how the Vice President is going to try and get the developing countries, especially China, on board -- what you may have planned, what your expectations are? And if all of this can't be done in a day, would he consider staying on through the end of the conference?

MR. FUERTH: I can answer the second question, which is I don't think he has any plans to extend his stay. There are ongoing commitments.

As for the first part of the question, I am interested in it, as I think you know, because of matters such as the development of the U.S.-China energy environment initiative. But that is a matter which is separate from the question you ask, and so I turn to Katie to deal with it.

MS. MCGINTY: We are working very hard to encourage the support of developing countries on things like joint implementation, which will both bring emissions down in developing countries and provide sources of new economic investment into developing countries. We are also working with them on an article in the proposed treaty that would invite the voluntary assumption by developing countries of binding targets and timetables, and then would allow those countries to participate in the international emissions trading regime that the United States has proposed.

Again, an initiative that we believe, first, is critical in terms of an environmentally effective treaty, but also an initiative that would provide economic opportunity, both domestically and for developing countries.

Q Will this satisfy the Senate, the voluntary assumption of responsibilities?

MS. MCGINTY: We will see what comes out of Kyoto. We are working hard on these fronts and there are other delegations who have other ideas, so we will see what the product is.

Q Katie, there are some reports in Kyoto, mostly from European sources, that the United States is more or less moving toward agreeing to some additional reductions beyond stabilization.

MS. MCGINTY: No, that is not -- those are inaccurate reports.

Q The reports are that the U.S. is about to announce that it is ready to cut emissions by up to 5 percent. You are ruling out such a gesture?

MS. MCGINTY: Those are inaccurate reports.

Q Is the figure 5 percent inaccurate or the --

MS. MCGINTY: It is inaccurate that we are moving at all from the target and timetable that the President proposed.

Q What is the purpose of the phone calls to the world leaders?

MS. MCGINTY: Let me underscore too that we will be losing Leon sooner than Gene and I, but we are joined also by the President's Economic Policy Advisor, Gene Sperling.

Q Just before we lose Leon, can I ask, you know, five years ago I remember Gore going to Rio and complaining that the United States should be more aggressive and commit more and the administration then was kind of holding the line. I mean, it now seems as though the critics are saying the same thing about the current U.S. position, that it should be much further.

MR. FUERTH: You ask me the question. I will anticipate, in part, my colleagues' answers, and that is that the United States position involves some pretty substantial things. We are not pitching softballs here. This is a serious proposal. It is one the United States is prepared to carry out. And when you talk about making changes in the way an economy of our size does business, you are talking about some fairly substantial things. The President has said nothing that he isn't prepared to follow through on, and that is a serious matter.

I've got to scram.

Q What is the purpose of the calls to world leaders?

MS. MCGINTY: For the world leaders, first, better to understand what the important elements are of the United States position; to understand things like joint implementation, that these are ways, yes, we can achieve our environmental goal but that it provides economic opportunity for developing countries, which many of them have not heard that message; and, frankly, for us to hear firsthand from those world leaders too their perspective on these negotiations and what their view is as to how we can best establish some common ground.

Q Could you give us some names?

MS. MCGINTY: Yes, the Vice President spoke today to the Presidents of Mexico, Chile, and I believe Costa Rica, although we were at one point having some trouble making the connection there. But that was on the schedule.

MR. SPALTER: He also will be meeting later this afternoon with the foreign minister of Japan.

Q Katie, the President of the European Union is in town and meeting with Madeleine Albright and I think with the Vice President and the President. Will they be telling him what you just said, that the United States won't budge from its targets and timetables?

MS. MCGINTY: I actually don't know exactly what will be on the agenda, but it has been at the top of the President's agenda both in APEC and in all of the various bilateral, multilateral discussions we have been involved in to put this issue at the fore of what our present concerns are as we face Kyoto.

Q That is the position of the -- I mean, if that's the position at this instant, presumably that is the position that Madeleine Albright would be taking this afternoon.

MS. MCGINTY: Yes, yes. And there are other matters for us to -- as I said, part of the reason for these calls is to help leaders better understand the U.S. position. One example of that is that while the United States proposal has been considered less environmentally ambitious than the proposals of some other countries, as we have pointed out, the United States is the only country that has a comprehensive proposal on the totality of the greenhouse gasses.

Leaders are only now beginning to understand that, in fact, the European proposal has a big loophole in it which makes it less ambitious than they have presented. And, in fact, the Japanese proposal, also containing this loophole, would allow emissions to grow above 1990 levels, so it is less ambitious than the U.S. proposal. But it's that kind of dialogue that we have been having in helping various delegations better understand our proposals.

Q What kind of loophole is that? What kind of a loophole are you talking about now?

MS. MCGINTY: The United States proposal is comprehensive. It is based not only on three gasses, but the full six gasses which are the major greenhouse gasses. The European Union and Japan focus only on carbon dioxide, methane, and nitrous oxides. The U.S. proposal adds other gasses -- sulphur hexafluoride, HFCs, and PFCs -- which gasses are smaller in quantity than CO2 but that are on the order of 25,000 times more polluting than CO2.

Now, this is a huge detriment to the environment that the European proposal and the Japanese proposal do not include these

pollutants, and that the Europeans and the Japanese so far have refused to include those pollutants in their proposal.

Q But whatever consensus seems to be emerging so far in Kyoto, it is not around the U.S. proposal for stabilization. Is the Vice President going to Kyoto with some flexibility in the U.S. position?

MS. MCGINTY: Gene, I'll ask you to join on this, too. The Vice President is going there to articulate and help to explain and to present to the countries of the world the U.S. position that the President articulated. Already, again, as we have pushed forward a more full description of what it is that the United States has proposed, it has become clear that ours is the only comprehensive proposal on the table, one; that we are the only country that has proposed a mechanism that allows developing countries to pursue a more sustainable, cleaner energy path, three; and that we are the only country that has proposed mechanisms to insure that countries actually will enforce and take seriously their obligations. And it is those things that we will articulate and try to impress upon our colleagues.

You've got the next one.

Q Will the Vice President be looking to bridge differences with Japan in his meeting with the foreign minister? What do you expect to come out of this afternoon's meeting?

MS. MCGINTY: Well, similarly to the phone conversations that we have had this morning, the Vice President will look to more fully articulate and explain the various elements of the U.S. position to try to encourage the Japanese, for example, to see the wisdom of including all of the greenhouse gasses in the targets and timetables that are proposed, and to understand the huge loophole that there exists in both the Japanese and the European proposal in not having those elements there.

We also want to ask the Japanese as the hosts of this conference, and thank them for their leadership in hosting this conference, how it is that they see the discussions going, where they think that we can be most helpful in shepherding the countries of the world towards some common ground.

Q There are people that I have talked to in Kyoto --although I am not there myself so I'm not sure about this -- who say that in the plenary sessions the developing countries have been refusing even to open for discussion the subject of their participation; that they say what we are here to discuss is the developed nations, the industrial nations.

Is that the state of play at the moment? Are you discouraged by that?

MS. MCGINTY: I don't want to say that we have had -- that there have been major breakthroughs of any kind yet in these discussions. I think that there is work under way that is increasing the understanding of the various parties of the points of view that have been expressed. But, no, I would not say that there have been major breakthroughs yet of any kind on the various elements that are being discussed.

Q Am I accurate in saying they are refusing even to have discussion about that? In the plenary sessions the topic is now allowed to be brought up?

MS. MCGINTY: I would certainly say that I'm not aware of any formally expressed position by any country or group of developing countries to the contrary. I am not aware of any. But I do believe that there are some countries within that mix who are more inclined to favorably consider some of the elements of these proposals.

Just to take an example, Costa Rica, for example, has been a proponent of joint implementation and has joined with the United States, for example, in launching various joint implementation projects. So there are individual countries that have been more favorably inclined, but I am not aware of any formal statements by the G-77 as a whole that would break with what has traditionally been their position.

The last thing I would say on this, I want to be clear and underscore again that there is nothing in our proposal which is about saying that the developed countries, the industrialized countries, should not take the lead here. We believe firmly -- the President, the Vice President believes firmly that the United States and the other industrialized countries of the world do need to lead the way. We have been the major contributors to this greenhouse gas pollution, and we need to lead the way in reducing greenhouse gas pollution. So I don't want to confuse that in the emphasis on the point that developing countries nonetheless need to become part of the solution as we work together on the issue.

Q Gene, I wonder if you would be willing to respond to critics who say that the U.S. policy essentially amounts to caving to the interests of the auto industry and big business.

MR. SPERLING: I think too few people have judged -- on both sides, have judged our proposal by actually looking at the merits and the degree of ambition in there. Our proposal would require over 30 percent reduction off the projected baseline by the year 2010. That is a highly ambitious target, and I think that it is not by any means the position that was recommended to us by the auto industry, not even close.

But what we did was we tried to come through with what we felt was a three-stage process of, number one, having a period

over these next few years that, regardless of what happens in Kyoto, that we will come forward, as we are working on in our budget right now, with a series of initiatives that will include R&D and technology initiatives as well as tax cuts that will be aimed at reducing greenhouse gas emissions; and that in this period we should be focusing on the type of what we have called win-win opportunities that are out there; and that over the next five years, to review that and then to get ready for a period where we would allow a period of emissions trading.

So I think what we tried to do was come up with an approach that hit the right balance, that was ambitious in its target and timetable but was market-sensitive in that it relies on market mechanisms and that it allows for a period of up to a decade where our overall focus would be on the type of win-win opportunities that come from using existing technologies, developing -- giving people incentives to use things that are more efficient.

And so I don't think that our -- I think our proposal was one that the President chose by listening to different people in his administration, by listening both to people who more represented the environmentalists, but also listening to what the right means to achieving this were economically from his economic team and from economic interest.

And I think that when you have a very controversial and difficult and challenging environmental issue and you are trying to hit a good balance, you may find people on both sides feeling that you have either not gone far enough or gone too far.

But I think the American people would think that we have hit exactly the right balance, which is an ambitious aspiration for this country in terms of reducing greenhouse gas emissions, but doing it in a way that is thoughtful and that relies on common sense market mechanisms, and that says let's first look at everything we can do through technology and R&D and incentives, but let's make clear that when we get to the period of the binding agreement, 2008-2012, that we do have a system that ensures that we will ultimately reach the target. But let's the give the country and the market and the economy the best opportunity to adjust and prepare and to take advantages of all the possibilities that are out there now.

Q Why does this need to be done now? There is one, by no means, radical school of thought that says if you wait 10 years we will better understand the science, we will better understand the interplay between greenhouse gasses and climate change, and it will be a hell of a lot cheaper to implement the emissions.

MR. SPERLING: Well, let me respond to that. I think that the President and Vice President's view was that the science is compelling enough as to the fact that there is a discernible human influence on climate to compel action at this moment, and that the failure to act now would be irresponsible; that it would allow what is clearly the major environmental challenge of our generation to go

on untreated for another decade.

On the other hand, we have put forward a plan that allows us to learn and experiment as to what is the best means of doing that so that by having a period of five-year reviews we are always looking at what is working best, what is being most effective, what we can do in terms of incentives, in terms of technology. So we are not saying that we have all the answers as to the exact means; we are giving ourselves a period of review to see what works and improve upon that.

But: at some point, with any major problem, whether it's Social Security, whether -- you know, anything, you can say that things could work out differently. But as policymakers, you have to judge whether the evidence you have at the time is compelling enough to compel action. And this administration, which had a lot of different views on the means and the methods and the targets and timetables, was rock-solid unanimous that the science was strong enough to compel action at this moment.

Q But at the same time, just to play devil's advocate, in Social Security's case you know the demographics so you know what is going to happen. In this case, over the past five years, according to the economists, the computer models upon which these predictions are based have reduced by half the estimation of long-term increase in greenhouse gasses. At that rate, how can you depend on the models now?

MR. SPERLING: Well, first of all, we saw over the last year that our level of greenhouse gas emissions was 5 percent worse than we had projected in the year, which would suggest that we have had evidence over the last year that this problem requires even more action than would have been projected.

And, again, we are not saying that there is -- what we precisely did not do is say, next year we are implementing a mandatory system of A or B that we are going to use for the next 15 years. We precisely put in a period of strong policy action to be reviewed after five years in light of the science, in light of the effectiveness, and that we would give ourselves up to 10 full years of action, of experimentation, of voluntary efforts, of technology, before our period, the binding period and the trading period, would go in in the year 2008.

So, I mean, anybody who cares about compelling governmental -- compelling public policy issues has to always weigh action in the face of uncertainty. And I think one has to distinguish between the uncertainty as to the magnitude or the speed or the means for dealing with it, with what we feel is strong certainty that the problem is significant, compelling, and getting worse without action. And that requires us to act for it.

And that is -- and I should point out that is a place of which I think you have international agreement, among scientists and

among the countries at Kyoto. Again, the differences are more on the exact areas of the mechanisms and the timetables. There really, I believe, is strong international agreement and strong agreement in our administration that the science is compelling enough to warrant action. And really with what we saw was the worst report on emissions over the last year, I think that conviction is held even stronger.

Q Katie, you said the Vice President is not going to negotiate there, but in addition to giving the speech Monday morning he is meeting extensively during the day. Can you tell us a little but about who he is meeting with and what his intentions are in those meetings?

MS. MCGINTY: Well, the meetings will be at the -- in part, at the suggestion of our lead negotiator, Stu Eizenstat, who he believes it would be most helpful and effective for the Vice President to meet with. So we will have to see. We have not, I don't think, finalized a list of countries that we would meet with there.

And I guess the point to be made is that whether he is here or whether he is there, the President and Vice President, of course, are at the top of the policy chain in this government and they singularly and exclusively have their finger on the trigger in terms of the policies we articulate and the decisions we ultimately will make. The meetings that Stu Eizenstat will recommend for the Vice President and participate in with the Vice President are ones which, in his judgment, will help to inform the President and Vice President's decision-making.

MR. SPALTER: Thank you very much, unless there is one last question.

Q When the \$5 billion energy tax cut package was announced in October, Gene, you said the details would be coming forth in December when the budget process is under way. It's December. Do you have any details yet on it?

MR. SPERLING: I said we would make the decisions on it in December when we make our budget. As always, we generally announce our budget and the policies in it around the State of the Union, with a few sprinkles before for interest.

But what we said is that we would have a combination of \$5 billion, at least \$5 billion over five years. That would be a combination of tax incentives and R&D. We have had at least one full-level principles' meeting at NEC and a meeting on the tax incentives. We met with the President's Science and Technology advisors yesterday. One of the things we talked about was what the

exact package would be.

But it is like everything else. The next two weeks -- not this week but really the next two weeks are the weeks where, for the fifth year in a row, is the period where we really get to crunch time and make the decisions as to how much we can afford in different areas.

But the one thing we have laid out a commitment on is that there will at least be five years above what is the -- \$5 billion above the current baseline, in combination of tax incentives and R&D. And we are getting recommendations from Treasury Department on the tax incentives and we are looking very heavily at the PCAST recommendations on the R&D and they will be part of our budget.

Q Well, other than the energy cuts and child care credits the President has indicated would be in the '99 budget, is the administration considering any form of broad-based tax reductions that would simplify the tax code and make it fairer?

MR. SPERLING: I think that we all understand that the issue of how to improve the tax system at IRS is an important issue. It is an issue we are working on, have worked on, have made progress on, and expect to be a significant policy debate over the next few years.

We will be pressing very hard for the passage of the IRS reform bill that came out of the House that had strong bipartisan support that was an honest and good faith compromise between Democrats and Republicans. We will be hoping to pass that soon.

In terms of tax cuts and tax simplifications, we are certainly studying a variety of things. But the tests we hold things up to are three: Is it good for the economy, is it fair for working families, and is it fiscally responsible? I think the things we have done, the EITC and the HOPE Scholarship tax credit, child tax credit and IRA have all met that proposal, that test.

I think anybody who puts forward a proposal, whether it's us or Republicans or Democrats, has to be able to hold their proposal against that test and make sure it passes that test before they try to sell it to the American people. And we will be holding any proposal we have internally up to that test as well as external proposals.

I think you have to have a bit of the Hippocratic middle class family test here. You have to make sure any reforms you are doing do no harm to working families, and many of the proposals we have seen in the past would, in fact, have done harm by either raising the tax rates of working families or turning back the progress we have had on deficit reduction.

But we certainly are engaged in a process to see what further steps we can take to complement what we have done in the past

that would meet that test.

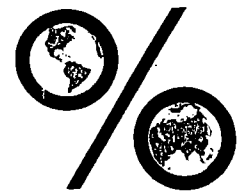
MR. SPALTER: Thank you very much.

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The Kyoto compromise



Vaulting ambition tripped up a chance to do something serious on global warming. But doom is still not nigh

PUT diplomats from 159 countries, plus lobbyists with at least as many agendas—hidden or open—into one place, and the result is bound to be hypocrisy, gamesmanship and sheer nonsense. Such was the case during the negotiations in Kyoto to reduce greenhouse-gas emissions, which ended this week. It was not until well past the formal deadline, amid gestures and language that were scarcely diplomatic, that delegates were able to cut a deal. Too bad it will never fly.

The consequences of global warming cannot yet be known but might plausibly be grave. That is why the best outcome from Kyoto would have been a modest, politically workable agreement to curb emissions of greenhouse gases pending further study. Instead of that, the deal that emerged calls on America to cut its emissions by 7% no later than 2012, the European Union by 8% and the rest of the rich world by varying degrees. The countries of the developing world agree only to count their emissions and show up to further talks. Because the reductions are much deeper than those America had proposed when it entered the talks, and rather less than what the EU said it wanted, the compromise is being greeted by some onlookers as a triumph.

In fact, the deal is almost certain to crash and burn in the American Senate, which strongly opposes deep cuts in American emissions, and has said unanimously that it will not accept any arrangement under which the developing countries fail to do their bit in some way. It is virtually unimaginable that the necessary 66 out of 100 American senators will now ratify the treaty. And if America fails to ratify it, many of the other 34 countries required to make cuts—Russia, Eastern Europe and most of the OECD rich countries—will have an excuse to drop out too.

This need not mean that the earth, and attempts to stop it warming, are doomed. For all its imperfections, the treaty

marks the most ambitious feat of environmental diplomacy ever attempted. Some of the language incorporated in the text—for example, the acceptance at least in principle of untried market mechanisms such as tradable emissions permits—represents a great leap forward in global environmental thinking. The 11-day conference has also helped to educate public opinion, putting the fears of pessimists into some perspective and pricking the insouciance of those who refuse to believe that global warming is any sort of problem at all.

A conference of hot air and cold water

In the five-year run-up to Kyoto more than a few countries scared their people into believing that the threat of global warming was the worst environmental problem ever, worthy of the most dramatic action. Much of this rhetoric was inflated, and even silly: no serious person should have believed the EU's claim that it could cut emissions 15% by 2010 without economic cost. But it is true that most countries can do more to encourage cleaner and more efficient energy consumption. The perceived threat of global warming, whether ratified by treaty or not, gives politicians cover for such action.

If Kyoto was a useful education, it underscored the political trouble ahead. One of the conference's biggest failures was its failure to win even theoretical agreement from the 136 countries that are not yet required to reduce emissions that they ought, in principle, to be ready to do so at some unspecified point in the future. Apart from condemning the treaty to death in America, this is unfortunate in itself. Poor countries may need extra time, but it is they who could benefit most from America's idea of emissions trading—which China, India and others came close to denouncing as a neocolonial plot. Maybe more warming will concentrate minds next time.

drown in the bathtub, 24,000 times more likely to die playing soccer. But since all risk is terrifying, and even one preventable death is too many, there are not many intact fingernails left around this place.

Luckily the British government is getting tough, as the phrase goes, on the sellers of the perilous stuff. Now, some people might argue for warning the public and letting consumers choose for themselves how much risk to take, as they do every time they step into a car or go for a swim; others might go a bit further, and require warning labels on ribs of beef. But is not the death of even one innocent child too many? "Saving one more young life would be far more valuable than the loss of a Sunday roast," says Jack Cunningham, Britain's agriculture minister. And so in Britain it will soon be illegal to sell or buy a T-bone steak.

If the matter is merely to save lives, surely it is odd to forbid ribs while allowing tobacco. Fortunately, the Americans

The health inspector calls

Death, modern science has discovered, is the leading cause of mortality, followed closely by folly and freedom. It is thus reassuring to see that governments are cracking down on all three. They could do more to get tough with risk-takers and health malefactors, however.

Food, it turns out, is full of substances. Broccoli contains small amounts of carcinogens. Mushrooms can give you botulism, peanuts aflatoxin, ground beef *E. coli*. America's Food and Drug Administration has recently approved the irradiation of red meat to kill nasty bugs—a technique already allowed for poultry, fruits and vegetables. The answer, then, is to ban all except irradiated food. Innocent children will thus be saved. Moreover, reckless youths should be imprisoned for eating without irradiating. In jail, they will not be allowed to smoke. Or eat. Food is dangerous.

Panic in South Korea

When it comes to solutions to South Korea's crisis, the presidential choice—Rhee, Lee or Kim—might as well be Tom, Dick or Harry

SOUTH KOREA'S economic troubles are deepening at an alarming rate: the won continues to plunge, shares continue to crash, the country's debts have been downgraded again, and the recently negotiated agreement with the IMF has entirely failed to restore confidence. On December 11th President Kim Young Sam's second televised apology, together with rumours that the central-bank governor had resigned, served only to spread further panic. Quite a time, all things considered, to be organising a presidential election. With the country facing its scariest economic crisis for a generation, tough and intelligent leadership is needed. Judging by the campaign talk of the three main contenders, it will not be on offer when the country votes on December 18th.

Drastic reforms are required. Directed by successive governments, Korean banks have for years thrown free money at

the *chaebol*—conglomerates with political connections. Such lax credit has allowed the *chaebol* to build recklessly huge factories, and to diversify into businesses in which they have no expertise. Small Korean firms with good ideas have never had the credit to act on them, big companies are deeply in debt, and the banks are overwhelmed by bad loans.

Bankers must learn to lend on the basis of credit-worthiness, rather than cronyism. The sickest firms must be allowed to fail. The rest should be made to publish clear accounts: with all the cross-subsidies and loan guarantees that *chaebol* subsidiaries give each other, it is impossible to tell which is bankrupt and which is merely wobbly. Labour laws will have to be changed. Conglomerates with armies of idle workers must be allowed to shed them.

In their televised debates and on the hustings, the three



Cost of Meeting Goals Is Still Up in the Air

Emission Trade, Pace of Technology Uncertain

By Martha M. Hamilton
Washington Post Staff Writer

The global warming agreement reached in Kyoto does not resolve some of the questions that may determine its ultimate success or failure: Who pays? And how much?

The dollars and cents are in the details, many of which will be determined in further negotiations and in steps taken by the nations that agreed to the targets, economists said yesterday.

What the conference did was to "deal with the short-term political problem of setting some goals but not with the process of how to reach them in the long term," said Henry D. Jacoby, an economist who is a co-director of the Massachusetts Institute of Technology's climate program.

If the United States is able to meet its required reductions in greenhouse gas emissions either by buying relatively inexpensive reductions outside its borders or by incentives for research and development, the costs may not be that high. But if those tactics do not work, the United States might be forced to adopt other more costly measures as the deadline for reductions approaches.

Opponents of strong measures to reduce greenhouse gas emissions have warned that doing so could devastate the U.S. economy, shifting jobs overseas, robbing U.S. consumers of the cars of their choice and their mobility, and reducing the amount of money available to invest in increasing productivity and the standard of living here.

Some estimates have even gone so far as to predict that an agreement could quadruple the cost of coal, add a dollar a gallon to the cost of gasoline, result in a 50 percent increase in the costs of electricity and natural gas to residential consumers and increase the cost of fuel to industry even more.

"If the U.S. negotiators are looking for a way to mess up the world's most productive and prosperous economy, this agreement will do it," said Thomas J. Donohue, president of the U.S. Chamber of Commerce.

At the other end of the spectrum, supporters of dramatic reductions in emissions and the Clinton administration have made an optimistic case about how the problem can be solved, with little pain, through technological breakthroughs.

"Obviously the knowledge that there will be these emissions reduction requirements in 10 years will send a signal that people and investors should start to alter their investments now," said Joseph Goffman of the Environmental Defense Fund.

Together with incentives that President Clinton is expected to push for to reward businesses that make early reductions in emissions and a market-based emissions trading system, that will "make the glide path down from business as usual much smoother," he said.

Susan Skerker of Ford Motor Co. said that the ambitious targets in the treaty may not give businesses enough time to bring technological advances to market. For example, the first prototype from an auto industry initiative to develop more fuel-efficient cars will not be produced until 2004. "Then it will take several years" for those cars to make it to market, she said. Even then, it will take many more years for the new generation of cars to reduce significantly overall fuel consumption because of the 12 to 15 years that it takes the nation to turn over its stock of autos.

Although the agreement includes provisions for setting up a system in which industrialized nations will be able to trade emissions reductions, the details of that system are expected to be spelled out over the course of the next year.

Emissions trading means that the nations that are required to shoulder a share of the reductions do not necessarily have to make the cuts in emissions within their own borders if cheaper reductions can be made elsewhere.

For instance, the United States might meet its obligation to cut emissions by paying for major industrial modifications in Russia where plants and equipment generally are older and more polluting.

That could be cheaper than paying to reduce emissions further from plants here or in Japan that are already closer to state-of-the-art.

If Russia had not been included in the group of nations where emissions trad-

ing will take place, such an agreement would have been virtually meaningless, said W. David Montgomery of Charles River Associates, an economic forecasting group that has done studies for business interests who have argued against dramatic actions to reduce greenhouse gas emissions.

"In general, trading between the U.S., Japan, Canada and Europe makes very little difference in costs because they are so similar," he said.

In the meantime, though, since developing countries are not required to reduce their emissions, they will become more dependent on coal and other forms of fuel that produce large amounts of greenhouse emissions, said Robert N. Stavins, who heads the environment and natural resources program at Harvard University's John F. Kennedy School of Government.

Not including those nations means that the cost of reducing emissions is more costly per ton and creates a disincentive for nations that will be emitting more in the future to then join in the global reduction effort, he said.

"That's why I said prior to the beginning of the Kyoto conference that I would gauge if Kyoto was a success on the basis of how many countries signed on the bottom line, not based on the language above the bottom line," he said.

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THURSDAY, DECEMBER 11, 1997

On/Off Switch

By Mike Causey
Washington Post Staff Writer

Numbers-crunching and politics will decide whether workers get a chance next year to switch from the "old" to the "newer" federal retirement plan.

Late this year, Congress surprised everybody by including language in the Treasury-Postal money bill that would have given workers a six-month window in 1998 when they could switch from the old Civil Service Retirement System to the Federal Employees Retirement System. FERS replaced CSRS for new hires more than a decade ago.

President Clinton then surprised Congress with his line-item veto, killing the open season. It is a dead duck unless the National Treasury Employees Union wins a lawsuit against the line-item veto or unless Congress tries again next year.

There is a lot at stake for folks remaining under the CSRS system. The typical CSRS worker has 14 years of service.

CSRS provides a much larger civil service annuity. It is fully indexed to inflation.

FERS provides a smaller civil service annuity and a less generous cost-of-living protection feature. But under FERS, retirees are eligible for Social Security and workers can invest 10 percent (twice as much as CSRS employees) in the federal 401(k) plan. FERS workers also are eligible for a 5 percent government match to the 401(k) plan.

Clinton cited cost—and the lack of debate—as his reason for vetoing the 1998 CSRS-to-FERS open season.

Congressional Republicans, led by Rep. John L. Mica (R-Fla.), chairman of the House civil service subcommittee, are taking another look at the financial pros and cons of letting workers switch retirement plans. If they decide it would be cost-effective, and would save the government money, they are likely to support it again.

Because Congress approved the idea once, and it has the backing of Sen. Ted Stevens (R-Alaska), chairman of the all-powerful Appropriations Committee, it also would certainly pass. And with enough votes to override any presidential veto.

The deciding factor in whether Congress will support another open season is whether it would save, or cost, taxpayers money in the long run. The last time employees were given the chance to switch—in 1987—only 4 percent of the 2.1 million eligibles moved from CSRS to FERS. Only about 1.2 million employees are now left in the CSRS program.

The Congressional Budget Office estimates that only about 1 percent of workers would switch plans if given the chance. The Office of Management and Budget figures 5 percent would switch. The fact is, nobody has a clue. Washington is, after all, a town of experts (government, media and think-tank variety) who are frequently in error but never in doubt. Major decisions are based on educated guesses.

But once the number of likely switchers is agreed on—right or wrong—and costs are estimated, Congress will decide whether to try again to revive the open season.

Many experts believe that most CSRS employees who plan full careers in government are better off where they are. But there are thousands—maybe hundreds of thousands—who might decide that in an era of downsizing, FERS—with its Social Security component and more generous 401(k) setup—is the best bet.

The number of people—and to some extent their ages and length of federal service—who might switch to FERS is the key to the numbers-crunching operation.

But despite studies, estimates and computer projections, nobody will know for sure how many would take advantage of a CSRS-to-FERS open season—if there is one—until the day after it closes.

Thursday, Dec. 11, 1997

The Washington Post

THURSDAY, DECEMBER 11, 1997

The Price of Achieving Kyoto Goals

U.S. to Consider Range of Options, Technologies if Pact Advances

By Martha M. Hamilton
and Curt Suplee
Washington Post Staff Writers

Achieving the ambitious reductions in greenhouse gas emissions in the Kyoto global warming agreement could require the United States to take steps as dramatic as building new nuclear power plants and eliminating coal, the fuel that provides more than half of the nation's electricity.

But the Clinton administration is counting on more modest tools, including fuel-efficient technology, such as hybrid gas and electric cars, and business incentives, such as tax breaks, to do the job.

Policymakers and industry leaders indicated yesterday that cutting U.S. emissions by 7 percent of 1990 levels, or about 18 percent below today's levels, may require a wide array of tools designed to reduce emissions caused by houses, factories, cars and consumption.

Perhaps the most sweeping measure under consideration is the distribution of tradable carbon permits. The owner of a coal mine, oil well or gas deposit, for example, would be allowed to emit just so much carbon in a year. To stay within the allotment, emission producers could buy permits from another source.

Exactly how such a system would work is expected to be determined during the coming year and adopted at another international meeting in Buenos Aires.

Other measures may require massive changes in industry, including weaning the electric utility industry off coal, which provides 56 percent of the fuel used in power plants, building a system of pipelines to carry natural gas to those plants instead, importing liquefied natural gas and extending the lives of existing nuclear power plants 20 years beyond the 40 years for which they now are licensed.

Even if the Senate rejects the Kyoto treaty, as some energy industry officials are urging, the nation has started down a path toward reducing emissions that probably won't be reversed, some industry leaders said yesterday.

"We see it as the beginning of the debate, not the end," said Red Cavaney, president of the American Petroleum Institute, which represents major oil companies. But Cavaney, who has urged President Clinton to reject the treaty, said it doesn't allow enough time to reduce emissions without inflicting massive damage on the economy.

Cavaney said that industry and government together need to develop technology to reduce emissions from the burning of fossil fuels, which provide 90 percent of the nation's energy. He warned that if the time horizon is too short to allow for a technological fix, meeting the targets might require rationing of the World War II sort or higher taxes on energy to discourage consumption.

The "lowest-cost method" of forcing down consumption of carbon-based fossil fuels, and thereby cutting carbon dioxide emissions to the Kyoto levels, would be a carbon tax, said economist Robert N. Stavins of the John F. Kennedy School of Government at Harvard University.

"It would probably take a tax of \$150 per ton of carbon content on fossil fuels," Stavins said. "That would mean an increase in coal prices of about 350 percent, and about 100 percent on petroleum and natural gas."

At the consumer level, that would mean an average increase in the prices of gasoline and residential electricity and gas of about 40 percent nationwide, he said. It would amount to about \$200 billion per year every year, or about 3 percent of gross domestic product. "That's approximately the cost of complying with all other environmental regulations combined," Stavins said.

The Clinton administration, however, has ruled out any new taxes, including a carbon tax, to accomplish the goals in the agreement.

Dan W. Reicher, the Energy Department's assistant secretary for energy efficiency and renewable energy, said technology will play a major role in producing the needed reduction in emissions. He noted that President Clinton has called for \$5 billion in incentives for technological development. That could include tax incentives as well as additional funding for research and development, he said.

"If you can depend on the ingenuity of the marketplace, you're going to be better off," said John H. Gibbons, Assistant to the President for Science and Technology.

There are massive opportunities for reducing energy consumption—and therefore emissions—by making industrial plants, automobiles, appliances and houses more efficient, Reicher said. In fact, changes already underway in the electric utility industry that would allow consumers to shop for electric power suppliers are creating a market for "green power" from renewable sources that could expand that market, he said.

At present, energy from hydropower, geothermal sources and other renewable sources accounts for less than 7 percent of the nation's energy needs.

Electric-utility executives said yesterday that making the changes required to reduce emissions may be costly and only a drop in the bucket toward achieving the emissions reductions.

Meeting the targets "would require us to burn heroic amounts of gas," said E. Linn Draper Jr., chairman and chief executive of American Electric Power Co. of Columbus, Ohio, one of the nation's largest utility companies. Coal represents about 88 percent of the fuel used by American Electric Power and Draper said converting to cleaner natural gas would create huge logistics problems and costs for the company.

Nuclear power is even cleaner than natural gas, which has led to serious discussions of extending the lives of existing nuclear power plants.

The nuclear energy industry also has been working for seven years to

lay the groundwork for building nuclear plants in the United States, said Angelina S. Howard of the Nuclear Energy Institute.

If the nation is going to meet Clean Air Act requirements and targets for reducing greenhouse gas emissions, "we're going to need it all," she said. "Renewables are going to play a part, but so should nuclear."

FOR MORE INFORMATION

To read an overview of the issues, background stories from the Post and current updates on the negotiations, click on the above symbol on the front page of The Post's Web site at <http://www.washingtonpost.com>

The Washington Post

FRIDAY, DECEMBER 12, 1997

Winning With a 401(k)

By Mike Causey
Washington Post Staff Writer

Federal workers building a retirement nest egg via their in-house 401(k) plan could take a lesson from a downsizing story in the Dec. 8 business section of the Boston Globe. It detailed the situation of a 54-year-old woman forced by her private-sector employer to take early retirement.

Her 401(k) account—after 24 years of investing—is worth \$47,458. During her investing years, she kept 82 percent of her investments in a fixed-income account. The rest went into higher-risk and higher-reward stock funds. She would have done much better had she reversed her investment strategy.

Most federal workers expect to—and should have—a lot more than that after 24 years of investing in their tax-deferred thrift savings plan. Many higher-income workers, after just 10 years in the plan's C-fund (stock index), which has benefited from the long bull market, now have accounts worth more than \$250,000.

Even those who invested in the less dynamic but safer F-fund (bond index) and G-fund (guaranteed U.S. Treasury securities) have done better than the woman profiled in the downsizing story.

The federal thrift savings plan offers most workers (those under the newer Federal Employees Retirement System) the chance to invest up to 10 percent of salary and get a 5 percent match from Uncle Sam. All three of the plan's funds generally have outperformed fixed-rate investments. Workers who invested in the C-fund have accounts that are at least four times bigger than those who invested in the F- and G-funds.

Workers interested in joining the plan, or in reallocating their future payroll contributions, have until Jan. 31 to do so.

Given the success of the C-fund, should everybody have invested in it from Day One? With the benefit of 20/20 hindsight, the answer is: Yes! They would have four times as much money in their accounts as

those who invested in the F- and G-funds.

Should current workers invest heavily, or exclusively, in the C-fund? The answer is: Who knows?

Most financial planners recommend that people invest as much in the C-fund as they are comfortable with, but that they become conservative as they get within five to seven years of the point where they will be withdrawing their money. For many federal employees—whose average age is 44—that date is often later than the date they will retire.

Financial planner Paul Yurachek, who conducts workshops for many federal agencies, says strategies vary with age, goals and risk tolerance. At 9 a.m. tomorrow on WUST radio (1120 AM), he will talk about what workers and retirees should be doing—and avoiding—in the savings plan and with outside investments and the new Roth IRAs.

At 10 a.m., David Smith, solicitor general of the Federal Labor Relations Authority, will talk about the mission of the authority, which acts as a court of last resort for many workers doing battle with their agencies.

NARFE's Address Change

Retiree Joe Thomas, of Silver Spring, is one of many people trying to track down the National Association of Retired Federal Employees. Good question! NARFE has a new national headquarters building, a new address and a new telephone number. It now is located at 606 N. Washington St. in Alexandria. The Zip code is 22314. The new telephone number is 703-838-7760.

OPM's Future?

The Office of Personnel Management's new director, Janice Lachance, will speak Tuesday at a luncheon sponsored by the Society of Federal Labor Professionals. OPM is the most downsized and reinvented federal agency. Lachance will talk about OPM's role as watchdog of the federal personnel system. The luncheon will be at the Hunan Gourmet Restaurant in Chinatown. For details, call Russ Davis at 703-836-3215.

Friday, Dec. 12, 1997

The Washington Post
FRIDAY, DECEMBER 12, 1997

By Anne Swardson
Washington Post Foreign Service

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ZURICH—Few sites are cozier than this city's Bahnhofstrasse at Christmastime.

Tidy streetcars glide along the middle of the street. Designer boutiques—Cartier among the jewelers, Yves St. Laurent a typical clothier—line the sidewalks. The store windows blaze with colorful holiday decorations. And looming over both sides of the thoroughfare and surrounding squares are the solid stone buildings of the great banks of Switzerland. Credit Suisse, Union Bank of Switzerland and Swiss Bank Corp.

are the Big Three, each dating back 85 years or more. Equally august are such smaller banks as Julius Baer, J. Vontobel and Zurich Cantonal Bank.

But the reassuring facades are misleading. Analysts within and outside Switzerland agree that Swiss banks are in their deepest trouble in decades. The banks, known the world over for probity and prosperity, are heading into the next century chastened—and less profitable.

Even the long tradition of the Big Three was broken this week when Union Bank and Swiss Bank announced they plan to merge. The move was praised as a timely and well-matched marriage, but it can also be seen as a defensive maneuver against the multitude of threats now facing the banks of Switzerland.

As a legion of critics now charge, Swiss banks badly mishandled claims from descendants of Holocaust victims to deposits entrusted to them in wartime conditions. But they also suffer from an entirely different, and arguably more severe, set of woes. The issue of Jewish accounts, it turns out, has masked a profound crisis in the fundamental economic health of the banks and in the rules that underpin them.

Since 1990, about \$28 billion of the Swiss banks' loans have gone bad, mostly because of unwise lending. Last year, apparently for the first time, all of the Big Three reported financial losses. The number of smaller banks has fallen by one-third, mostly through buyouts; one small bank was forced to close, and Swiss taxpayers had to bail out a larger one.

"There has never been a period in the postwar era when Swiss banks have had such a difficult time," said Urs W. Birchler, a director of the Swiss National Bank, the country's central bank.

Most indications are that the worst is over.

See SWISS, A46, Col. 3

SWISS, From A1

But the crisis in Swiss banking goes deeper than money; what one banker calls the "Swiss label" is itself endangered. The power of bank secrecy, the tradition of discretion, the unique protection in Swiss law for banking clients—all these are coming under threat or are perceived to be. There is an underlying fear that the magic security blanket that brought in the \$3 trillion now under Swiss management may be wearing thin.

Tomorrow, bankers fear, a Swiss bank may be no different from one in New York or London or Liechtenstein. These days, many Swiss watch

components are made in Korea and are merely assembled in Switzerland. Swiss chocolate is largely produced outside the country. Will a comparable fate befall the banks?

Hans Baer, head of the family-run Julius Baer Bank in Zurich, has watched Swiss banking for nearly 50 years, and he fears for the future. "In the end," he asks, "what's so special about us?"

Swiss banks have their origins in 18th-century Geneva, where they provided a shelter for French money taken out of the country during the 1789 revolution, and in the following century in Basel and Zurich, where they financed construction of rail-

roads and industries. But they did not acquire their international reputation until after World War II.

Their image is like that of banks nowhere else. As Mathis Cabiallavetta, chief executive of Union Bank of Switzerland and future chairman of the merged bank, put it: "I remember those FBI movies in the 1960s and the 1970s. You can rest assured where the crook always had his bank account. It was Switzerland."

However, the secrecy that underlies the banks' reputation is not as unusual as reputed. Austria also allows secret numbered accounts; so do the banks of Luxembourg, Liechtenstein and the various offshore

locales. In Switzerland, a numbered account is not unlike a numbered account at NationsBank or Riggs. After all, every bank account has a number, no matter what country the bank is in. The Swiss difference is that only two or three bank employees are allowed to connect the number and the name.

Swiss banks stand apart for three other related reasons:

■ Account secrecy applies not just to private individuals but to the Swiss government. It is an automatically prosecutable offense for a bank employee to provide information about an account—even to his own government—unless proper legal justification is furnished to him.

■ Tax evasion is not a crime in Switzerland, as it is in nearly every

See SWISS, A48, Col. 1

SWISS, From A46

other country in the Western world; it is a civil matter. Nor can authorities from other country obtain Swiss cooperation in investigating bank accounts over tax evasion charges, because only alleged violations of Swiss law engender such cooperation.

■ Strict account secrecy and loose laws on tax evasion can be found elsewhere. But a politically neutral and stable government, a strong currency and a culture that respects the sanctity of money are a combination found nowhere outside Switzerland. "All the attributes you ask from a doctor, you ask from a Swiss banker," said Cabiallavetta.

Over the decades, those attributes brought money flowing in, most notably from controversial political figures salting away something for the future. The names of deceased or living corrupt or allegedly corrupt national leaders with money frozen in Swiss bank accounts is a sort of reverse honor roll. Ferdinand Marcos (\$357 million), Raul Salinas de Gortari (\$71.4 million), Benazir Bhutto (\$14.2 million) and Mobutu Sese Seko (more than \$4.2 million) are among the political figures with deposits confirmed by Swiss police.

But they are just the tip of the iceberg. Corrupt dictators may roll

in with millions, but their combined funds are small compared with the other contents of the bank vaults. Proceeds from organized crime figures, drug lords and other shady characters also are a relatively small portion of total deposits. These days, as they are fighting to restore their reputation, Swiss banks frequently turn their backs on such clients.

"Frankly, Swiss banks don't want dirty money, and they don't need it," said Carla del Ponte, the Swiss attorney general.

The reason they don't need it is that much more of the money in Swiss banks is "gray"—legal under Swiss law, but subject to questions about tax evasion or other wrongdoing in a depositor's home country. Del Ponte estimates the percentage of such deposits or funds under management in Swiss banks at somewhere between 50 percent and 80 percent of all holdings. If so, such "gray" money could total more than \$1 trillion.

The key to the current Swiss banking crisis, however, is not where the money came from, but where it went after it was deposited. Put simply, the proud Swiss bankers took some of the billions of dollars deposited by corrupt dictators, Russian mafia bosses, tax-evading Belgian dentists, plain old rich folks, average Swiss citizens and even Holocaust

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Long Road Ahead for Global Warming Pact

Administration Turns to Process of Making Its Case in Congress

By Peter Baker
and Helen Dewar

Washington Post Staff Writers

With a far-reaching global warming treaty now in hand, President Clinton and his administration turned their attention yesterday to the daunting task of selling the agreement on Capitol Hill.

The White House said it will not even submit the treaty for ratification in the Senate—where at this point it would meet with almost certain defeat—until it can persuade key developing nations such as China and India to limit their production of greenhouse gases, much as the United States and other wealthy nations would under the pact.

Instead, the administration opened what will be at least a year-long domestic campaign to promote the unprecedented agreement before sending it to Congress, probably in 1999. White House officials argued that the deal reached in Kyoto, Japan, would not require cuts in U.S. emissions as drastic as may have first appeared necessary. And Clinton took aim at critics with a mocking attack on their fears that the treaty will spell economic doom.

"I see already the papers are full
See KYOTO A4 Col. 1

of people saying, 'The sky is falling, the sky is falling, it's a terrible thing.'" Clinton said during a fund-raising trip in Miami. But he added that the economy remains in robust health despite past environmental initiatives. "So don't believe the skeptics. Give us a chance to make the case."

Without the accord, warned Clinton, standing on Isle Causeway Island, higher temperatures would melt ice caps and "huge lowland areas in the United States, including big portions of South Florida... could be completely flooded."

The Kyoto accord would commit the world's industrial nations to the first binding limits on the heat-trapping gases that scientists believe threaten catastrophic changes in the planet's climate. Under its terms, the United States would have to reduce its emissions of carbon dioxide, methane and certain other pollutants by 7 percent below 1990 levels by 2012, which would likely force dramatic changes in how consumers and industry use energy.

The European Union agreed to an 8 percent cut and Japan to 6 percent, but developing nations would not have to meet any set targets, even though China is expected to overtake the United States as the world's largest producer of greenhouse gases by 2015.

The breakthrough in Kyoto surprised many negotiators, who were highly pessimistic before the 10-day conference began, but it was greeted with an immediate and caustic chorus of criticism back in Washington. Congressional Republicans raced each other to declare their opposition, and industry leaders complained it would cost jobs.

Vice President Gore, whose one-day appearance in Kyoto helped overcome deep divisions among negotiators, led the defense yesterday by pledging to continue working to involve developing nations.

"Let's be clear, as we said from the very beginning, we will not submit this agreement for ratification until key developing nations participate in this effort," Gore told reporters during a pep rally for the pact attended by Cabinet secretaries and other top officials.

"This is a global problem that will require a global solution."

Senate Republicans assailed the strategy, with Majority Leader Trent Lott (R-Miss.) saying a treaty should not be withheld "for cynical, political reasons."

"The president directed his negotiators to sign this treaty," Lott said. "The president should have the strength of his convictions to submit this treaty as soon as possible for the scrutiny of the United States Senate."

Even supporters of emissions limits agreed the treaty is unpassable in its current form. Sen. John H. Chafee (R-R.I.), chairman of the Environment and Public Works Committee, said "possibilities for Senate approval of a treaty appear slim at the moment."

Clinton has had a tough time pushing treaties through the Senate, where a two-thirds vote is required for ratification—and in many cases, they were pacts first brokered by Republican George Bush. An all-out effort was required this year to overcome conservative resistance to a Bush-approved treaty banning chemical weapons.

Recognizing this, the White House is planning a multi-pronged strategy. Without waiting for ratification, Clinton will include in his budget and State of the Union address next month specific proposals for \$5 billion in tax incentives and research spending intended to promote energy efficiency and find other ways of curbing emissions even before binding limits take effect.

The United States will then sign the treaty at some point after March 15 to lock in other industrial nations to their commitments, officials said. Over the next year, diplomats will work to sign up key developing countries as well, culminating with a meeting in November in Buenos Aires. If that succeeds, a treaty could then be submitted to the Senate in 1999, after mid-term congressional elections but just as the presidential campaign gets underway for Gore.

While Clinton initially proposed only to stabilize emissions at 1990 levels, aides yesterday insisted that the 7 percent cut actually is little different from that goal because of the way the progress will be calculated.

White House economics adviser Gene Sperling said the agreement will allow countries to count growing forests, which absorb carbon dioxide, in determining their reduction efforts. In addition, the higher emissions levels recorded in 1995 will be used as the baseline for three of the six gases covered. As a result, he said, the pact's U.S. target would translate to an equivalent of no more than a 3 percent cut when compared to the original Clinton goal.

"Make no mistake, we stuck by the president's principles and we prevailed," said Gore. The agreement "asks us to do what we promised, not promise what we cannot do."

Unpersuaded, industry leaders said it would require radical restrictions on growth because emissions already are projected to grow by 30 percent by 2010. "There is no technological silver bullet that will get us to that goal," said Jerry Jasinski, president of the National Association of Manufacturers.

In foreign capitals, reaction was generally positive. European leaders who had sought a 15 percent cut said they were disappointed by the pact but believed they achieved a meaningful plan. "We pushed the United States and Japan as far as we could, and we are sorry we could not take them further," said Ritt Bjerregaard, the European Union environmental commissioner, according to the Associated Press.

But like Clinton, Japanese Prime Minister Ryutaro Hashimoto faces a tough fight at home over the treaty. While the required cut is "heavy," Hashimoto told reporters yesterday, "we will do our utmost to realize it."

FOR MORE INFORMATION

To read official documents from the Kyoto conference, click on the above symbol on the front page of The Post's Web site at

www.washingtonpost.com

The Washington Post

FRIDAY, DECEMBER 12, 1997

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The Coming Battle Over Kyoto

There are two salient facts about Wednesday's agreement on global warming in Kyoto. The first is that it could lead to an environmental undertaking of historic scale. If the industrialized countries carry out in practice what they promised on paper, making sustained cuts in the use of fossil fuels, they will forever alter the way the world produces and consumes energy.

The second fact is that Kyoto was merely the beginning of what is sure to be a brutal battle. Winning Senate approval means defeating the treaty's well-financed opponents in business and labor, and that in turn will require an extraordinary level of Presidential energy.

Kyoto was the first test of President Clinton's political will. He passed it. When an agreement seemed to be slipping away, he and Vice President Gore instructed their negotiators to agree to deeper cuts in American emissions of carbon dioxide and five other heat-trapping gases than Washington had originally proposed. That concession enabled the Administration to win support, in principle, for innovative financial mechanisms that it regards as essential to the success of the entire enterprise.

The President must now bring that same creativity and passion to the Senate struggle. It will be complicated by the fact that the industrialized nations failed to achieve the one thing the Senate most wanted, a commitment by developing nations like

China to set targets and timetables of their own. The deadline for signing the treaty and sending it to the Senate is more than a year away, and Mr. Clinton says he will not do so until the developing countries come on board. He can also use that time to spell out in greater detail how he intends to reach the treaty's targets without provoking the huge economic dislocations forecast by its opponents.

The treaty has two important features that will help him sell it. One provides in principle — details will be worked out later — for a system of "emissions trading," under which a country or individual company would be able to meet its reduction target by buying reductions from another country or company that has reduced emissions below its targets, and thus has credits to sell. The second provision sets up a new multilateral organization that is intended to encourage companies in rich countries to invest in emissions-reduction projects in poorer countries. Both provisions could encourage cost-saving technologies and provide a ready source of capital to developing nations.

There are already rumblings that Senate opponents will push quickly for a resolution declaring their opposition to the treaty. That would be outrageously irresponsible. The world has worked for more than two years to produce a serious answer to a potentially calamitous problem. For that reason alone, it deserves a measured, mature hearing.

Korean Quicksand

The International Monetary Fund's \$57 billion bailout package for South Korea looked workable last week, but it has already been overtaken by economic and political developments. First came news that Korea's foreign reserves were smaller than previously admitted, and its foreign debt much larger. Next the Korean Government dawdled at instituting the tough conditions imposed by the fund. Then a leading candidate in next week's presidential election threatened to renegotiate the accord. The bad news scared foreign lenders, who withdrew their money and sent the Korean currency and stock markets plummeting again.

Predicting the consequences of default is difficult because the world has no recent experience with the bankruptcy of its 11th-largest economy. But default would surely buffet other countries, starting with Japan, where banks are already saddled with bad domestic loans and are heavy lenders to South Korea. If Japan's markets stumble, so too could those of Hong Kong, Russia, Brazil and other countries whose foreign loans exceed reserves.

The monetary fund looked as if it had headed off this kind of chain reaction with its decision to lend South Korea up to \$57 billion to help repay loans. In exchange, the fund insisted that Korea close insolvent banks, cut off Government-directed loans to economically inept conglomerates, and clamp down — critics say too harshly — on inflation

even as interest rates soar and its currency collapses. The idea was to reassure foreign investors that Korea had enough money to repay current and future loans.

Korea can still avoid default by taking steps to shore up its banks, as the I.M.F. instructed, and move equally quickly on the other parts of the package. It would help calm financial jitters in the region if Japan fixed its own banks, using public money where needed, and cut taxes and did whatever else was needed to stimulate its laggard economy.

C. Fred Bergsten of the Institute for International Economics suggests Korea might need to declare a moratorium on its loan repayments. The idea is to postpone loan repayments to all in order to guarantee eventual repayment to everyone. The moratorium has the advantage of putting some of the burden of shoring up Korea on the backs of the investors who made dubious loans.

The Korean economy is fundamentally sound and, with its trained work force and a high savings rate, will eventually recover. Its problem is that Korean companies operate with large amounts of debt, making them vulnerable when foreign investors fear for their money. To spare itself, and everyone else, South Korea needs to move faster to satisfy the fund, and its presidential candidates must publicly endorse the loan agreement.

The New York Times

FRIDAY, DECEMBER 12, 1997

On My Mind

A. M. ROSENTHAL

From Scorsese to Tibet

Tibet has no army, no weapons. Tibet has no money. In all the world no nation speaks a word for its freedom from captivity. Tibet cannot speak for itself; its representatives are not even allowed to enter the United Nations.

For 48 years, longer than many members of the U.N. have existed, Tibet has endured the most beastly occupation since Nazism.

Its people have been bombed, shot, imprisoned, tortured by the Chinese invaders. At least a million Tibetans died. Their country was carved up, two-thirds of the land and people incorporated into China, vanishing even as statistics. The rest of Tibet has become a colony run by Chinese police terrorism.

Monasteries and temples were burned, monks slaughtered. China understands that only if it could kill Tibetan Buddhism could it kill Tibet.

But Tibet survived — as a nation and as a religion, both woven into the daily life of the people. And this happened: No matter how the other governments tried to forget Tibet, it grew in the consciousness of the world.

Tibet lives because of the inner strength of the people, who could not conceive of surrendering their religion and nation. It lives too because a great man was born among them who fulfilled their prayers and beliefs by embodying the courage through compassion that is the essence of their Buddhism. That is what the Dalai Lama teaches around the world, in his exile.

And it survived because in many nations, particularly America, citizens did what their governments refused to do — take Tibet into their consciences and hearts. They gave Tibet the gifts of their energies, talents, voices and some money, to help those thousands who had escaped and make the world remember the six million who remain.

Now Martin Scorsese has given Tibet his own enduring gift — a great river of creativity and succor, the motion picture "Kundun" — The Presence, as Tibetans call their Dalai Lamas.

For Tibetans, this picture is the gift of a flower that will never cease blooming. They will not see it until freedom comes. But in the ways political prisoners find out, they will know all about it and understand that as long as it shown, wherever it is shown, Tibetans cannot be silenced.

For non-Tibetans, "Kundun" is three gifts — knowledge, intimacy

and friendship. The knowledge is of a hellish brutalization of a people, a nation and a civilization.

We think we know, but usually abstractly. Mr. Scorsese, Melissa Mathison, who wrote the screenplay, the composer Philip Glass, the producer Barbara De Fina and the cast give us Tibet as beauty, Tibet as faith — and Tibet as Tiananmen, not for a day but for a half-century.

The intimacy is with a whole people and with one man. In all their prayers, all during the day, Tibetans

'Kundun': the gift of creativity.

pray for the well-being of all living creatures. This does not make them saints. But I think their ways of life and faith make so many of them good people that there is a goodness in the nation.

The intimacy comes in large part from the cast. Except for a few Chinese roles it is Tibetan — exiles or their children, living mostly in India, Nepal and America. None ever acted before. In the movie they do not seem to be acting — just living, with themselves, with their relatives, God, their country, Kundun and the audience.

Four Tibetans live as the Dalai Lama from early childhood, when the saucy 2-year old named Tenzin Gyatso is identified by holy men as the Buddha of Compassion, the incarnation of the 13 Dalai Lamas before him. He becomes a boy reared by strict monks and bureaucrats. He grows not only in knowledge but humility. At 16 he has to take on the terrifying responsibility of heading the Government and facing China.

The four Tibetans become our friends, and so does the man whose story they are living. That is one of Mr. Scorsese's great achievements, making a child become The Presence and The Presence somebody we know would accept and give friendship.

"Kundun" ends in 1959, when his people begged him to leave Tibet, to keep his country alive.

"Kundun" opens Christmas Day. When an advance screening was over, I felt that at least for a bit I would not lessen its affect on me by seeing another movie. One day I will see "Kundun" again, in Lhasa with our friends. □

The New York Times

FRIDAY, DECEMBER 12, 1997

U.S. Would Need to Cut Use of Fuel Drastically

More Efficient Cars and Appliances Seen

By JOHN H. CUSHMAN JR.

WASHINGTON, Dec. 10 — For the United States to meet the promises tentatively agreed to at the global warming conference in Japan, Americans would have to make significant, sustained cuts in their use of fossil fuels, beginning immediately and lasting well into the next century.

The nation's consumption of coal and oil would have to decline by as much as 30 percent from the levels now projected for 10 or 15 years from now, marking the first step toward what proponents of the treaty say would be a radical restructuring of the economy's patterns of energy use later in the 21st century.

In the short term, it would require car makers to sell more efficient vehicles, power companies to give up coal and people to learn to be miserly when choosing light bulbs, air-conditioners and appliances. In the long term there could be a wholesale turn to novel devices like combustion-free fuel cells and solar and wind power. Economists and advocates may dispute whether the economy would be better or worse off as a result, but it would have to be markedly different.

The country has made no sacrifices remotely like this since the oil shocks of the 1970's. At the moment, the American appetite for fossil fuels, and therefore emissions of heat-trapping carbon dioxide into the atmosphere, is growing.

Last month the Energy Department reckoned in its long-term forecast that this trend, fed by cheap fuel and strong economic growth, was likely to continue for decades.

So as exhausted delegates straggle home from rancorous all-night talks in Kyoto, the question is whether the United States — where per capita emissions of carbon dioxide are more than double Japan's, triple France's and 10 times Brazil's — has the economic strength, the brainpower and the political will to put into practice what its negotiators have promised.

The least of the problems is technology. Although expensive, substitutes for carbon fuels are already available.

But the political barriers look formidable. Trent Lott, the Senate majority leader, called the treaty's prospects bleak even before the ink was dry, and Senator John Kerry of Massachusetts, a Democrat who favors the treaty, cautioned against rushing to seek Senate approval. Not only would the Senate have to consent to the treaty, but both houses of Congress would have to approve any legislation to carry it out, like emissions caps, a permit-trading plan, tax incentives, research budgets or reorganization of the utility industry.

As for enforcing a national energy diet, no one knows what combination of rewards and punishments might be needed to change course and head toward the targets that would be imposed under the new regime.

The Energy Department has projected that emissions of carbon from energy use will rise 1.2 percent a year until 2020. Between 2008 and 2012, when the treaty calls for reductions to be achieved, emissions are headed toward 1.8 billion metric tons a year, the agency said. The new goal under the treaty would be 1.25 billion tons during the same period.

Only a small part of the reduction

— at most 160 million tons a year, American negotiators say — might be achieved by trading credits with Russia, whose emissions dropped sharply when its economic output collapsed along with Communism.

To meet these goals, most analysts say governments would have to put caps on emissions. But the Clinton Administration favors market-based mechanisms like trading pollution permits, rather than rigid regulations, to let companies decide for themselves how to meet the limits.

"President Clinton is right that getting to anything below 1990 levels in the U.S. is going to be a big stretch," said Christopher Flavin, an energy efficiency expert at the Worldwatch Institute, an environmental group. "Even if we are partly to buy our way there with credits from Russia, there is still going to have to be a lot done at home."

Opponents of the treaty agreed with that assessment.

"The energy use curbs needed to comply with the climate treaty are far deeper than expected," said the Competitive Enterprise Institute, a

Energy measures may recall the oil shocks of the 70's.

pro-business research and advocacy group. It said provisions to allow international emissions trading and other offsets would only "disguise the pain."

But there are several approaches, some buried in the treaty text and others being developed by the Clinton Administration as unilateral actions, that might help.

For example, the treaty makes allowances for trading pollution control credits among countries if that would provide cheaper ways of reducing worldwide emissions for what is, after all, a global problem.

The treaty also would allow countries to receive credit for certain changes in land use and forestry practices against their emissions limit, on the ground that trees take in carbon dioxide from the atmosphere as they grow and store the carbon for decades in the form of wood.

The Clinton Administration is working on a package of tax incentives and research subsidies that would accelerate the introduction of renewable energy sources like solar and wind power, which do not emit carbon, and energy-efficiency technologies that use far less fossil fuels.

The American Council for an Energy Efficient Economy and other conservation advocates have called for tax incentives for any vehicle, whether a compact car or a lumbering sport utility vehicle, that achieved double the fuel efficiency of today's comparable models.

Any car could double its fuel efficiency by using hybrid gas-and-electric technologies that are just coming onto the market.

Another crucial opportunity for reducing fossil fuel consumption may come with the opening of the electric utility industry to nationwide competition.

Serbs Pull Out of Talks on Bosnia to Protest Warning on Kosovo

By ALAN COWELL

BONN, Dec. 10 — An international meeting intended to promote peace in Bosnia ended here today with a walkout by Yugoslav and Bosnian Serb delegates and a renewed threat of firmer action, including economic sanctions, to press Bosnia's hostile ethnic factions into unity.

The Yugoslav and Bosnian Serb delegates abandoned the two-day gathering of the Peace Implementation Council, set up after the 1995 Dayton peace accord, to protest a reference in its final communiqué to "increasing ethnic tensions" in Kos-

ovo. That is a region of the truncated Yugoslavia ruled by Belgrade to the resentment of a restive ethnic Albanian majority.

The Yugoslav and Bosnian Serb delegates said the Bosnia conference had no mandate to discuss the situation in Kosovo. Dragomir Vucicevic, the director of the Yugoslav Foreign Ministry, called the reference to Kosovo interference in his country's internal affairs.

The walkout came shortly before the end of the annual conference, which grouped 51 countries, including the United States and Russia, and

21 international agencies.

Russia, the United States and Germany had all supported the idea of using the conference to issue a warning about Kosovo, which many outsiders see as a tinderbox of ethnic passions that can only be made more flammable by heavy-handedness from Belgrade.

Without specifically mentioning the Yugoslav authorities, the communiqué urged "those concerned" to "refrain from activities that might exacerbate existing difficulties."

Momcilo Krajisnik, who led the Bosnian Serb delegation out of the

conference in support of the Yugoslav delegation, said the reference to Kosovo was an attempt to "try to sneak the Kosovo issue through the back door."

Mr. Krajisnik, the Bosnian Serb representative in Bosnia's collective presidency, is seen as a hard-liner. Biljana Plavsic, the Bosnian Serb president, also left the conference.

The protest overshadowed decisions to set deadlines for a series of supposedly unifying moves, like common auto license plates throughout Bosnia, and to empower the conference's top official in Bosnia to

impose nation-building measures on the country's divided Serbs, Muslims and Croats if they cannot agree among themselves.

"If they do not do their job, we have to do it in their place," said the top official, Carlos Westendorp, a former Spanish diplomat who has the title of High Representative in Bosnia.

Bob Gelbard, a special United States representative, said: "The message to the parties from Bonn is unequivocal: get on with it. Stop these unacceptable delaying tactics."

Since the American-brokered Dayton peace accord, Bosnia's ethnic groups have shown no readiness to regard themselves as part of the

same country. There is no national currency, no common passport and no common flag. Bosnian Serbs have different license plates from Bosnian Muslims, and the country is split on ethnic lines.

The gathering backed its new powers for Mr. Westendorp with the threat that factions standing in the way of peace would forfeit crucial economic aid. His new powers include the ability to dismiss Bosnian politicians who do not attend meetings to promote peace and unity.

"Those who help us reach our goals will receive help," said Klaus Kinkel, the German Foreign Minister. "Those who refuse exclude themselves."

The New York Times

THURSDAY, DECEMBER 11, 1997

Albright, in Uganda, Steps Up Attack on Sudan's War of Terror

By JAMES C. MCKINLEY Jr.

GULU, Uganda, Dec. 10 — Madeleine K. Albright cradled an orphaned infant in her arms today and for a moment she lost the demeanor of the Secretary of State on official business and became motherly.

"It will be all right now," she soothed the month-old girl, Charity, whose mother was killed in an attack by Sudanese-backed rebels two weeks ago. Then Ms. Albright turned to an aid worker. "It will be all right," she said. "Won't it?"

On the second day of a seven-nation tour through Africa, Ms. Al-

bright came to northern Uganda to focus attention on the victims of a brutal campaign by the Lord's Resistance Army, a bizarre Christian rebel group that receives arms and aid from the fundamentalist Islamic Government in the Sudan.

She also used her visit to Uganda to step up America's verbal assault on the Sudanese Government, blaming it for the carnage in northern Uganda in recent years. Several times during the day, she vowed that the United States would continue its campaign to isolate the Sudan.

Since 1993, the State Department

has accused the Sudan of exporting terror. Last month the United States imposed new economic sanctions on the country, barring American businesses from investing there. The United States has also provided about \$20 million in military aid other than weapons to Eritrea, Ethiopia and Uganda, all of which in turn supply the rebels with arms.

Hours before touring a hospital and a center for traumatized children here, Ms. Albright met in Kampala, the capital of Uganda, for the first time with six leaders of the main Sudanese rebel alliance.

The meeting marked the highest level of contact so far between the United States and the Sudan's rebels, led by John Garang, the head of the Sudan People's Liberation Army. It appeared intended to send a message to the Sudan's Islamic Government that America supports the rebels efforts to establish democracy.

For more than a decade, Uganda and the Sudan have sponsored rebel movements inside each other's territories. Under President Yoweri K. Museveni, Uganda has provided arms and safe haven to Mr. Garang's

troops, who are fighting for more autonomy and religious freedom for the mostly Christian south. In response, the Sudan has sponsored the Lord's Resistance Army in northern Uganda and two Islamic rebel movements in the west of the country.

In northern Uganda, the Lord's Resistance Army initially grew from an secessionist movement by the Acholi tribe in the mid-1980's that opposed the military takeover by President Museveni, who comes from a southern ethnic group.

In recent years, however, under the leadership of Joseph Kony, the rebel army has become a cult-like organization that says it wants to overthrow Mr. Museveni and establish a government based on the Ten

Commandments.

Those who have escaped Mr. Kony's army say boys the rebels abduct are forced to become porters and soldiers, while the young girls are repeatedly raped and given as concubines to officers.

It was the victims of this conflict whom Ms. Albright visited today at the Gulu Children of War Center, a rehabilitation camp run by the Christian relief organization, World Vision.

"You are the future of Africa," she told about 200 children at the center. "You are God's gift to the world and we will do what we can to help you."

REMEMBER THE NEEDIEST!

U.S. Executive Kidnapped in Mexico; Policeman Slain in Chase

By JULIA PRESTON

MEXICO CITY, Dec. 10 — An American who is a leading hotel executive in Mexico has been abducted in the beach resort of Acapulco, the first publicly known kidnapping of an American citizen in the crime wave that has terrorized Mexico.

Vincent Carrozza, manager of the Acapulco Princess, a famous pink pyramid that is the resort's largest hotel, was dragged from his car inside the hotel complex on Tuesday morning by nine rifle-bearing kidnappers dressed in the black uniforms of the Mexican federal police,

according to local police and a statement issued today in New York by the hotel's parent company.

Local police gave chase to two vehicles driven by the kidnappers. In a wild shootout on a palm-lined avenue that is the main road between the downtown and the airport, one policeman was killed and another critically injured, a senior state police commander said.

The kidnappers got away, and the shootings turned the abduction into a public news event.

Mr. Carrozza's abduction, apparently for ransom, is part of a three-

year-old crime epidemic that has driven Mexicans toward desperation.

This week the country's main lawyers' group, the Mexican Bar Association, went as far as to call on President Ernesto Zedillo to declare a state of emergency, at least in Mexico City. Such a move would allow him to suspend most legal rights of people caught in the act of kidnapping, armed robbery or other organized crime.

The Bar Association proposed eliminating the right of these suspects to have a lawyer present dur-

ing police questioning, and it urged that they be given expedited trials with no chance for bail or appeal.

President Zedillo, acknowledging that his crime policies "have clearly been insufficient," on Tuesday sent Congress an ambitious overhaul of Mexico's penal code in which he proposed to limit legal protections for violent criminals, although not as drastically as the lawyers urged.

Judy Blatman, the spokeswoman for Princess Hotels International in New York, said the company would not say whether the kidnappers had demanded ransom. Mr. Carrozza, a

regional vice president of the chain, has lived and worked in Mexico for 19 years, she said.

The chargé d'affaires of the American Embassy here, Charles Brayshaw, said recently that "not more than 10" Americans have been victims of ransom kidnappings in the last few years in Mexico. But the crimes were kept secret by families fearing that press and police attention might drive the kidnappers to murder the hostage.

At least 30 Spaniards have been kidnapped, Spanish consular officials said, including two who were killed. Spanish executives have been preyed upon by a vicious ring in Mexico City that police officials say is led by two brothers, Daniel and Aurelio Afiz-

mendi López.

Today Mexico's attorney general announced a \$625,000 reward for the capture of the Arizmendis, whose trademark is cutting off their hostages' ears with machetes and delivering them to relatives to speed up ransom payments.

At a hearing before state legislators on Tuesday, Antonio Hernández Díaz, the Attorney General of the state of Guerrero, which includes Acapulco, said he had been overwhelmed by handling 104 kidnappings in two years in the state.

Mexico has just formed an elite anti-kidnap unit, Attorney General Jorge Madrazo said this week, made up of 24 police officers who received three months of special training.

The New York Times

THURSDAY, DECEMBER 11, 1997

MEETING REACHES ACCORD TO REDUCE GREENHOUSE GASES

U.S. APPROVAL UNCERTAIN

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1990 Levels — 'Permits to
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A1

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But details on one contentious issue — the possible trade or sale of emission permits between countries — remain unsettled, and may remain unsettled for months, and the United States has said it wants this issue resolved before it signs the treaty. Any treaty is subject to approval by the United States Senate.

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The nations would have a year to ratify the treaty, starting next March. Talks on "trading" of emissions are expected to take place next November.

Despite the uncertainties, some environmentalists hailed the agreement as a remarkable political and economic innovation, in that it would establish a global system for dealing with what many scientists believe is the overarching environmental con-

cern.

Opponents of the treaty condemned it as economically ruinous.

The accord — known as the Kyoto Protocol — would require the industrial nations to reduce their emissions of carbon dioxide and five other heat-trapping greenhouse gases to 5.2 percent below those of 1990. The United States would be required to cut emissions 7 percent below 1990 levels, on average, in the years from 2008 through 2012.

The latest draft of the agreement appears to represent a significant concession by the United States, which previously had insisted on the less stringent course of reducing the emissions to 1990 levels, not below

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them. It is also a measure of the flexibility in the American bargaining position that Vice President Al Gore said he had ordered negotiators to adopt on a visit here Monday.

It remains to be seen, however, whether the White House can persuade the Senate to accept the agreement, or even whether the United States will sign it.

Many Senators had already expressed reservations about the less stringent Administration proposal. By 2000, emissions of greenhouse gases by the United States are expected to be about 13 percent higher than they were in 1990. They are expected to be perhaps 30 percent higher in 2010, if trends in energy use continue and no other action is taken.

Senator Chuck Hagel, a Nebraska Republican observing the talks, said here today, "Any way you measure this, this is a very bad deal for America." He predicted the Senate would not approve it.

For his part Stuart Eizenstat, the senior American negotiator, said the United States was still waiting for more signs of flexibility from developing nations on the question of emission trading.

"We do not yet have that meaningful commitment coming out of Kyoto," he said. But, he added, the possibilities for such a commitment "are certainly pregnant."

The New York Times

THURSDAY, DECEMBER 11, 1997

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SOUTH BRONX, 1997 President Clinton at Charlotte Gardens, now a suburban-style neighborhood, with Ralph Porter, head of a Bronx housing group.

Many Proud South Koreans Resent Bailout From Abroad

By NICHOLAS D. KRISTOF

SEOUL, South Korea, Dec. 10 — Jim Bong So stood beside his pushcart, occasionally stirring his wok, eating that the economic crisis here so severe that customers are unwilling to pay even for a cup of his unchewy silkworm larvae.

But Mr. Kim's main concern was not his personal difficulties making a life. Rather, it was the International Monetary Fund's \$57 billion bailout South Korea last week.

"It's a national humiliation," said Mr. Kim, shaking his head morosely. He compared the rescue to Japan's seizure and occupation of Korea earlier in this century, and he added, "I feel so ashamed."

These days Mr. Kim has plenty of company. Many Koreans now refer to Dec. 3, the day the I.M.F. accord was reached, as a "National Humiliation Day." Some refer to the aid package as the "Second National disgrace," after the Japanese colonization.

Of course, not everyone feels quite so humiliated or accepts the parallel with the Japanese occupation, which lasted from 1905 to 1945.

But Korea is as proud and prickly as any nation on the globe. For an over-achiever and A-plus student like South Korea to be sent to the corner with what feels like a dunce

cap is a torture more psychological than economic, and the heartbreak here on the frosty streets of Seoul is almost palpable.

This sense of humiliation may have far-reaching consequences, shaping the presidential elections later this month and profoundly affecting — and perhaps upsetting — diplomatic and economic ties with the United States and Japan. Already there is a deep anger in South Korea at Washington because of the conditions imposed as part of the bailout.

"It's quite possible that next year we will experience growing anti-American sentiment," reflected Hyun Hong Choo, a former South Korean Ambassador to the United States. "The U.S. — whether Government, industry or the people — might make a very convenient target. That's what I worry about for next year, unless it's addressed by the political leadership."

Americans may find it puzzling that they should contribute their tax dollars to rescuing South Koreans and be blamed for it. To be sure, there is also gratitude for the American assistance, but it is often mixed with resentment and a profound irritability that arises from the embar-

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Critic's Notebook Now, the 'Cough' Cantata By the Bored and Restless

By BERNARD HOLLAND

The first voice is from the rear, a soft, sharp report that is both introduction and request. The answer is quick and comes from above, a broader, deeper, stronger effusion. The duet serves as trigger: now a sudden burst of voices arrives from every side. The entrances are staggered, but the unity of purpose almost regimental. Then silence.

These are not the Venetian brass of Gabrieli calling across the inner expanses of St. Mark's Church. They are not the antiphonal choirs of medieval Notre Dame. This is Avery Fisher Hall, and these are coughers. A concert is going on onstage, another one out here in the seats.

What is this bronchial philharmonic playing for us? Concert coughers are victims in the eyes of the medical profession, offenders in the ears of music lovers. The listener's anger is real but edged with forgiveness. But anyone who spends much time in concert halls and opera houses, especially at this time of year, knows that subliminal transactions are going on. Coughers are speaking to us; and along with the silent cures sent their way, we ought to include a few questions.

Why this noise at all? Coughing is a natural, often unconscious defense mechanism against invasive secretions. But as Dr. Rich-

ard Irwin, a specialist in all things pulmonary and allergic at the University of Massachusetts, said by phone the other day, most of us can suppress and forestall our urges; hence the frequent explosions of mass relief at the end of movements and between pieces. Dr. Irwin also notes studies showing that child coughers by day are not necessarily child coughers by night. In other words, the sufferer has more unknown control than the daylight hours tell us.

If coughers are indeed empowered, why don't they just shut up and listen? The music is up there. We are down here to hear it. Well, maybe that is part of the answer. Classical music audiences feel the totalitarian heel as few others. They are an oppressed lot. People have feelings and opinions, but Town Hall is not a town meeting. No conductor will turn around and ask the gentleman in the third row how he liked the last phrase or whether he thinks the cellos are in tune. But that doesn't mean that the gentleman will not find a way to make his general attitude known.

Audiences are bound by a contract. They are told when to arrive, when to sit down and when to keep quiet. They will not whisper, rattle paper or shuffle feet while musicians are at work. At appointed times, they will express their approval. Expressions of

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SOUTH BRONX, 1986 Ronald Reagan campaigned along the same blocks.

Dominican Sex Scandal Mars Big League Dreams

By LARRY ROHTER

SAN PEDRO DE MACORIS, Dominican Republic — Over the past 25 years, this sugar mill town of 85,000 people has been one of the most prolific producers of major league baseball players in the world. Although a billboard at the edge of town boasts this is "the cradle of shortstops," all-star outfielders and pitchers have also been manufactured here — some 100 players in all.

But now scandal threatens to disrupt that pipeline to the big leagues. In a case that has provoked anger throughout this impoverished, baseball-crazed Caribbean nation of eight million people, Luis Rosa, who has scouted in Latin America for the San Francisco Giants and other teams, has been imprisoned on charges he demanded sex from 15 young minor league players here as a condition for playing time. (No major leaguers have made any accusations.) Mr. Rosa has also been charged with embezzling part of the players' signing bonuses and salaries.

"Like most players here, all of us come from poor, humble families,

and dream of getting to the big leagues, or at least the United States, so that our parents and siblings can have a better life," said Yan Carlos Ravelo, a 20-year-old right-handed pitcher who filed the initial criminal complaint in June. "Luis Rosa took advantage of our poverty and our desperation for an American visa to make us his slaves."

In a country where the code of machismo prevails and homosexuality is still regarded with revulsion,

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As a veteran baseball official fights charges that he demanded sex from 15 Dominican minor leaguers, others, like these at a youth league practice last month, cling to their hopes of playing in the majors.

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The Supreme Court ruled that civil fines and criminal punishment may be imposed for the same conduct without violating the prohibition against double jeopardy. Page A22.

Question of Obstruction

The independent counsel investigating former Agriculture Secretary Mike Espy told a House panel of roadblocks put in his path by Justice Department officials. Page A24.

Nebraska's Osborne Retires

The Cornhuskers coach said the Orange Bowl on Jan. 2 would be his last game, after a record 24 consecutive bowl appearances and 254 victories. SportsThursday, page D29.

How 30,000 Live

Mormon polygamy, still confined but finding new tolerance, is fueling architectural innovations that reflect communal living. House & Home, page C1.

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Clinton Praises Bronx Renewal As U.S. Model

Charlotte St., Reborn, Sees Its 3d President

By JIM YARDLEY

Sweeping through a sodden New York yesterday, President Clinton visited a South Bronx neighborhood risen up from despair, then roared into Manhattan for a pastrami on rye, a Christmas shopping excursion and two evening fund-raisers that produced as much as \$1.35 million.

Mr. Clinton and his sprawling caravan forced already heavy holiday traffic onto side streets and into detours, creating pockets of gridlock over much of midtown and the east side of Manhattan.

The symbolic high point of the trip came in the morning when Mr. Clinton visited Charlotte Gardens on Charlotte Street in the South Bronx. Now lined with trees and suburban-style houses, Charlotte Street came to symbolize urban blight in the aftermath of the arson fires that devastated the South Bronx in the 1970's.

But over many years, the neighborhood was rebuilt, largely with city money. Yesterday, shortly after 11 A.M., Mr. Clinton walked slowly along the street, greeting residents and an impromptu receiving line of local officials. Later, he hailed the South Bronx as a model for renewing inner-city areas, a once-unthinkable statement.

"If you can do it," Mr. Clinton told an audience at the Madison Square Boys and Girls Club in the South Bronx, "everybody else can do it."

Citing empowerment zones, the Federal tax credit for low-income housing and the Community Reinvestment Act as examples of his urban policy, Mr. Clinton announced he would release \$96 million to New York through the Department of Housing and Urban Development's Innovative Home Program for more housing. He also said the Small Business Administration would make available \$80 million in loans to small-business owners in the Bronx.

But after the President's speech, the HUD Secretary, Andrew M. Cuomo, said the \$96 million did not

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Warm Globe, Hot Politics

For Clinton and Gore, Fight Looms in Senate

By JAMES BENNET

WASHINGTON, Dec. 10 — In the end, Bill Clinton and Al Gore could not walk away.

They faced unpleasant political options as negotiations wound down in Kyoto, Japan, and representatives of more than

News Analysis 150 nations neared agreement on a treaty to cut the emissions that

lead to global warming. Under the treaty that the Administration plans to sign, the United States will have to take more drastic steps than the White House had hoped to cut greenhouse emissions.

Heavy industry, from cars to coal to steel to electricity, has already joined with organized labor to fight the proposal.

But walking away from the treaty — as Mr. Gore said he was willing to do last week — would have enraged the environmentalists who are key constituents for him and Mr. Clinton. It would have isolated the United States — which just refused to sign a treaty banning land mines — as the leading emitter of greenhouse gases and the only industrial nation unwilling to address the problem jointly. And it would have been contrary, their aides said, to a belief shared by the President and Vice President that global warming presents grave dangers.

But now the Administration has a larger fight on its hands, a fight that will help define not only budget nego-

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President Clinton, visiting New York, said in a statement that he was "very pleased" by the agreement, which he said was "environmentally strong and economically sound." But he said developing nations had to do more. And in Washington, Vice President Gore called the agreement a "vital turning point."

"Clearly, more work is needed," he said. "In particular we will continue to press for meaningful participation by key developing nations. We are confident that can be achieved."

Under the accord, different countries would be assigned different targets, depending on their national circumstances and economic profiles. The European Union's target was set at a reduction in emissions of 8 percent below 1990 levels, and that of Japan at 6 percent. Other targets, albeit within a narrow range, also applied to other developed countries. Some countries may be allowed to increase emissions, but globally, emissions are to be reduced by 30 percent from the levels currently projected for 2010.

After an all-night session that ran into an unscheduled 11th day of discussion, the protocol was approved by representatives of more than 150 countries.

The countries were modifying an agreement, negotiated in Rio de Janeiro in 1992, that called for voluntary efforts to limit emission of greenhouse gases. The burning of fossil fuels like coal and oil is respon-

An eventual hitch could develop in getting the U.S. Senate's approval.

sible for most emissions of carbon dioxide, the most important greenhouse gas.

As a means of promoting reductions in developing countries, the delegates established a special mechanism for transferring energy-efficient technologies and nonpolluting forms of energy production from richer nations to poorer ones. Greater efficiency means fewer emissions, and alternative energy sources like solar and wind power mean none.

The Clean Development Mechanism, as the new arrangement was named, is intended to encourage companies in industrial countries to invest in emissions-reduction projects in developing countries — modern, fuel-efficient power plants, for example — and get some credit for reducing their own emissions.

But the emerging agreement was held up for hours last night and this morning by the resistance of some developing countries, including China, India and Saudi Arabia, to the inclusion of a provision enabling the industrialized nations to trade or purchase emissions rights. The United States considers this arrangement the cheapest and most efficient way of cutting emissions. Without it, American negotiators said, it would be impossible for the country to meet its emission targets.

In emissions trading, a country or industrial company will be able to meet its emissions reduction target by cutting some of its emissions itself, while at the same time purchasing part of its required reduction from another country or company that achieved excess cuts.

Based on its success with trading emissions of sulfur dioxide, a chemi-

cal implicated in acid rain, the United States argues that larger and cheaper reductions can be achieved with this mechanism.

The objectors said that the mechanism could lead to shifting the burden to less developed countries, and that countries and companies might be able to buy their way out of their obligations.

After hours of argument, delegates agreed to allow the parties to the 1992 treaty to postpone negotiations on the principles, rules, guidelines and operations of the trading system until November.

Experts advising the negotiators here say that if emissions are not reduced, the average surface temperature of the globe will rise by 2 to 6 degrees Fahrenheit over the next century, causing widespread climatic, environmental and economic disruption.

Philip E. Clapp, president of the the National Environmental Trust in Washington, who has been observing the talks here, called the agreement "a historic landmark in environmental protection." He said it would be remembered "as a central achievement of the Clinton-Gore Administration."

But representatives of the American fossil fuel and heavy manufacturing industries saw disaster in the agreement.

"It is a terrible deal and the President should not sign it," said William K. O'Keefe, chairman of the Global Climate Coalition, an industry group. Mr. O'Keefe said that "business, labor and agriculture will campaign hard and will defeat" the treaty if it is submitted to the Senate for ratification.

The protocol is generally viewed only as an early step in a continuing attempt to deal with the question of climate change. It is generally acknowledged that any attempt to deal with the problem requires a global solution involving all countries.

DO NOT FORGET THE NEEDIEST!

The New York Times

THURSDAY, DECEMBER 11, 1997

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Clinton Praises Bronx Renewal As U.S. Model

Charlotte St., Reborn, Sees Its 3d President

A By JIM YARDLEY

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But over many years, the neighborhood was rebuilt, largely with city money. Yesterday, shortly after 11 A.M., Mr. Clinton walked slowly along the street, greeting residents and an impromptu receiving line of local officials. Later, he hailed the South Bronx as a model for renewing inner-city areas, a once-unthinkable statement.

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But after the President's speech, the HUD Secretary, Andrew M. Cuomo, said the \$96 million did not

Continued From Page A1

actually represent additional money for New York but instead was already included in the 1998 Federal budget. "It's not a special program for New York," Mr. Cuomo said, "but New York gets more money than any other city in the nation."

Mayor Rudolph W. Giuliani had planned to attend the Bronx rally but canceled to attend the funeral of a Staten Island boy who died of an accidental gunshot wound. Deputy Mayor Randy M. Mastro attended in his stead.

Also absent was Representative Jose E. Serrano, who represents the Charlotte Gardens area in Congress. Joe Lockhart, a White House spokesman, said the Congressman felt snubbed because the Bronx Borough President, Fernando Ferrer, was Mr. Clinton's host in the Bronx and because Mr. Ferrer had heard about the visit first.

Later in the evening, Mr. Clinton attended two fund-raising events, first a \$10,000-per-couple gathering sponsored by the Democratic Congressional Campaign Committee at the Waldorf-Astoria, which was also attended by Representative Richard A. Gephardt of Missouri. It was the first meeting between the two Democrats since Mr. Gephardt criticized White House campaign fund-raising practices. They shook hands but beyond that barely made eye contact.

The event was expected to raise \$800,000 to \$1 million, bringing to \$3 million the total that Mr. Clinton and Vice President Al Gore have raised in seven events for the Democratic Congressional group this year.

The President then attended the Democratic National Committee Hispanic Gala at the Rainbow Room, where many of the 200 guests made \$5,000 contributions for a meal of lobster salad and beef with asparagus. Organizers expected to raise \$550,000.

Mr. Clinton's visit earlier in the day to the South Bronx made him the third President to visit Charlotte Street in the last 20 years.

In 1977, President Jimmy Carter paid a surprise visit, stepping out of his limousine to walk through the piles of rubble and pledging to rebuild the devastated neighborhood. City crews had razed almost every building on the block after a rash of arson fires. In all, roughly 100,000 housing units were lost to fires in the South Bronx during the 1970's.

Ronald Reagan, campaigning for the Presidency in 1980, visited Charlotte Street, too, lambasting Mr. Carter for failing to revive the neighborhood. Mr. Reagan posed in front of the destroyed street, saying he had "not seen anything that looked like this since London after the blitz."

"My No. 1 message here is, 'Look at where the Bronx was when Presi-

dent Carter came here in despair,'" Mr. Clinton said. "Look at where the Bronx was when President Reagan came here and compared it to London in the Blitz. Look at the Bronx today."

Heavily subsidized by public money, the neat, single-family houses on Charlotte Street sold for \$49,500 in 1985. Started under the city administration of Mayor Edward I. Koch, the project almost died in 1983, after the first 10 houses were built. The city flirted with cutting off financing, but, prodded by the South Bronx Development Organization, it did not, and construction of all 89 houses was completed in 1986.

Today, the homes are valued at \$185,000, underscoring the new stability and desirability of the area. Overall, more than \$2 billion in state and Federal housing money also has been poured into the South Bronx since 1986, helping to create 30,000 new and renovated housing units.

The middle of the President's day was dedicated to filling his stomach and his shopping bag. With rain turning to a light snow, Mr. Clinton's entourage left the Bronx and sped down the cleared southbound lanes of Franklin D. Roosevelt Drive for lunch at Katz's Delicatessen on Houston Street on the Lower East Side. He ate a pastrami on rye with mustard. With lunch finished by 2:30 P.M., Mr. Clinton left Katz's to go Christmas shopping at the South Street Seaport.

The President spent about an hour and a half shopping, escorted by a former aide, Wendy Smith. Dipping in and out of several stores, Mr. Clinton bought \$400 in jewelry, including three pillboxes and five amber pins made in Poland. He also bought six sweaters, three soft-sided leather briefcases and two trinkets from a Western store.

Mr. Clinton's presence brought commerce to a screeching halt, as shoppers abandoned stores to gawk from the railings. More than once, the President waded into crowds to shake hands.

"Is it really you?" Diane Schneider, a shopper, asked when she suddenly found herself shaking Mr. Clinton's hand. "He looked at me and said, 'Why yes it is.' He sounded like Elvis Presley."

The crowd at Charlotte Street also reached out for handshakes and photographs. Raymond Gonzalez, 57, a retired transit worker, let his 17-year-old daughter to play hooky from school to she could photograph the President. "I shook his hand and said, 'Welcome to Charlotte Street,'" Mr. Gonzalez said. "Actually, I shook his hand four times."

Mr. Gonzalez said many of his friends regretted not applying for a house in Charlotte Gardens. "A lot of people were skeptical," he recalled. "There was nothing but rubble and brick. They figured nothing would grow here."

The New York Times

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Warm Globe, Hot Politics

For Clinton and Gore, Fight Looms in Senate

A1 By JAMES BENNET

WASHINGTON, Dec. 10 — In the end, Bill Clinton and Al Gore could not walk away.

They faced unpleasant political options as negotiations wound down in Kyoto, Japan, and representatives of more than 150 nations neared agreement on a treaty to cut the emissions that

lead to global warming. Under the treaty that the Administration plans to sign, the United States will have to take more drastic steps than the White House had hoped to cut greenhouse emissions.

Heavy industry, from cars to coal to steel to electricity, has already joined with organized labor to fight the proposal.

But walking away from the treaty — as Mr. Gore said he was willing to do last week — would have enraged the environmentalists who are key constituents for him and Mr. Clinton. It would have isolated the United States — which just refused to sign a treaty banning land mines — as the leading emitter of greenhouse gasses and the only industrial nation unwilling to address the problem jointly. And it would have been contrary, their aides said, to a belief shared by the President and Vice President that global warming presents grave dangers.

But now the Administration has a larger fight on its hands, a fight that will help define not only budget nego-

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tiations next year but the 1998 Congressional elections and even the next Presidential race.

Even before the treaty was worked out, Democratic allies of the Administration were warning the White House not to seek approval in the Senate. "What we have here is not ratifiable in the Senate in my judgment," Senator John Kerry, Democrat of Massachusetts, said in a telephone news conference from Kyoto.

Before the Kyoto meeting began, the Senate voted 95 to 0 to pass a resolution that the United States would not agree to a treaty that did not provide a role in cutting emissions for developing nations. That became a negotiating goal for the Administration.

In Kyoto, Senator Chuck Hagel, Republican of Nebraska, said flatly, "There is no way, if the President signs this, that the vote in the United States Senate will even be close. We will kill this bill."

The treaty emerging in Kyoto tonight (Thursday morning, Kyoto time) includes a new program sought by the Administration to funnel capital and environmentally friendly technology to developing nations. But White House aides said that, while they considered the provision a victory, it was not strong enough to win ratification.

The White House is also planning to propose tax incentives to encourage reductions in greenhouse-gas emission as part of its budget proposal early next year, but that, too, will be subject to Congressional approval.

Two officials said that, judging by the early criticism, the public would get a positive impression of the Administration's actions. "We figured that we would probably be criticized by both industry and environmental groups," one of them said, "which has the effect of saying, 'Well, they must have ended up in a place that's pretty sensible.'"

Indeed, in Kyoto, one industry coalition went as far as to issue a statement denouncing the agreement hours before the deal was final.

And the World Wildlife Fund attacked the plan, saying that the outcome was "a flawed agreement that will allow major polluters to continue emitting greenhouse gasses through loopholes."

But Fred Krupp, executive director of the Environmental Defense Fund, said: "There's still much more work to be done to assure that the protocol's targets are met" but "Vice President Gore should be commended for coming to Japan and opening the doors to an agreement."

In recent polls the public has expressed solid support for action on global warming. Two weeks ago, in a poll taken by The New York Times, 65 percent said that the United States should take steps now to cut its own emissions "regardless of what other countries do." Only 17 percent agreed that cutting emissions "will cost too much money and hurt the U.S. economy."

Four years ago Mr. Clinton promised to reduce United States emissions to their 1990 levels by 2000. But such emissions are now more than 10 percent above 1990 levels and rising. Mr. Clinton rarely mentioned the issue until early this summer, when, in anticipation of the Kyoto meeting, he began warning of the dangers of global warming.

But, even as he began addressing the subject again, Mr. Clinton has repeatedly said that the United States can meet what amount to rigorous emissions targets with little or no economic pain.

"I am convinced that we can demonstrate to the American people that we can substantially reduce our greenhouse gas emissions and fulfill our global environmental responsibilities as well as our responsibilities to our own people without giving up economic growth," Mr. Clinton said in an interview with The New York Times last Thursday. "But it will require a very disciplined, organized, coordinated effort to do it."

Perhaps. While polling shows that the public is worried about global warming, it also shows that that issue ranks low on the list of worries. Just 1 percent of those responding in the recent Times poll named the environment as the most important problem facing the country.

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San Pedro de Macoris has produced many major league players.

term of two years and each charge of embezzlement can result in a 10-year sentence.

Like many other major league organizations, the Giants maintain a farm team and training complex here. Players are scouted as early as 12, signed to contracts at 16, given three years to polish their skills and then, if deemed promising, granted a visa to play in the United States.

For the players who do not make the cut, the alternatives are few. The Giants' complex here adjoins a sugar mill called El Porvenir, or The Future, serving as a constant reminder that if they fail to make it to the big leagues, their destiny is a lifetime of menial labor.

On a visit here in late October, Jack Bair, the Giants' general counsel, issued a statement saying the team had begun its own internal investigation into the players' accusations. In a telephone interview from San Francisco, he declined to discuss that inquiry's findings, saying it would be "inappropriate to comment while judicial authorities in the Dominican Republic are processing the allegations."

Belkys Nataniel, a lawyer for several players, said she planned to file civil suits against the team both here and in the United States, since "the Giants are responsible for the conduct of their employees, and Luis

Rosa was not just an ordinary employee, he was the boss." Mr. Bair, however, argued that since "Mr. Rosa and the players are in the Dominican Republic and a case has already been filed there, in our view that appears to be the appropriate venue."

Law enforcement and baseball officials here said they could recall no other instance in which a manager was accused of sexually molesting his players. But they described financial abuses, like overstating the bonus prospects are paid and pocketing the difference, as widespread.

"The majority of the scouts have their hands in the cookie jar, and I can't blame them, since most teams are trying to do things on the cheap," said Mr. Virgil, who succeeded Mr. Rosa as manager of the Giants' farm team here. "The organizations should get wise and hire good people and treat them right, so scouts don't think they have to steal equipment and sell visas to make money."

A lot of scouts here, Mr. Virgil added, no longer even bother to go out to the sugar mill settlements that have traditionally been the richest source of players. Instead, they rely on so-called buscones, freelance "searchers" who scour the bushes for prospects, sign them to personal service contracts and then auction them off to the highest bidder, taking a percentage of the player's small signing bonus as payment.

Mr. Marichal did not respond to repeated phone calls seeking an interview, but Mr. Ortiz, the Dominican baseball commissioner, said that as a result of the Rosa case he is once again pressing major league baseball to require all contracts signed in the Dominican Republic to be registered with his office. That would cut down on financial chicanery, he said.

Yet even as irregularities are investigated and the court case drags on, the hunger to reach the big leagues continues unabated. On a scorching Saturday afternoon this fall, dozens of young boys, part of the 20-team youth league that Rafael Mercedes Castro has run here since 1976, were enthusiastically practicing their fielding and hitting. Boys

begin playing at 5, and by their teens the best of them are being monitored by local scouts for major league teams.

But the hunt is driven by more than the ample size of the talent pool here. Unlike American players, Dominicans are not subject to the baseball draft, which means any team that finds a promising player can sign him to a contract, usually at a bargain price.

"When the Orioles signed me in 1989, I got a \$3,000 bonus," said Manny Alexander, the former Mets shortstop who was traded to the Cubs late in the 1997 season. "If I had been born in the United States, I would have been a first- or second-round draft choice, and they would have had to pay me \$200,000."

Prospects here accept that arrangement not only because they have no choice but also because they dream of a big payoff down the line. Every family in town knows that Sammy Sosa, a native son, signed a five-year, \$42 million contract with the Cubs earlier this year.

"Look at that kid over there," Mr. Sosa said, pointing to a shoeshine boy as he led a visitor on a tour of 30-30 Plaza, a shopping mall he has built here as an investment. "Fifteen years ago, that was me. I shined shoes and washed cars but I knew that baseball was the only way I was going to be able to lift my family from poverty."

Recently, even unproven players here have begun to wrest bonuses equal to those of American players. After a bidding war with the Tampa Bay Devil Rays and the Baltimore Orioles, the Toronto Blue Jays this year signed a 16-year-old shortstop named Josean Bernhardt for \$1.1 million.

As a result, "now even middle-class parents who used to urge their sons to become lawyers or architects are coming to me," Mr. Mercedes said. "Everyone knows that nothing in this country changes your economic situation as quickly as baseball."

The New York Times

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Weary Delegates Set Emissions Cuts for Developed Nations

By Kevin Sullivan and Joby Warrick
Washington Post Foreign Service

AI KYOTO, Japan, Dec. 11 (Thursday)—Exhausted and bitterly divided delegates to the U.N. climate summit reached a historic accord today, agreeing to substantial cuts in emissions of greenhouse gases among industrialized countries but leaving until next year the contentious issue of whether and how the world's poorer nations would participate.

Capping a chaotic 48 hours of nearly nonstop negotiations, delegates from 159 countries worked well into midmorning on their way to adopting a treaty that commits the

world's developed countries to unprecedented, binding limits on the pollutants that scientists say are causing a potentially disastrous warming of the Earth's climate.

The treaty, if ratified, will require wealthy nations from North America to Europe to Japan to reduce emissions by 6 to 8 percent below their 1990 levels by 2012. The accord would spur dramatic changes in fossil-fuel-dependent Western countries in what would almost certainly be the most ambitious and most controversial global environmental undertaking in history.

Under the proposal, the United States would cut its emissions to 7

percent below 1990 levels, significantly lower than the original U.S. proposal, which was to stabilize emissions at 1990 levels. The European Union would cut its by 8 percent, a little more than half the 15 percent it originally proposed. Japan would cut its emissions by 6 percent as part of the compromise figure worked out by conference delegates.

"This is a modest but significant step forward in what will be a long-term battle to protect the Earth's climate system," said Alden Meyer, of the Union of Concerned Scientists, an independent environmental

advocacy group. "The alternative—collapse and gridlock—would have been a disaster."

Reaction to the pact among environmentalists was generally positive, but mixed. The Sierra Club called it a "narrow victory." Greenpeace spokesman Kalee Kreider supported the plan and said it "means we managed to keep the oil industry from completely derailing the negotiations." But the World Wildlife Fund blasted the agreement as flawed and said it "plays into the hands of" the industries that opposed it.

"This agreement represents uni-

lateral economic disarmament," said William F. O'Keefe, chairman of the Global Climate Coalition, a lobbying group that represents a number of major U.S. industries.

"It is a terrible deal, and the president should not sign it. If he does, business, labor and agriculture will campaign hard and will defeat it." If President Clinton does sign, significant political obstacles could hinder or prevent Senate ratification of the treaty.

[The president pronounced himself pleased with what he called a "truly historic agreement," saying it was "environmentally strong and economically sound. . . . I wish it were a little

bit stronger on developing nation participation," he said Wednesday night in New York. "But we opened the way. . . . It is a huge first step, and I did not dream when we first started that we could get this far."]

As delegates worked well into the 11th day of a scheduled 10-day conference, the gathering degenerated into near chaos overnight. Before the final agreement was signed, official interpreters who had worked through the night went home, leaving Russian, Japanese and European delegates often unable to communicate fully with each other on key remaining issues.

See CLIMATE, A36, Col. 1

CLIMATE, From A1

The conference dining hall was down to just a few bananas, as hungry and exhausted delegates worked without food or coffee, and the thousands of environmental and industrial activists and journalists covering the event shivered through the wee hours in a press gallery where the heat had apparently been turned off. Movers waiting to assemble a trade show in the convention hall waited for the United Nations to conclude its business and move out.

Against that tense and difficult backdrop, delegates were able to reach final agreement on many key components of the pact—including the U.S. proposal to include six major greenhouse gases within the established limits, rather than three—but discussion on many others was postponed by an obviously frustrated conference chairman, Raul A. Estrada-Oyuela of Argentina.

"This will enhance our growth, create new opportunities for technology and create a level playing field for U.S. industry," said Stuart E. Eizenstat, undersecretary of state for economic, business and agricultural affairs, who heads the American delegation. "This is a historic first step."

In a victory for the Clinton administration, the pact includes an endorsement of market-based mechanisms that will encourage innovation and lower the cost of compliance for businesses and consumers. The agreement creates a means by which companies in rich nations can provide technology and money to help

cut emissions at power plants and other polluting sites in underdeveloped nations. Administration officials argue that such joint ventures reduce emissions in the poorer nations and act as "a bridge" toward eventually involving them in a more comprehensive program of emissions reductions.

But in a setback for the United States, a decision on many details of programs affecting the more than 130 developing nations at the conference was delayed for at least a year—until next November's global climate summit in Buenos Aires. The postponement was forced by stubborn opposition from key developing countries, chiefly India and China, which made a last-minute stand against the proposals.

Developing countries also rejected more ambitious calls to curb the growth of their own greenhouse gas emissions. Clinton administration officials had repeatedly called for "meaningful participation by key developing nations" in the treaty, a goal that Eizenstat said the Kyoto conference has not met.

"It appeared almost as if some wanted to block any deal at any cost," Eizenstat said. He said American officials had met six times this year with Chinese officials to argue for the U.S. position but that the Chinese could not be persuaded that emissions cuts would not harm China's economic development or its drive to eradicate poverty.

The failure of developing nations to take stronger action raises serious questions about whether the treaty can win Senate ratification, but in any case it may be years before the Senate gets to consider it. The most contentious issues postponed today will be referred to sub-groups of the conference for study and more debate before being presented next year in Buenos Aires.

Because of strong opposition from key senators, it seems possible Clinton might delay presenting the pact to the Senate until the issue of participation by developing nations is considered again at next year's conference. Opponents of the pact said, however, they will waste no time in attacking an accord they believe would cripple the nation's economy.

Even before the conference session ended here this morning, representatives of steel, coal, oil, automotive and other industries that oppose the treaty lambasted it and dared Clinton to send it to the Senate for consideration. Vice President Gore "came to Kyoto wanting a deal very badly, and America got a very bad deal," declared Rep. James Sensenbrenner Jr. (R-Wis.), who said ratification of the pact would mean a loss of U.S. jobs and higher energy costs to consumers.

[In Washington, Gore issued a statement saying the accord "lays a solid foundation for long-term efforts to protect our climate while creating new opportunities for economic growth . . . (but) clearly more work is needed. In particular we will press for meaningful participation by key developing nations. We are confident that can be achieved."

The Washington Post

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[Clinton also repeated his insistence that developing nations such as China and India ultimately agree to take action too, but expressed satisfaction that the pact "strongly reflects" his views on the use of free-market incentives to promote voluntary reductions by polluters.]

The agreement came together during an overtime round of a fractious conference that brought 2,200 government officials and 8,000 journalists and observers to Kyoto, the ancient Japanese capital. Delegates debated a complex array of issues to a virtual standstill, dashing initial optimism that a compromise could be forged.

A breakthrough in the talks came during a visit Monday to Kyoto by Gore, who instructed U.S. negotiators to take a softer line on emissions targets if other nations would agree to a framework of flexible, market-based implementation programs and on "meaningful participation" by developing countries. European countries responded with their own concessions, and by Wednesday morning delegation leaders were proclaiming that an agreement was within reach.

But hopes for a deal sank late Wednesday when China and India tried to strip from the treaty an emissions-trading arrangement favored by the West. A visibly weary Estrada, the conference chairman, warned the developing countries that they were "about to blow up the whole possibility of a treaty."

"I invite the whole delegation to reflect on the consequences of what you are about to do," he said.

After a short break, negotiators adopted a hastily crafted compromise that allowed the principle of emissions trading to stand while calling for a yearlong study of how such trading should be implemented.

The final details of the package were cobbled together well after daybreak as negotiators raced to beat the clock and retain the rapidly fading goodwill of the delegates, some of whom had not slept in days.

"This seems to be negotiation by exhaustion," complained Mark J. Mwandosya of Tanzania.

Staff writer Peter Baker in New York contributed to this report.

The Washington Post

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Global-Warming Treaty Is Approved

Industrial Nations to Lower Greenhouse Gases 6%-8% Below the Levels of 1990

By JOHN J. FIALKA

Staff Reporter of THE WALL STREET JOURNAL

KYOTO, Japan — Diplomats from more than 160 nations approved the world's most sweeping environmental treaty, which requires industrial nations to cut emissions of "greenhouse gases" to between 6% and 8% below 1990 levels starting in 2008.

But negotiators fell short of a major U.S. goal: to get developing nations to commit to "meaningful" emissions targets. That may seal the treaty's fate; U.S. Senate leaders have said they are unlikely to approve a treaty that doesn't compel developing countries to participate. Failure by the U.S. to ratify the accord would make it more difficult for other countries to implement it.

The U.S. also failed to win a tougher compliance measure for nations that don't meet the emissions targets.

In the waning hours of the conference, delegates wrestled over the final details before reaching the accord. Under it, the European Union would reduce its emissions by 8% below 1990 levels, the U.S. by 7% and Japan by 6%. Twenty-one other industrialized countries would meet similar binding targets, and the reductions would be achieved between 2008 and 2012. All are committed to cut even deeper after that. Altogether, the industrialized nations

will be cutting their greenhouse emissions by slightly more than 5% from 1990 levels.

The treaty establishes a legal framework for an international effort that will take at least 50 years to curb six types of man-made gases — the major one being carbon dioxide. Many scientists believe these gases are warming the Earth by trapping more of the sun's heat as they accumulate in the atmosphere.

The move, heavily influenced by U.S. maneuvers, pressure from the White House and last-minute concessions, is likely to transform the environmental issue into a major political football in the next two elections. If President Clinton signs it, as he is expected to, asserted William F. O'Keefe, head of a broad-based industry coalition in the U.S., "business, labor and agriculture will campaign hard and will defeat it." One of the targets of the campaign will be Vice President Al Gore, whose call for more "flexibility" by the U.S. delegation brought about the treaty-making concessions.

Faced with such opposition, Mr. Clinton may decide to hold off submitting the treaty for Senate approval until changes can be made at a follow-up meeting in Buenos Aires next November.

Environmentalists viewed the effort as a mixed bag. "The good news is that the entire world now is focused on global warming. The bad news is that the treaty would allow the world to get warmer more slowly," said Daniel Becker a spokesman for the Sierra Club.

Mr. Becker complained that "loopholes" in the treaty will make emissions reductions by the U.S., the European Union, Japan and other industrial nations weaker. However, U.S. officials led by Undersecretary of State Stuart Eizenstat argued repeatedly that without the "flexibility" afforded by emissions trading and so-called joint implementation features, no meaningful global-warming treaty would have been possible.

Mr. Eizenstat, looking glassy-eyed after almost three days without sleep, called the treaty a "historic first step" that created two "nascent institutions" that would develop as they promoted emissions trading and joint projects with developing countries.

Mr. Eizenstat said one of his major disappointments was the failure to get a tougher compliance measure that would punish nations that overshot emissions quotas. Another was China's tough opposition to U.S. initiatives on trading, he said, despite six Clinton administration visits to Beijing attempting to sell the treaty.

Under the treaty, "expert review teams" would assess how nations are living up to commitments, with the teams' reports circulated among treaty members. No further sanctions are specified.

The treaty envisions an international apparatus that would facilitate trading in emissions credits as a commodity. In theory, it would allow nations and companies that reduce their emissions beyond their quotas — reductions from a base year of 1990 — to sell permits to other companies or nations that need them.

The treaty creates a new international agency, the "Clean Development Fund," to help match companies needing such

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hand, may have to change long-held commuting habits.

Environmental groups successfully lobbied for a set of unprecedented controls that will not only lead to cleaner air, but the mechanisms in the treaty will also promote protection of tropical rain forests (which absorb carbon dioxide) and lead to the cleanup of pollution-prone industries in developing countries.

Developing nations, such as Brazil, also will be able to issue credits to companies in industrial nations that make efforts to protect forests and create parks from woodlands that otherwise would have been used for logging. The companies, in turn, will find the use of these "carbon sinks" a cheaper way of meeting emissions goals. Through these and other forms of emissions trading, commodity traders could see a new multibillion-dollar market emerge. People who live in the neighborhood of a utility that avoids new U.S. emission controls by investing in carbon sinks overseas, however, may not be happy.

For inhabitants of small island states, the treaty may be too little too late. Island nations, facing the loss of their homelands through rising sea levels and a growing number of violent storms, were among the most active lobbyists for the treaty. Scientists believe, however, that the impact of the treaty on global warming may not change warming patterns fast enough to save the islands.

THE WALL STREET JOURNAL
THURSDAY, DECEMBER 11, 1997

CREDIT MARKETS

Treasurys Rise, Helped by Falling Stock Prices And Uncertainty Over a South Korean Offering

By CHARLENE LEE
Dow Jones Newswires

NEW YORK — The bond market got a boost late in the trading session yesterday as a downturn in U.S. stocks and uncertainty over a \$2 billion South Korean bond issue created some demand.

The price of the benchmark 30-year Treasury bond rose 20/32 point, or \$6.25 for a bond with \$1,000 face value, at 100 22/32. Its yield fell to 6.07% from 6.11% late Tuesday, as bond yields move in the opposite direction of prices.

The bond market also got an early push from a large outright purchase of Treasuries by the Federal Reserve. That took a considerable amount of securities out of the market, heightening the attractiveness of bonds.

"It's a combination of things," said Marcello Frustaci, senior vice president of Treasury trading at Daiwa Securities America, explaining the market's rise. "The Fed took out a large amount in this coupon pass."

The Fed executes coupon passes from time to time as a means of permanently adding liquidity to the banking system during periods of high demand for cash—typically around major holidays.

Yesterday, the Federal Reserve bought \$2.61 billion of Treasuries maturing Dec. 31, 1999, through Nov. 30, 2002.

The Fed has bought outright a total \$8.215 billion of notes and bonds in four separate coupon passes beginning late last week.

"The markets are thinner in December, and when you get that much buying, that's going to push things a bit," observed Steven Saslow, executive managing director at HSBC Securities Inc.

Market watchers also noted that some buying of shorter-dated maturities emerged during the day.

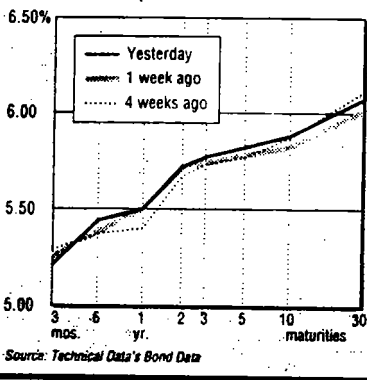
They noted these securities look attractive, given that many investors are confident the Federal Reserve is highly unlikely to raise interest rates at next week's policy meeting.

A sagging stock market gave bond prices an extra push late in the session. The Dow Jones Industrial Average slipped back below the 8000 mark to 7978.79, down 70.87 points. For much of the afternoon, the industrial average had shown triple-digit losses.

Meanwhile, speculation that the Korea Development Bank may have to postpone a \$2 billion debt offering due to weak investor interest also helped Treasuries. After the recent economic turmoil in South Ko-

Treasury Yield Curve

Yields as of 4:30 p.m. Eastern time



YIELD COMPARISONS

Based on Merrill Lynch Bond Indexes, priced as of midafternoon Eastern time.

	12/10	12/9	52 Week - High	Low
Corp.-Govt. Master	6.17%	6.22%	7.02%	6.03%
Treasury 1-10yr	5.81	5.87	6.65	5.66
10+ yr	6.15	6.19	7.26	6.08
Agencies 1-10yr	6.27	6.32	7.08	6.05
10+ yr	6.44	6.49	7.56	6.32
Corporate				
1-10 yr High Qlty	6.33	6.39	7.18	6.12
Med Qlty	6.59	6.65	7.39	6.36
10+ yr High Qlty	6.86	6.90	7.75	6.68
Med Qlty	7.10	7.15	8.05	6.98
Yankee bonds (1)	6.87	6.86	7.51	6.55
Current-coupon mortgages (2)				
GNMA 6.50%	6.79	6.82	7.93	6.72
FNMA 6.50%	6.81	6.83	7.87	6.79
FHLMC 6.50%	6.82	6.84	7.88	6.80
High-yield corporates	8.48	8.50	9.45	8.29
Tax-Exempt Bonds				
7-12-yr G.O. (AA)	4.62	4.63	5.32	4.59
12-22-yr G.O. (AA)	5.11	5.12	5.87	5.03
22+ yr revenue (A)	5.29	5.30	6.01	5.27

Note: High quality rated AAA-AA, medium quality A-BBB/Baa; high yield, BB/Ba-C.

(1) Dollar-denominated, SEC-registered bonds of foreign issuers sold in the U.S. (2) Reflects the 52-week high and low of mortgage-backed securities indexes rather than the individual securities shown.

rea and subsequent bailout by the International Monetary Fund, additional woes highlight the safe-harbor status of U.S. government securities.

While Treasuries were aided by the rumors of the bank's debt-offering problems, some apprehension continues to hang over the market ahead of the unveiling of another set of economic stimulus measures by the Japanese government.

The bond market has been uneasy in recent days after a senior official of Japan's ruling Liberal Democratic Party suggested selling some of that country's massive Treasury holdings to support ailing financial institutions there. The suggestions, though, were vague and didn't specify whether the Treasury sales would come from official or private holdings in Japan. The third phase of the Japanese government's economic-stimulus program was to have been announced Wednesday, but it was postponed until Tuesday.

"People are still looking at Asia and wondering what's happening—if it's stabilizing," said Donald Galante, head of fixed income at Dresdner Kleinwort Benson.

While the prospect of Treasury selling by Japan is psychologically unsettling, many observers downplayed the potential scope and impact of such a move. They noted that while Japan may allow some Treasury securities to mature without re-investing the funds, a liquidation seems unlikely.

"They're not going to dump securities wholesale," HSBC's Mr. Saslow said. "Quite honestly, I'd be more worried about a [U.S.] tax cut than I would some Japanese selling of securities."

But some traders say that buying, not selling, is the key issue. "Will [the Japanese] continue the same buying pace they've had over the last few years?" Daiwa's Mr. Frustaci questioned. However, even if the Japanese lose some

appetite for Treasuries, "there will be plenty of buyers to pick up the slack," he added.

Indeed, third-quarter current-account data released by the Commerce Department yesterday showed that net foreign purchases of U.S. Treasury securities fell during the quarter to \$36.9 billion from \$45.1 billion in the second quarter. Although Japan became a net seller of Treasuries during the latest period, that was mostly offset by a "substantial step-up to record net purchases by Western Europe," the Commerce Department said.

Corporate Bonds

Speculation circulated yesterday that a \$2 billion bond offering from South Korea's Korea Development Bank would have to be radically restructured, but people close to the offering said it remained on schedule to price tomorrow.

Several investors said that lead underwriter J.P. Morgan Securities Inc. was proposing a new structure for the bond, substituting a 10-year maturity with a put option in the third year for the initially proposed three-year bond.

Earlier, rumors that the deal would be postponed began to circulate after the South Korean issuer delayed a conference call with investors to today from yesterday morning.

The bonds were dealt a further blow yesterday by Moody's Investors Service, which downgraded the bank two notches to Baa-2 from single-A-3. Standard & Poor's Ratings Group rates the debt single-A-minus.

J.P. Morgan Securities declined to comment on the offering. But investment bankers and investors with knowledge of the deal said that J.P. Morgan officials insist the offering remains poised to price tomorrow.

Municipal Bonds

About \$2 billion in new issues held the attention of municipal-bond dealers yesterday. Secondary-market trading was light, and prices were unchanged to 1/8 point higher, traders said.

Mixed demand was recorded for the day's largest issue—\$1.1 billion California Department of Veterans' Affairs revenue and general-obligation bonds, according to fund managers. Underwriters at lead manager Bear, Stearns & Co. were unable to report a balance.

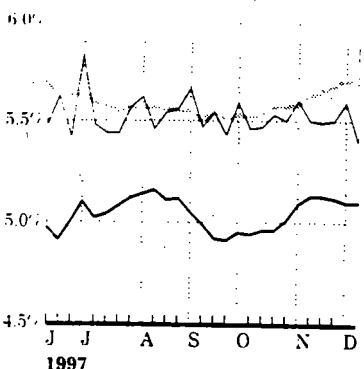
Many buyers said some parts of the issue were largely uninspiring at their initial pricing, although the underwriter was able to slice yields as much as 0.025 percentage point for the largest part of the offering—\$481 million alternative-minimum-tax bonds of 2032, which yielded 5.60% after the repricing.

—Craig Karmin and David Weidner

Short-Term Interest Rates

(Weekly averages)

— Federal Funds
— 3-Month Commercial Paper
— 3-Month Treasury Bills



Source: Federal Reserve Bank of New York

tribes merely to social- must have expected that ad some ability to affect ion, on plaintiff's applica-

ly 14, 1995, denial is the a 90-day preliminary Jus- rtment investigation into

pro-quo exchange for campaign donations."

Mr. Fowler and Mr. Ickes were not available for comment.

Records show the opposition tribes were buoyed at the prospect of meeting with Mr. Fowler and the "influential" Democrats. One lob-

ought to exert influence on Mr. Fowler and Mr. Ickes in an effort to win a denial on the Chippewas' application. Opposition tribes wanted to prevent competition for their own gaming enterprises and gave \$270,000 to Democrats after the application was denied.

On May 14, 1995, Tom

Paul Eckstein, attorney for the losing tribes and a longtime Babbitt friend, told the Senate Governmental Affairs Committee that Mr. Babbitt said during a July 1995 meeting that opposition tribes were prepared to give \$500,000 to Democrats and Mr. Ickes had ordered him to issue the denial.

Kazakh der es U.S. e ine oses to cut out of deal

NEWS AGENCY stan would drop plans sible pipeline through ie United States came ith financing for an al- by October 1998, Pres- sultan Nazarbayev said

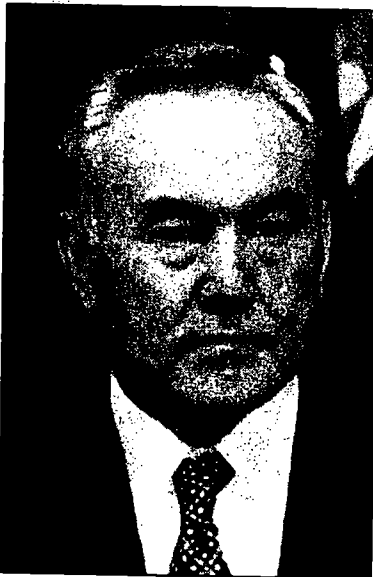
Kazakhstan was willing U.S. pressure to shelve ption in favor of a U.S. eline through Azerbai- ia and Turkey, to the ean Sea "if work on ould in fact start after 98."

arbayev, speaking to re- the end of what he ery successful Washing- said President Clinton U.S. officials had pre- ery clear line" aimed at an from cashing in on nt of Central Asia's vast ources.

ted States supports mul- nes to get Caspian Sea West but opposes any involves Iran, regarded gton as the No. 1 state terrorism.

arbayev said Kazakh- illing to go along with cked plans so long as fforts by Energy Secre- co F. Pena bore fruit in ar as promised.

upport the project that lemented in the quick- he said in Russian ranslator. "And if work 3.-proposed] line could rt after October 1998, e willing to cease work her projects and make eline choice."



Nursultan Nazarbayev

Mr. Nazarbayev described his conditional willingness to shelve the Iran option as a "strictly practical" matter, based on the solution that would get his energy products to markets earliest.

Kazakhstan, which became independent in 1991 after the demise of the Soviet Union, may be sitting on half of central Asia's estimated 100 billion barrels of oil.

Asked about the wisdom of U.S. efforts to isolate Iran, Mr. Nazarbayev declined to answer directly. Instead, he referred approvingly to what he called former Secretary of State Henry Kissinger's policy of "constructive ambiguity."

U.S. support for multiple east-west pipelines is designed to avoid dependence on any one region for oil as well as to isolate Iran.

Kazakhstan joins Turkey, Azerbaijan, Georgia and Turkmenistan in endorsing a U.S. proposal to build a pipeline route from Baku in Azerbaijan to Ceyhan, Turkey.

In addition, the United States has proposed the development of pipeline routes from Turkmenistan and Kazakhstan to Azerbaijan.

Mr. Nazarbayev, who spoke at Blair House, the president's guest house, hailed the signing of two multibillion-dollar energy deals.

The energy production-sharing agreements will let a consortium explore for oil and gas in the giant Karachaganak field in the northern part of Kazakhstan along the Russian border, and separately, explore an area in the Caspian Sea.

Wirth is leaving greenhouse team

Will head \$1 billion Turner U.N. fund

By Patrice Hill
THE WASHINGTON TIMES

President Clinton's lead negotiator in the global-warming talks yesterday announced he will quit next month to head media mogul Ted Turner's \$1 billion fund for the United Nations.

The White House, according to sources, appears likely to name Commerce Department Undersecretary Stuart Eizenstat, Mr. Clinton's top adviser on trade issues, to replace State Department Undersecretary Timothy E. Wirth as lead negotiator at next month's final round of negotiations on a global-warming treaty in Kyoto, Japan.

Mr. Wirth became a lightning rod for conservative opposition to the global-warming treaty in Congress because of his moves calling on the United States and other industrialized nations to adopt legally binding reductions in carbon dioxide and other so-called greenhouse gases while exempting developing countries from such cuts.

The president's economic advisers also complained that Mr. Wirth had put the administration "in a box" that bound the United States to emissions cuts that could harm the economy.

More recently, Mr. Wirth prompted criticism by privately asking congressional delegates to the U.N.-sponsored negotiations not to criticize the administration's position in Kyoto. He later backed off that suggestion.

One of Mr. Wirth's congressional critics was relieved that he is leaving and said he probably was pressured out by the president's more-conservative advisers at the White House.

"Not everyone was the ardent supporter of this treaty that Wirth was," the congressional source said. "He is much further out on this than most of the administration."

Mr. Eizenstat, who has been praised for his handling of difficult

trade issues such as defusing European opposition to Cuban trade sanctions, inspires more confidence in Congress and the White House, the source said. "Eizenstat is aware of the economic issues and is more conscious of the big picture."

Mr. Wirth, one of the strongest environmental advocates in the administration, said he will use his office as president of Mr. Turner's United Nations Foundation to push for environmental, economic, social and humanitarian causes.

"This is a unique opportunity to address the critical global challenges that will define the 21st century," Mr. Wirth said yesterday.

Secretary of State Madeleine K. Albright praised Mr. Wirth's "tremendous work" and said "it is some consolation that Tim will be working closely with Ted Turner to support and help explain the importance of the United Nations and the causes that it serves."

"Throughout their careers, Ted and Tim have demonstrated a willingness to break a little crockery in order to accomplish their goals. And that will no doubt be necessary and appropriate in making sure that Ted Turner's unprecedented gift accomplishes the measure of its promise," Mrs. Albright said.

Environmentalists said their hopes for getting a treaty curbing global warming next month would not be diminished if Mr. Eizenstat replaces Mr. Wirth.

"Eizenstat is well known within White House circles and can be a very constructive player on environmental issues," said Howard Ris, executive director of the Union of Concerned Scientists in Boston.

"The economic team has a very strong influence, and has been very cautious in terms of its recommendations on this issue. We need a counterweight for that," he said.

• Betsy Pisik in New York contributed to this report.

submarines, but the 44-year-old Cmdr. Alfonso wasn't a quiet man. In the end, it would cost him dearly. And his story allows a rare glimpse into the inner workings of these secretive subs, not to mention changing notions of Naval leadership.

Man of the Deckplates

When Michael Alfonso took charge of the USS Florida in September 1996, there was no inkling of what was to come. In fact, the crew, 154 men strong, most of them well-seasoned, welcomed his arrival, the enlisted sailors especially.

They knew he was one of them, a career Navy man who had joined up as a teenager in 1972 and spent four years as an enlisted sailor before becoming an officer. "All of the chiefs were excited about having him," recalls Chief Petty Officer Dale Ritter, a maintenance expert. "We felt he knew what it was like to be on the deckplates."

He had great credibility with his superiors as well, as an efficient and dedicated officer willing, even eager, to move his family from base to base to accept the various assignments that would move him up the submariner's ladder. And snagging the Florida's command seemed to be a huge payoff for years of sacrifice; fewer than half the officers qualified for such commands ever get them.

Moreover, Cmdr. Alfonso had been a veteran of attack submarines, rising to the post of executive officer of the USS City of Corpus Christi. These are smaller boats designed to hunt and destroy other subs, and the blue-collar cousins of the elite 18-sub ballistic-missile fleet. To move up and take charge of a Trident, explains Chief Petty Officer Erik Lidstrom, a senior engineer aboard the Florida, is an extraordinary feat. "The Trident is the Cadillac of submarines," he says.

The Florida was Cmdr. Alfonso's first command, and he set about swiftly to take charge; fit and trim, fond of chomping a cigar, he talked in a voice that gave away his upbringing in New York City. He admonished the crew that he would push them hard. He wasn't joking.

In mid-October, the Florida slipped into the deep waters off eastern Florida to begin a postoverhaul shakedown cruise that would eventually take it to its North Pacific home port of Bangor, Wash. The new captain quickly made his presence felt. Standing in the control room, the

Please Turn to Page A6, Column 1

four executives because of their role in the bank's estimated \$200 million loss from trading stock derivatives.

(Article on Page C22)

* * *

Vitamin makers speculated over the targets of a federal investigation into alleged price-fixing in the bulk business, while federal officials said no formal action was expected soon.

(Article on Page B12)

* * *

Newmont Mining said its board cut its dividend 75% to conserve cash as gold prices continue to slump. Meanwhile, financial problems in Asia have sharply cut demand for gold there, threatening further price erosion.

(Articles on Pages B6 and C21)

* * *

Markets—

Stocks: Volume 537,045,910 shares. Dow Jones industrials 7724.74, up 73.92; transportation 3092.75, off 18.05; utilities 251.22, up 2.69.

Bonds: Lehman Brothers Treasury index 7509.80, up 36.59.

Commodities: Oil \$19.80 a barrel, off 23 cents. Dow Jones futures index 145.22, off 0.11; spot index 136.17, up 0.12.

Dollar: 126.91 yen, up 0.76; 1.7318 marks, up 0.0032.

mail service on the eve of the Christmas shopping season. Mail volume already had dropped 50% in recent days because of the strike threat. When Canada Post ordered staffing levels cut, the 45,000 postal workers walked off the job. (Article on Page A2)

* * *

A Mexican police battalion mutinied and was locked in a standoff with other security forces in Mexico City amid a growing scandal over its alleged execution of six youths in September. Some 200 battalion members refused to surrender 14 comrades, and demanded that those charged get fair trials.

* * *

Britain will withdraw a battalion of the 17,000 troops deployed in Northern Ireland because cease-fires by guerrilla factions appear to be holding. London's top official for the province said. Earlier, the leader of the IRA's political wing complained in a TV interview about the pace of peace talks.

* * *

Ted Turner named Undersecretary of State Tim Wirth to head a U.N. foundation he is establishing with a \$1 billion gift. Wirth, a Colorado ex-senator, was to have led U.S. negotiators at the global-warming treaty conference in Japan next month.

* * *

Space shuttle Columbia executed a 180-degree flip six minutes after lifting off in a test of a cost-saving launch procedure. The move put the shuttle in quicker contact with communications satellites, and will allow a tracking station on Bermuda to be closed.

TODAY'S CONTENTS

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A WONDERFUL NET?

The arguments for and against doing all your holiday shopping on the World Wide Web this season. **Page B4.**

CORPORATE FOCUS: How famous Westinghouse name vanished, **B6.**

HEARD ON THE STREET: REIT initial offering finds experts wary, **C4.**

INTRINSIC VALUE: Less is more for these six fund managers, **C1.**

FUND TRACK: Big brokers' own mutual funds are lagging, **C1.**

tanian response is just come in. The first come ever earlier, though. Want to take the family to the Washington, D.C., Chamber Symphony's Christmas-carol sing-along? Sorry, tickets were gone by August. Drop by a Cleveland Indians baseball game some balmy August evening? Sorry, the Indians sell out in December. Take the kids camping over Memorial Day? Yosemite sells out its camp sites on Jan. 15, the day reservations open.

Lack of Trust

But more than market forces are at work here, and the American passion for life-by-the-datebook says some fairly revealing things about us. Geoffrey Godbey, a sociologist at Pennsylvania State University in State College, says Americans plan so much because they are mistrustful. "You need to trust the future if you want spontaneity," he says. Trustful people know they can make last-minute weekend plans and have a great time, whatever they do; for the others, Delta Air Lines takes reservations 331 days in advance.

Trust also extends to our community, local government, school and church. A generation ago, people expected those institutions to fill their lives. But the community no longer provides day care: Everyone is working; who has time to swap baby-sitting favors? And tight budgets are forcing schools to drop after-school activities, so the stampede is on to find something to

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ing reduction of total fat ought to main the focus of healthful eating. Among the women in the study o consumed the largest amounts trans fats, the chance of suffering heart attack was found to be 53 cent higher than among those at low end of trans fat consumption. But women in the group with the ggest consumption of total fat (46 cent of calories) had no greater k of heart attack than those in the up with the lowest consumption of al fat (29 percent of calories). The researchers, from the Har- rd School of Public Health and

Continued on Page A26

who helped perform the delivery at Iowa Methodist Medical Center.

Doctors said this afternoon that one of the boys was in critical condition and the other children were in serious condition, all of them on ventilators in the neonatal unit of a children's hospital. Hours later, the boy was taken off the critical list, and his condition was upgraded to serious.

The doctors said it could take several days to determine how strong the babies' lungs were, but they said that their condition was not alarming for premature babies.

If all the children survive, it would be the first time that has happened. In September, a Saudi Arabian woman became the first to deliver seven live babies, surprising her doctors who thought she was carrying only five. But those babies were born

Continued on Page A26

Ted Turner Chooses His \$1 Billion Man

Ted Turner chose Timothy E. Wirth, an Undersecretary of State and former Senator from Colorado, to allocate the \$1 billion that Mr. Turner has promised to give the United Nations. Mr. Wirth, who is involved in environmental issues, is said to be leaving the State Department unhappy at American policy on global warming, and wanting faster cuts in greenhouse gas emissions.

Article, page A14.

ments to oversee a selloff of its currency prompted a hurried series of back-channel consultations by American, European and Japanese officials hoping to prevent South Korea's problems from infecting other markets.

Their immediate concern was how to persuade South Korea's leaders that the country could no longer forestall a bailout by the I.M.F. until after presidential elections next month. In the midst of a turbulent campaign in which the ruling party may lose power, Korean politicians are trying hard to avoid the embarrassment of surrendering economic policy for the country to an outside authority. This afternoon, Treasury Secretary Robert E. Rubin issued a statement urging Korea to "move forward quickly to address the present challenges, in particular with forceful and effective action to strengthen the financial system."

To underscore the need for quick action, two senior United States officials were dispatched to Seoul today to meet with the country's new Fi

Continued on Page D2

For Many Phy Is the High-

By ESTI

Dr. Leonard Wexler, a pediatric oncologist, struggled to comfort He en and David Eisman, aching from the loss of their 19-year-old son, Jonathan, who died earlier this year of rare form of cancer.

"We are trying to find some kind of peace," agonized Mrs. Eisman. "I think it will escape us for a long, long time."

"I hope," Dr. Wexler responded, "that there can be some solace for you, as there was for me, in knowing that you raised a wonderful, caring, funny, charming son, who touched the lives of everyone he met and made them better for having known him."

The exchange took place neither in Dr. Wexler's cramped office at the Columbia-Presbyterian Medical Center nor on the telephone. Dr. Wexler's gentle words sped from a computer terminal in upper Manhattan to that of the Eismans in Wayne, N.J., and in that flash of cybercc



Carrie Boretz for The New York Times

Polishing the Grille on a '97 Rudolph

Workers at the Macy's Thanksgiving Day Parade studio in Hoboken, N.J., toiled away yesterday, with eight days to go before the big event. Beth Lucas worked on the reindeer for the float depicting Santa's sleigh.

INSIDE

How Jones to Report Loss

How Jones will cut jobs and investment in its troubled financial information unit, resulting in the first annual loss for the publisher of The Wall Street Journal since it went public in 1963. Page D1.

Wall Street Invests Abroad

Contractors Fit for a Queen

Restoration of Windsor Castle, destroyed in a fire five years ago, has been completed six months early, \$8 million under budget and just in time for the Queen's 50th wedding anniversary. House & Home, page C1.

Going Home in a Mamet Play

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A2

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Spending Ted Turner's Money: State Dept. Aide Gets U.N. Job

By BARBARA CROSSETTE

UNITED NATIONS, Nov. 19 — Ted Turner, who has promised to give \$1 billion to the United Nations over the next decade, today named the man who will allocate the money, the largest donation ever made to the organization. He is Timothy E. Wirth, a former Senator from Colorado who is now the Undersecretary of State for Global Affairs.

Mr. Wirth, who is involved in environmental and population issues, is to leave the State Department at the end of December to become president of what will be called the United Nations Foundation. United Nations officials are meeting today and Thursday with representatives of Mr. Turner to discuss areas in which the new foundation will work.

The impending departure of Mr. Wirth from the Administration clouds an international conference on Dec. 1 in Kyoto, Japan, on a treaty to fight global warming. As the top State Department official dealing with environmental issues, he was the lead negotiator in those talks.

People in environmental organizations who have worked with Mr. Wirth said today that he appeared to be unhappy with the Administration's policy, which did not meet the hopes of Europeans and others that the United States would move faster to reduce greenhouse gas emissions.

"He is passionate on these issues," said Jonathan Lash, executive director of the World Resources Institute in Washington. "He was often Horatius at the bridge."

In an interview, Mr. Wirth, 57, brushed aside differences with the Administration and said he accepted Mr. Turner's offer because he could not resist "an incredible opportunity" to help shape a new generation of foundations and concentrate on global issues in an international setting.

He said he would be part fundraiser, increasing the seed money of Mr. Turner's grant of stock and cash; part networker, drawing on the growing number and strength of private organizations around the world, and part public advocate for the United Nations as it focuses increasingly on 21st century themes.

"People care a great deal about these new issues, the new global issues, post-cold-war issues," he said, mentioning immigration and population growth, the environment, terrorism, narcotics, international crime and the world economy.

"These are the new issues," he said. "We have these new issues and in a way you have old bottles. You

have systems set up at the State Department and elsewhere that were designed for a cold-war era."

Joseph E. Connor, Under Secretary General of the United Nations for Administration and Management, said today that the United Nations had presented the Turner group with 10 areas in which the new foundation could concentrate its efforts, from poverty to education and help for refugees.

The United Nations has named Angela Kane, a German who has been in charge of the organization's library and electronic informations, as its representative at the trust fund.

Directors of United Nations programs will have to compete for the Turner money, which will be spent at the rate of about \$25 million a quarter. Grants are expected to begin in early 1998.

**\$1 billion in the kitty
and a host of
global issues.**

Mr. Wirth said today that he considered Mr. Turner "a man of enormous vision and genius" with whom he has shared a number of important interests over the years. While in the Senate, Mr. Wirth supported — among other things — the loosening of broadcasting monopolies held by large commercial networks, which was a boon to Mr. Turner's Cable News Network.

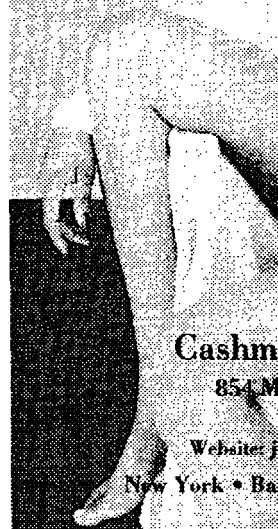
Both men also share an interest in bringing economic forces into solving environmental problems, Mr. Wirth said. "I have known Ted Turner for 20 years," he said, "and have always admired the way in which he fought in a very mold-breaking fashion."

Mr. Turner said in a statement today: "Tim Wirth shares my vision for the future, in which the public and private sectors work side by side to improve global quality of life and rebuild the spirit of and support for the United Nations."

Mr. Wirth, who was born in New Mexico, grew up in Colorado and graduated from Harvard and Stanford, where he received a Ph.D. in education, said Americans are much more interested in global issues and world affairs than politicians think.

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D A D A C I

Climate Pact Rescued in Final Hours

Turbulence Pervaded First Round of Greenhouse Gas Talks

By Joby Warrick
Washington Post Staff Writer

KYOTO, Japan, Dec. 12—In the pre-dawn hours, long after the United Nations global warming conference was supposed to have ended, exhausted U.S. and Chinese negotiators stood nose to nose, snarling at each other, in an exchange that could be heard outside the conference room.

Raul A. Estrada-Oyuela of Argentina, chairman of the conference, was just minutes away from declaring the world's first binding treaty to combat global warming dead. But finally, Estrada intervened. He suggested a compromise—some hasty changes in the pact's language that both sides could accept. Miraculously, the talks were steered back on track.

When the final bang of the gavel struck Thursday

morning, a roaring ovation rose from the 2,200 official delegates from 159 nations who negotiated the historic accord. But the applause belied the deep divisions, particularly between the United States and Europe, that brought the talks repeatedly to the brink of collapse. And the wide gulf between rich countries such as the United States and poorer countries such as China bode ominously for the next round of climate talks a year from now, when the details are supposed to be worked out.

The chaotic final days of the 11-day conference, as described by numerous participants, were an emotional roller-coaster for delegates who watched the treaty's fortunes rise, fall, and rise again.

"There were two or three times when it looked like the deal was off," said a Japanese government official

See KYOTO, A20, Col. 1

Turbulence Lies Ahead Over Climate Accord Details

KYOTO, From A1

at the talks who spoke on the condition of anonymity. "Right up to the last minute we were afraid the talks would fail."

The most critical moments of the 11-day meeting occurred when negotiators were nearing their physical limits after two days of nearly nonstop negotiations. The conference, which was due to end Wednesday night, stretched well into Thursday morning as delegates raced to complete their work in time to catch flights to their home capitals.

Wearied delegates dozed in their chairs or sprawled in the aisles as the negotiators picked their way through pages of treaty minutiae. The arrival of dawn brought new complications: The contracts for the conference translators expired, leaving Russian and Chinese delegations without interpreters.

That the talks succeeded at all was attributed largely to the determination of the delegates and the skillful peacemaking of conference leaders such as Estrada-Oyuela. Estrada managed to prod, cajole and threaten the negotiators into compromises that many believed were impossible.

Others played crucial roles as well, including Vice President Gore, whose brief trip to Kyoto on Monday energized the negotiations and broke the logjam that had stalled the talks for a week—the gulf between the United States and the European Union and Japan.

All three came to the conference with sharply different proposals on targets and timetables for cutting pollution, and each also had very specific ideas about what should be covered by the treaty and what should be left out.

But "the vice president rolls into town, and [suddenly] there were great expectations that the vice president is going to break the logjam ... everyone knows that Vice President Gore wrote the book on global warming, literally, and they felt this would now be a whole different conference," Sen. Chuck Hagel (R-Neb.), a member of the Senate observer delegation, recalled yesterday in an interview.

Hagel said he kept trying to dampen expectations that Gore would be bringing "a bag of

Clinton by phone before letting it be known he would try to jump-start the process. "My reading of it was that he felt he was coming into a situation where not much was happening, the parties were beginning to be frozen and all the attention was on the United States."

Beginning Monday night and continuing into Tuesday, Eizenstat made a move to the center by agreeing to accept more aggressive cuts in emissions. Other countries responded with similar concessions, but it was not until Wednesday

"The last thing anyone would want ... was to say that the thing that prevented the deal from coming together was the host country not moving a final percentage point."

— a White House spokesman

morning that the framework of the agreement for industrialized countries fell into place.

"There was a lot of going back and forth," said a U.S. delegation member who spoke on the condition of anonymity. "Each group had issues it felt were very important, but we decided to agree to a total package or we wouldn't agree at all."

A final hitch for the developed countries came when it became clear the United States would not prevail in some of its proposals to bring developing countries gradually into the protocol. Some delegates feared that Washington and perhaps Tokyo would insist on reopening the issue of emissions targets and insist on less-aggressive targets—a move that almost certainly would have resulted in a return to gridlock, according to Japanese government sources.

emissions trading—a program that wouldn't directly affect the Chinese. For their part, Chinese officials said pollution controls would have to wait until China became as developed as Western countries—about 50 years from now, one delegation leader said.

"This is a matter of human rights," said Shukong Zhong, a Chinese environmental adviser, during a floor debate early Thursday.

China's refusal to budge on the issue exasperated the U.S. delegation and drew a rebuke from conference chairman Estrada, who called a recess and warned that he would prepare to halt them altogether. "It might be better if we have no agreement," he said. "I invite you to reflect."

During the pause, officials from the United States and other delegations were dispatched one by one to try to persuade the Chinese to change their minds. While the shouting was going on inside the hall, officials outside were revising their predictions about the chances for a treaty.

"We knew the Americans had to have [emissions] trading, and we knew India and China were solid in opposing it," said Michael Williams, a U.N. spokesman at the conference. "Maybe they would have walked away from the brink eventually, but at the time no one knew."

The compromise Estrada eventually crafted allowed the principle of emissions trading to remain intact but left key details about the program undecided until the next round of climate talks in Argentina. Estrada read the compromise text to the delegates and then quickly declared the debate over with a stroke of his gavel, taking advantage of conference rules that allows the chairman to judge when a consensus has been reached.

"If it weren't for Estrada the deal would have never gone through," said Peter Debriene, a program officer for the World Wildlife Fund.

The compromise on emissions trading was the last of the major pieces of the Kyoto accord to fall into place, but it did not end the discord at the conference. At 6 a.m., just four hours before the summit ended, the talks nearly collapsed again

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capore and threaten the negotiators into compromises that many believed were impossible.

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All three came to the conference with sharply different proposals on targets and timetables for cutting pollution, and each also had very specific ideas about what should be covered by the treaty and what should be left out.

But “the vice president rolls into town, and [suddenly] there were great expectations that the vice president is going to break the logjam ... everyone knows that Vice President Gore wrote the book on global warming, literally, and they felt this would now be a whole different conference,” Sen. Chuck Hagel (R-Neb.), a member of the Senate observer delegation, recalled yesterday in an interview.

Hagel said he kept trying to dampen expectations that Gore would be bringing “a bag of goodies,” as journalists were describing it. “If people thought the vice president was coming in with goodies to lay on the table, then we in essence would have lost our leverage for the negotiations ... I said, ‘Oh, no, I think the vice president wouldn’t do that.’”

But, as soon as Gore departed from his written text to mention flexibility in addressing the conference, Hagel said he realized that the “goodies” had arrived.

“As I look back on it,” Hagel added, “there’s no question in my mind that Gore told [lead U.S. negotiator Stuart E.] Eizenstat to get a deal whatever the cost because, when you look at the final product, it totally disregarded what the president had laid out in October.”

By contrast, Sen. Joseph I. Lieberman (D-Conn.), another observer, always believed that the United States probably would have to agree to emissions reductions below 1990 levels, which is what Clinton had proposed, and contended that the president had not ruled it out.

A week before Gore’s visit, an American negotiator signaled that the United States was willing to abandon an across-the-board standard and accept different emission levels for different countries. “It was hoped that this would begin the process ... but there was no response,” Lieberman said.

Gore had consulted with Lieberman and some others by telephone en route to Kyoto, met with the negotiators after his arrival and talked with

host country not moving a final percentage point.”

— a White House spokesman

morning that the framework of the agreement for industrialized countries fell into place.

“There was a lot of going back and forth,” said a U.S. delegation member who spoke on the condition of anonymity. “Each group had issues it felt were very important, but we decided to agree to a total package or we wouldn’t agree at all.”

A final hitch for the developed countries came when it became clear the United States would not prevail in some of its proposals to bring developing countries gradually into the protocol. Some delegates feared that Washington and perhaps Tokyo would insist on reopening the issue of emissions targets and insist on less-aggressive targets—a move that almost certainly would have resulted in a return to gridlock, according to Japanese government sources.

“But after consultations with high-level officials, the United States decided to stay within the existing agreement,” the official said. The negotiators breathed a collective sigh of relief, and “at that moment the treaty was saved.”

To cement the deal that it so badly wanted, Japan, the host country, ultimately agreed to a target significantly higher than what negotiators had said was Japan’s bottom line. A call on Wednesday from Gore to Japanese Prime Minister Ryutaro Hashimoto helped persuade Tokyo to bend. “The last thing anyone would want ... was to say that the thing that prevented the deal from coming together was the host country not moving a final percentage point,” a White House spokesman said. The final details were worked out in a five-hour meeting Wednesday between Eizenstat and his counterparts from the European Union and Japan, with each player conferring directly with “the very top levels of government” to secure approval for the deal.

But even after that major hurdle had been overcome, developing countries continued to balk at measures, such as emissions trading, that were aimed at encouraging their eventual participation.

Late in the conference, as the nations began negotiating in earnest, U.S. officials hoped that China and India would soften their resistance to make way for a treaty. But instead, both countries dug in their heels, resisting not only the idea of binding limits for developing countries but also

sions] trading, and we knew India and China were solid in opposing it,” said Michael Williams, a U.N. spokesman at the conference. “Maybe they would have walked away from the brink eventually, but at the time no one knew.”

The compromise Estrada eventually crafted allowed the principle of emissions trading to remain intact but left key details about the program undecided until the next round of climate talks in Argentina. Estrada read the compromise text to the delegates and then quickly declared the debate over with a stroke of his gavel, taking advantage of conference rules that allows the chairman to judge when a consensus has been reached.

“If it weren’t for Estrada the deal would have never gone through,” said Peter Debriene, a program officer for the World Wildlife Fund.

The compromise on emissions trading was the last of the major pieces of the Kyoto accord to fall into place, but it did not end the discord at the conference. At 6 a.m., just four hours before the summit ended, the talks nearly collapsed again because of a small proposed change in treaty language that would have effectively prevented trading programs from being implemented.

The attempted revision, introduced at a time when bleary eyed negotiators had just witnessed a second sunrise without sleep, was nearly overlooked. But David Doniger, a counsel to the Environmental Protection Agency and a member of the U.S. delegation, understood the significance of the change.

Doniger quickly nudged other members of the U.S. delegation to their feet and then dashed across the conference hall, leaping over sleeping conferees, to alert some of Washington’s allies. He found the New Zealand delegate asleep in his chair, his head resting in his palms.

“We got the flags up and everybody started to yell, Doniger said. “We told them, ‘If you don’t fix this, we’re not signing.’”

Afterward, the delegates closely scrutinized each new line until the gavel sounded and the delegates filed out of the building, exhausted but amazed at what had been accomplished under such trying conditions.

“This was a good day to write a treaty,” Doniger quipped afterward, “but not a day for any of us to operate heavy machinery.”

Staff writer Helen Dewar contributed to this report from Washington.

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PHOTOCOPY
PRESERVATION

THE CLIMATE ACCORD: Political Fortunes, and the Planet's Fate

THE OUTLOOK

Despite Pact, Gases Will Keep Rising

By WILLIAM K. STEVENS

KYOTO, Japan, Dec. 11 — In a corner of the tiled tunnel leading from a subway stop to the Kyoto International Conference Hall, the kindergarten children of Kyoto left a message for delegates to the climate conference here this week.

News
Analysis

Their message was an assemblage of miniature trees and flowers accompanied by a small sign. "The Kyoto people are praying for the success of this conference," the sign said. "The future of all people, especially the children, depends largely on the outcome of this conference."

But even if it is ultimately ratified, the agreement to cut emissions of heat-trapping greenhouse gases that emerged today from 10 days of high-stakes politicking will not secure those children, or their children, from the climatic disruptions that mainstream scientists say lie ahead. Participating countries could obey its emission limits to the letter, and atmospheric levels of the gases, produced chiefly by the burning of fossil fuels like coal and oil, would continue to rise.

The Kyoto Protocol does make a start, however. It would establish at least the foundation of an institutional framework and accompanying mechanisms for dealing with the problem in coming decades. And it signals business and industry that the issue is here to stay, that the ways in which energy is produced and used must change, and that

AT A GLANCE

The Climate Accord

REDUCTIONS Thirty-eight industrial nations are required to reduce their emissions of greenhouse gases below 1990 levels between 2008 and 2012. The European Union would reduce emissions by 8 percent, the United States by 7 percent and Japan by 6 percent. Some countries would face smaller reductions, and a few would not face any now. As a group, the nations would cut emissions of such gases by slightly more than 5 percent below 1990 levels.

GASES INVOLVED Emissions of six gases would be affected: carbon dioxide, methane, nitrous oxide, and three halocarbons used as substitutes for ozone-damaging chlorofluorocarbons.

TRADING EMISSION RIGHTS

Countries that do not meet their own emission targets can strike deals with nations that do better than required, to buy the excess "quota." This may encourage reductions to be made where they are most cost-effective. Details of this plan will be negotiated at a meeting next November in Buenos Aires.

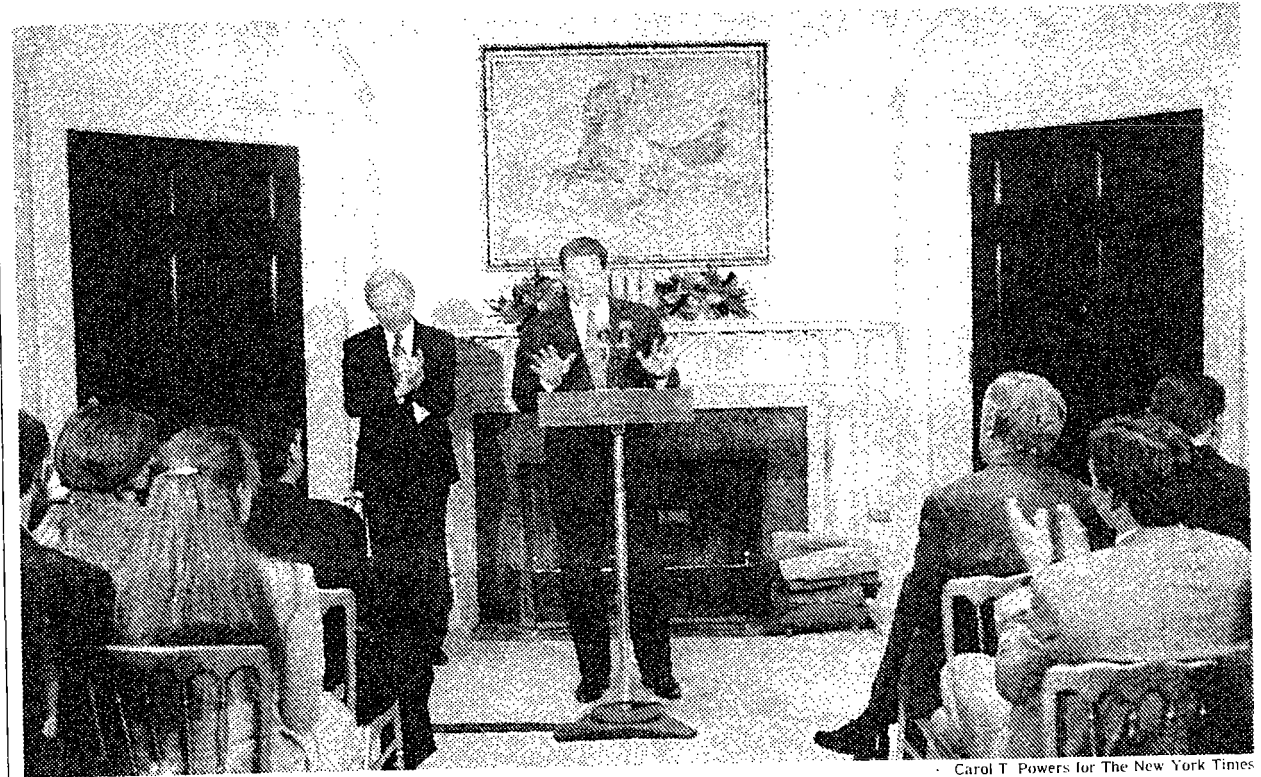
A framework for handling climate changes to come.

lives. If it is able to win Senate approval of the agreement, the Clinton Administration intends to phase in domestic measures to meet the Kyoto target over time, starting with the provision of financial incentives, tax cuts and cooperative government-industry efforts to accelerate the use of energy-efficient technologies.

After a decade or so of experience, according to the Clinton plan, the United States would inaugurate the centerpiece of its emissions-cutting strategy and a principle hard-won here: emissions trading. Under this arrangement, a cap would be set on permissible carbon-dioxide emissions. Companies that reduce their emissions more than required could sell the excess emissions, at a profit, to those that exceed the cap.

The Administration argues that use of this mechanism for reducing industrial emissions of sulfur dioxide has shown that it achieves more emissions cuts at lower cost.

But emissions trading emerged as one of the most contentious items here, almost torpedoing the talks. After a bitter 11th-hour debate, the developing nations agreed to an international trading mechanism for developed countries. But they fear that trading would allow rich coun-



Carol T. Powers for The New York Times

As the Administration began efforts to win approval of an accord to cut emissions of climate-altering gases, Vice President Al Gore addressed supporters and reporters at the White House yesterday on the Kyoto talks.

THE OVERVIEW

Clinton Insists on Third World Emissions Role

Continued From Page A1

treaty. Already, both sides are making sweeping claims about the dangers of global warming and the high cost of proposed solutions. Among the President's most difficult jobs will be to help the public decipher

discussions.

Mr. Gore added that the Administration had ruled out tax increases to meet the obligations of the treaty. And he said that the Administration would soon propose a \$5 billion package of tax incentives and research grants to move the country onto a more energy-efficient path.

any form.

Mr. Inhofe, in a news release, said that the failure to secure binding commitments from developing countries meant that the agreement fell far short of the standard set in a 95-to-0 Senate vote earlier this year. Among its flaws, he said, was the lack of an exemption for military

the issue is here to stay, that the ways in which energy is produced and used must change, and that these issues should be taken into consideration in planning and investing for the long term.

The burning of coal, oil and natural gas, the energy mainstays of the modern economy, produces waste carbon dioxide that remains in the atmosphere, trapping heat. If nothing is done to limit emission of these gases, scientists advising the delegates here say, the earth's average surface temperature will rise by 2 to 6 degrees Fahrenheit by 2100 if the world pursues business as usual. (By comparison, the world is now only 5 to 9 degrees warmer than in the depths of the last ice age.) The scientists say this much warming would bring rising seas, more severe droughts, rainstorms, heat waves and floods, together with broad shifts in climatic and agricultural zones that would benefit some regions but seriously harm others.

The Kyoto Protocol legally binds industrialized countries to cut their greenhouse emissions, collectively, by an annual average of about 5 percent below 1990 levels for the period 2008 through 2012 — a 30 percent reduction below what they would otherwise be. Some are to cut more than that, some less, and a few will be allowed to let their emissions grow because of special circumstances. Among the industrialized big three, the United States must reduce its emissions 7 percent below 1990 levels, the 15-nation European Union 8 percent and Japan 6 percent.

But even if the countries adopt and adhere to these standards, an uncertain prospect, they will only be slowing the accumulation of heat-trapping gases in the atmosphere. As a result, many experts believe that it may already be too late to avoid serious climatic disruption, that the task ahead is one of keeping it from becoming truly catastrophic.

Although there are dissenters, many scientists now predict that unless far more drastic action is taken,

this plan will be negotiated at a meeting next November in Buenos Aires.

ENFORCEMENT A later meeting of the treaty parties will decide on "appropriate and effective" ways to deal with noncompliance.

DEVELOPING COUNTRIES

Developing countries, including major greenhouse-gas emitters like China and India, are asked to set voluntary reduction targets.

RATIFICATION The accord approved by the Kyoto conference takes effect once it is ratified by at least 55 nations that represent at least 55 percent of 1990 carbon dioxide emissions. The terms are binding on an individual country only after its government ratifies the accord.

atmospheric levels of carbon dioxide, the major contributor to climate change, will double sometime late in the next century from the pre-industrial levels of the late 18th century.

Atmospheric levels of carbon dioxide are now about 360 parts per million, and many experts say it will be difficult, if not impossible, to stabilize them at 550 parts per million, close to a doubling of pre-industrial concentrations. Though it is difficult to predict exactly what climate changes would result from such a doubling, there is wide agreement that they would be highly disruptive.

Predictably, the fossil fuel industry warned that the Kyoto cuts would bring economic pain, while some environmentalists said they did not go far enough. Other environmentalists and many business interests hailed the protocol as a solid agreement that would make the economy more efficient and boost growth in the long term. Only time will tell who is right.

What seems clearer is that ordinary Americans will notice little immediate impact on their everyday

developing nations agreed to an international trading mechanism for developed countries. But they fear that trading would allow rich countries to buy their way out of reduction obligations, so it remains to be seen whether they will agree to the regulations necessary to make it work. The issue will be debated in the next round of climate talks, scheduled to begin in Buenos Aires in November.

Another innovative mechanism approved here is an international fund through which rich countries could invest in specific emissions-saving projects in developing countries. The two countries involved would share in the resulting emissions credits.

Apart from that, the Kyoto agreement did little about the future involvement of developing countries. While everyone recognizes that their growing greenhouse emissions will ultimately require them to submit to binding limits, the poorer countries have refused to accept them until the richer countries show the way with action. The question remains a subject for future negotiations.

Because the new protocol does so little about developing countries, it is unclear whether the Administration will sign it, and there are very grave doubts that the Senate would approve it. But President Clinton has said he will proceed with his domestic plans for emissions reduction in the meantime. Beyond that, the Kyoto Protocol is about the long term, and the United States could join it at any time in the years immediately ahead if conditions are right.

The 10 days of sleepless negotiations may well have established an adjustable instrument that in coming decades can respond to emerging new knowledge about both the science and economics of the problem — if the governments of the world buy into it seriously.

Should they do so, the descendants of those Kyoto kindergartners and others like them throughout the world may have cause to be grateful.

signals that the world is heading in the wrong direction. The President's most difficult jobs will be to help the public decipher those assertions and bring pressure on Congress to take action on a matter over which there is still wide disagreement.

"The game is afoot," a senior White House aide said today.

In an appearance at a Coast Guard station in Miami, the President acknowledged that he faced the difficult political and diplomatic job of persuading the American people and leaders of developing countries that the threat of global warming is real and requires immediate action.

"There's still a lot of challenges ahead," Mr. Clinton said.

Even if the countries that agreed to the targets set in Kyoto begin taking steps to reduce so-called greenhouse gases that mainstream scientists believe are warming the earth's atmosphere, concentrations of these emissions will continue to rise for many years. Mr. Clinton and others say that a potential catastrophe in the next century will be averted only by concerted global action beginning now to cut emissions.

Officials in Washington said the Administration would not put the treaty before the Senate before 1999, at the earliest, after a meeting in Buenos Aires late next year aimed at persuading developing countries to accept the Kyoto agreement's limitations on emissions of greenhouse gases. That timetable would also postpone some of the ratification debate beyond the 1998 Congressional midterm elections. President Clinton has until March 1999 to decide whether to sign the proposed agreement.

"As we have said from the very beginning, we will not submit this for ratification until there's meaningful participation by key developing nations," Vice President Gore said at a Washington news conference today. Administration officials did not define "meaningful participation," saying that it was a matter for months of bilateral and multilateral

would be proposed. The President's most difficult jobs will be to help the public decipher those assertions and bring pressure on Congress to take action on a matter over which there is still wide disagreement.

One senior White House official, who insisted on anonymity, said it was possible that the treaty would not be ready for submission to the Senate during the remainder of Mr. Clinton's term in office.

Despite the Administration's go-slow approach, domestic opponents of the accord continued to rail

The fight on behalf of the Kyoto climate accord will be long and arduous.

against its terms, saying that it meant colder homes, a shrinking economy and higher gasoline prices.

The House Speaker, Newt Gingrich, said the United States "surrendered" to pressure in Kyoto and called the proposed treaty "an outrage." He said the accord would cripple the American economy.

"Early reports from those in attendance indicate that on 10 critical issues such as cuts in emissions, future developing country commitments and new U.S. commitments, we sacrificed the future well-being of the country based on environmental correctness and inconclusive science," Mr. Gingrich said. "It is profoundly wrong that approximately 134 countries were allowed to vote on a treaty by which they will not be bound."

"Mr. President," the Speaker asked, "is this putting America's interests first?"

Senator James M. Inhofe, Republican of oil-rich Oklahoma, called the Kyoto accord "a political, economic and national security fiasco" that will never be ratified by the Senate in

to-0 Senate vote earlier this year. Among its flaws, he said, was the lack of an exemption for military vehicles and operations.

"They went to Kyoto determined to get a treaty for its own sake, regardless of the content," Mr. Inhofe said. "What they have come back with is scientifically dubious, economically disastrous and militarily stupid. Yet I don't doubt their determination to try to make it all politically saleable."

Indeed, that is the challenge facing the President and the Vice President as the debate over global warming moves into a new phase that will likely keep the issue before the public well into the 2000 Presidential campaign.

Mr. Clinton insisted that the United States can make a start toward reducing its emissions without disrupting the economy or reducing the country's standard of living.

"I see already the papers are full of people saying, 'The sky is falling, the sky is falling, it's a terrible thing,'" Mr. Clinton said. "Every time we've tried to improve the American environment in the last 25 or 30 years, somebody has predicted that it would wreck the economy. And the air is cleaner, the water is cleaner, the food supply is safer, there are fewer toxic waste dumps. And the last time I checked, we had the lowest unemployment rate in 24 years."

"So don't believe the skeptics" Mr. Clinton said. "Give us a chance to make the case."

Congressional committees are preparing now for hearings next year on the Kyoto accord and the broader question of the severity of the peril of global warming and how to address it.

Senator Richard Lugar, Republican of Indiana, the chairman of the Senate Agriculture Committee, said United States negotiators failed in Kyoto to achieve any of their major objectives and came home with a document that makes unacceptable demands on the domestic economy for questionable benefits.

Mr. Lugar compared the climate negotiations with Mr. Clinton's defeat on "fast-track" trade negotiating authority, which the House last month rejected because a majority

THE IMPACT

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Mr. Lugar compared the climate negotiations with Mr. Clinton's defeat on "fast-track" trade negotiating authority, which the House last month rejected because a majority of Democrats did not believe the President's promises to insure environmental and labor protections in future trade agreements.

"The President needs to spend some time explaining to the American people the validity of his arguments on global warming," Mr. Lugar said. "He didn't make the case on fast track and he hasn't even begun to make the case on climate change. And now he has to explain how the U.S. negotiators botched it in Kyoto."

Mr. Gore, whose presidential ambitions will hinge in part on how the public perceives his role in the global warming debate, appeared mindful of the political risks of the coming months and made an effort to move the issue out of the partisan arena.

In a White House news conference, the Vice President said: "In the coming days and months, it will be critical that we avoid looking at this effort through a narrow political lens. Too much is at stake. We must focus instead on the longer-term future of our planet and our economy, and on the health and well-being of our families and communities."

"This is not a Democratic or a Republican problem, nor is it a problem for any one nation alone," Mr. Gore continued. "It is a problem for the entire world. The stakes are simply too high, environmentally, economically and morally, for us to allow the special interests to get in the way of the common interests of all mankind."

DO NOT FORGET THE NEEDIEST!

THE IMPACT

Whether It Creates Jobs or Joblessness, the Agreement Will Affect Everyone

By JOHN H. CUSHMAN Jr.

WASHINGTON, Dec. 11 — To Scott Sklar, the executive director of the Solar Energy Industries Association, nothing could be better for business than an agreement on controlling gases that contribute to global warming.

Already, the solar business is booming, and with tax and research subsidies its growth might go from 27 percent a year to 40 percent, he predicted, and the price of clean electricity from the sun could drop by 25 percent.

In the niche of the economy that aims to replace coal, oil and other sources of carbon dioxide, the main gas implicated in global climate change, "the United States could create 400,000 new jobs by 2010, equal to the largest U.S. corporate employer," he said.

But Mary H. Novak, vice president of Wharton Econometric Forecasting Associates, an economic consulting firm engaged by industry groups opposing the climate change treaty, says her forecasts predict job losses in the millions.

"The coal mining industry in this country will be wiped out," she predicted. "Agriculture, manufacturing and transportation will all be seriously affected. Farm incomes could be cut by as much as 50 percent."

Whoever is right, every American uses energy, almost everybody wastes it, and its price affects every product's costs. So nobody can escape the repercussions of the treaty that was emerging in Kyoto — assuming that the binding new protocol

PRaise FROM AN UNLIKELY CORNER

The chief executive of British Petroleum, one of the world's biggest energy companies, hailed the agreement reached at the Kyoto climate conference. Business Day, page C4.

is signed by the United States, after it is approved by the Senate.

The Energy Department, in a study by five national labs, found that with aggressive research, new technologies aimed at meeting Kyoto's goals could be brought to market. But for many of them to be cost-effective, fossil fuel prices would have to rise the equivalent of 12.5 cents per gallon of gasoline to help stimulate most of the emissions savings the treaty envisions. Further price increases would bring even more exotic technologies into play.

Wind power, for example, is getting more cost-effective and in some places is close to underpricing fossil fuels, said Terry Peterson, manager of green power marketing at the Electric Power Research Institute, an organization financed by the energy industry.

"The prospects of getting the costs down through a combination of further technology development and larger scales of production are very good," he said.

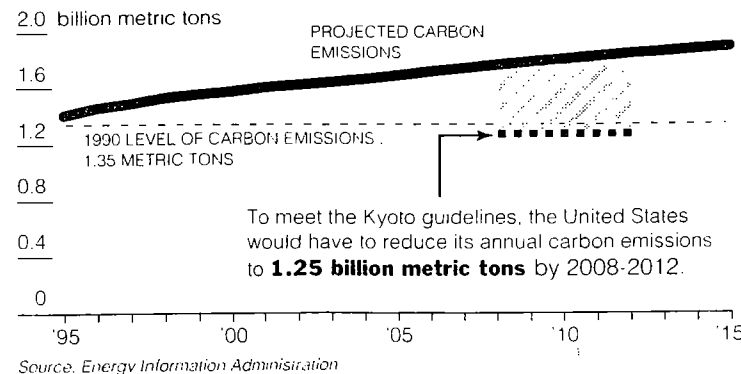
But asking how much energy will cost in 10 or 15 years, or which technologies will win the race to replace coal, is like predicting the price of a cellular phone in the year 2010.

Perhaps in the future all new schools will use geothermal heat

SORTING IT OUT

An Ambitious Plan

Energy Department projections of United States carbon emissions into the atmosphere. Following the Kyoto guidelines, the U.S. would have to reduce emissions of carbon dioxide and other greenhouse gases to 7 percent below 1990 levels between 2008 and 2012. This represents a 30 percent reduction from projected levels.



pumps for cooling and heating, the way the new Choptank Elementary School in Cambridge, Md., did this year. The devices can cut greenhouse gas emissions by 40 percent compared with conventional technology, and Dorchester County, Md., expects to save \$400,000 in energy and maintenance costs at the school in the next 20 years, according to a consortium of businesses that is pushing the technology.

Perhaps the American Power Corporation, a Boston utility, and the

Electric Power Research Institute of Palo Alto will achieve a breakthrough in the field tests they announced last week of a small fuel cell to produce electricity at home. Fuel cells cleanly and efficiently convert natural gas and other fuels to electricity. Their device is expected to cost \$5,000 and is big enough to easily provide the energy needs of a typical household.

More energy consumers and producers will make such novel choices, presumably, if the cost of fossil ener-

gy goes up in the next 10 or 15 years, when the treaty's terms would effectively put a lid on the nation's emissions of carbon dioxide.

The auto industry would be profoundly affected, since gasoline consumption is the biggest single factor, and the fastest growing, in American emissions of carbon dioxide.

And the industry might risk billions of dollars in losses if emissions are capped, because virtually all its profits come from making large sport utility vehicles and light trucks that use much more gas than cars.

But even a big vehicle can be made more fuel-efficient.

The Ford Motor Company predicted in a recent study for the Energy Department that it could make an electric van using fuel cell technology that would get 32 to 34 miles a gallon, more than twice the Econoline model's current performance. And the engine, the study said, could be mass-produced at a price competitive, if not quite on a par, with today's internal combustion engines.

The other big source of carbon emissions is coal burned by electric utilities, which generate 56 percent of the nation's power that way.

The Edison Electric Institute, an industry trade group that represents most of the private utilities in the nation, estimated in a study that it would cost the industry close to \$30 billion to convert most of the coal burning capacity to plants that would produce power by burning natural gas, which would produce steam to drive turbines.

PHOTOCOPY
PRESERVATION

Global-Warming Pact Is Threatened By Dispute Over Emissions Trading

By JOHN J. FIALKA

Staff Reporter of THE WALL STREET JOURNAL

KYOTO, Japan — A serious dispute between the U.S. and the European Union over the knotty subject of emissions trading put negotiations for a global-warming treaty in turmoil just as more than 150 nations meeting here had been scheduled to approve it.

After 24 hours of marathon talks in closed sessions, diplomats on both sides still held out hope an agreement could be made to start global curbs on the emission of man-made "greenhouse gases" that many scientists believe are warming Earth's climate. "The overall result here is that there is a package of pieces that are getting a lot closer together. We're hopeful, but we're not there yet," said a senior U.S. official.

By midmorning Wednesday in Japan, the conference's last day, time pressures were palpable. Once a deal is reached, it would take six hours to translate it into various languages so the more than 2,000 delegates could study it before reconvening to approve it. Further, the delegates faced a midnight Wednesday deadline to vacate Kyoto's International Conference Center where a trade show is scheduled to begin Thursday.

Despite all-night negotiations, the principal stumbling block for the U.S. remained. It is a trading arrangement among the 15 members of the European Union called the "European Bubble." In effect, it allows nations such as Germany and the United Kingdom, which have made major reductions in their carbon dioxide emissions since the base year of 1990, to share the reductions with other EU members. The bubble arrangement has allowed EU members to propose the strongest reduction in emissions levels.

The U.S., Canada, Japan and other industrial nations have argued that it amounts to an exclusive trading arrangement and a bar to their proposal for a global-trading system where all industrial nations could swap emissions credits and, thus, help one another meet overall emissions limits. But the EU has been holding fast.

Last-Ditch Effort

In what appeared to be a last-ditch attempt Wednesday to puncture the EU bubble, the head U.S. negotiator, Undersecretary of State Stuart Eizenstat, said the U.S. and other nations, including Japan, Russia, Australia, New Zealand and Canada, were forming a rival "umbrella" trading group. The inclusion of Russia is important because, like Germany, it has many credits to trade and would let the umbrella group operate in ways that are similar to the EU.

Appearing tired and tense after a day of bargaining, Mr. Eizenstat said "these dis-

cussions have yielded some progress, but we still have far to go, and we do not sense the urgency on the part of many countries that is necessary, given the lateness of the hour." He refused to take questions from the press.

Christine Steward, Canada's minister of environment, was more blunt. "What we see is European intransigence," she told reporters.

Emissions trading is intended to ease the economic pain of meeting limits on greenhouse gases, such as CO₂, by using market mechanisms to focus pollution-abatement efforts on the dirtiest problems. For example, it would give a U.S. company faced with an emissions limit a variety of choices. The company could buy relatively expensive pollution-abatement equipment, or it could help clean up dirtier factories in developing countries, which could be cheaper and, arguably, more effective in reducing the globe's accumulating burden of CO₂ in the atmosphere.

Flexibility or Loophole?

The U.S., Japan and Canada have asserted that the "flexibility" provided by such trading, patterned after successful U.S. efforts to curb emissions of sulfur dioxide, must be a necessary ingredient of any treaty. The EU, on the other hand, has ridiculed such international trade as a "loophole," meanwhile clinging to the bubble concept that will allow some of its member nations, such as Portugal, to increase their emissions by as much as 40% in the coming decade.

One of Mr. Eizenstat's chief opponents on the issue, Ritt Bjerregaard, minister of environment for the EU, said her goal was to make the global-warming treaty "as ambitious as possible." Emissions trading and other aspects of the U.S. position, she said, amounted to loopholes that would ease the burden on a country that "doesn't do what it should be doing domestically."

Using the bubble concept, the EU has said its members can, collectively, lower their 1990 level of emissions by 15% by 2010. During negotiations, the U.S. tried to reduce the percentage. Earlier, it had proposed to merely return to 1990 levels by 2012. Now it is proposing to make at least a 3% reduction if emissions trading and other elements it wants are included in the treaty. Because the U.S. economy is growing, the proposal would require roughly a 33% cut in emissions levels.

The bubble-vs.-umbrella dispute has been so prolonged and frustrating here that Ambassador Raul A. Estrada, the Argentine diplomat in charge of the United Nations convention working group assigned to prepare the treaty, issued a final draft of his own Wednesday. The draft assigned each nation a roughly 5% emissions cut from 1990 levels.

THE WALL STREET JOURNAL
WEDNESDAY, DECEMBER 10, 1997

CREDIT MARKETS

Treasurys Close Near the Session's High Point As Fear Falls Over Possible Japanese Selling

By GREGORY ZUCKERMAN

NEW YORK — Late-day buying helped the Treasury market end a generally lackluster session near the day's high, as fears over Japanese Treasury selling dissipated, at least for one day, and enthusiasm over the economy's inflation outlook buoyed investors.

In late trading, the 30-year bond rose 11/32, or \$3.438 for a bond with \$1,000 face value, to 100 2/32. The bond's yield, which moves in the opposite direction of its price, fell to 6.11% from 6.14%.

Trading remained in a narrow range for most of the day, but an afternoon move by the Federal Reserve to add liquidity to the banking system by buying Treasury securities helped the market move higher.

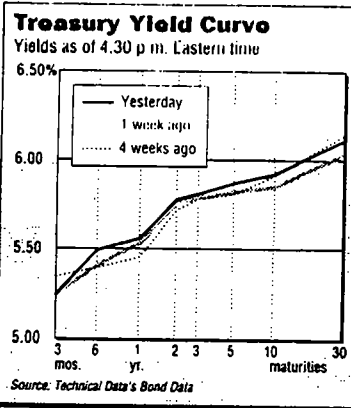
The Fed purchased \$1.827 billion of Treasury notes and bonds. The so-called coupon pass included securities maturing from Feb. 15, 2003, to Nov. 15, 2027.

In anticipation of an expected economic-reform plan by Japan's ruling Liberal Democratic Party, traders insisted that Japanese parties are unlikely to sell enough Treasuries to hurt the market's bullish fundamentals.

"Bond-market investors came to work thinking there would be \$77 billion of issuance of Japanese Treasuries, and that they would also sell U.S. Treasuries," said Jack Ablin, the director of fixed income at Barnett Capital Advisors in Jacksonville, Fla., referring to the prospective plan to bail out struggling Japanese banks. "We'll get the issuance, but the talk about the [U.S. Treasury] selling has pretty much abated."

While some investors used early strength in the market as an opportunity to lock in profits, others used late-morning weakness to buy Treasuries to close out short positions in which they had borrowed and sold securities in recent weeks.

Comments by Federal Reserve Vice



YIELD COMPARISONS

Based on Merrill Lynch Bond Indexes, priced as of midafternoon Eastern time

	12/9	12/8	High	Low
Corp.-Govt. Master	6.22%	6.24%	7.02%	6.03%
Treasury 1-10yr	5.87	5.90	6.65	5.66
10+ yr	6.19	6.20	7.26	6.08
Agencies 1-10yr	6.32	6.34	7.08	6.05
10+ yr	6.49	6.50	7.56	6.32
Corporate				
1-10 yr High Qlty	6.39	6.41	7.18	6.12
Med Qlty	6.65	6.67	7.39	6.36
10+ yr High Qlty	6.90	6.91	7.75	6.68
Med Qlty	7.15	7.16	8.05	6.98
Yankee bonds (1)	6.86	6.88	7.51	6.55
Current-coupon mortgages (2)				
GNMA 6.50%	6.82	6.82	7.93	6.72
FNMA 6.50%	6.83	6.83	7.87	6.79
FHLMC 6.50%	6.84	6.85	7.88	6.80
High-yield corporates	8.50	8.50	9.65	8.29
Tax-Exempt Bonds				
7-12 yr G.O. (AA)	4.63	4.64	5.32	4.59
12-22 yr G.O. (AA)	5.12	5.12	5.87	5.03
22+ yr revenue (A)	5.30	5.30	6.01	5.27

Note: High quality rated AAA-AA; medium quality A-BBB/Baa; high yield, BB/Ba-C.
(1) Dollar-denominated, SEC-registered bonds of foreign issuers sold in the U.S. (2) Reflects the 52-week high and low of mortgage-backed securities indexes rather than the individual securities shown.

Chairman Alice Rivlin that the Asian financial crisis aids the Fed's effort to keep inflation at bay by keeping U.S. economic growth in check also helped the market's tone.

In a speech to a business group in Zurich, Ms. Rivlin said that "if we were not

FCC Urged to Lower Local Carrier Charges For Long Distance

Dow Jones Newswires

WASHINGTON—Consumer and business groups asked the Federal Communications Commission to renew its push to reduce charges local telephone carriers collect to connect long-distance calls.

Slashing those so-called access charges, which amount to more than \$20 billion a year, would lower long-distance rates and help spur the competition for local callers that was envisioned in last year's telecommunications reform law, the groups said in a petition filed with the agency.

"If the FCC will follow the wisdom of this filing... consumers and business users will save \$8 billion to \$10 billion in long-distance costs, and local rates will be driven down to cost," said Gene Kimmelman, co-director of Consumers Union. "We will finally start seeing the fruits of competition." The petition was filed by the Consumer Federation of America, the International Communications Association and the National Retail Federation. Consumers Union said it supports the filing.

The groups asked the FCC to revisit its plan, adopted last May, to cut the inflated charges. The FCC had hoped competition would drive access charges down closer to cost, but critics say subsequent court rulings have made it tough for potential rivals to enter local calling markets.

A federal appeals court in August rejected key pricing provisions of an FCC plan to open local calling markets to competition, a decision the government is appealing to the U.S. Supreme Court. A second ruling by the court in October struck down a plan that would have given would-be rivals access to local phone networks at deep discounts.

presently engulfed by the world-wide currency crisis, I think we'd be worrying very considerably at the Federal Reserve about the economy overheating and incipient inflation, though we haven't seen any" of the latter.

"Inflation has been remarkably well contained," she added.

In economic news, the Fed revised October's industrial production to a gain of 0.4% from the originally stated increase of 0.5%.

Meanwhile, the Bank of Tokyo-Mitsubishi/Schroders retail chain-store sales index fell 0.3% in the week ended Dec. 6 from the week before, on a seasonally adjusted comparable-store basis, suggesting that the holiday season may not be especially strong for retailers. Still, the weekly LJR Redbook national retail-sales survey managed a gain of 1.5% for the latest week.

The National Association of Purchasing Management predicted a 0.6% increase in overall prices for 1998, with labor costs and capital spending also seen rising. The report was not deemed especially important by bond-market participants, however.

Meanwhile, the Richmond Federal Reserve Bank reported a varied picture on regional economic growth, with retail sales and manufacturing expanding at a slower rate in November, while the regional service sector posted strong monthly growth.

Traders remain focused on tomorrow's November retail sales figures and Friday's release of the November producer price index. Consensus estimates for retail sales are for a 0.4% monthly gain, while producer prices are seen having risen by 0.1% in November, according to economists surveyed by Dow Jones Newswires.

This past week's "employment report is still dominating the market, and I don't think there will be real movement until there's fresher data on Thursday, and especially Friday," said Bruce Steinberg, Merrill Lynch's chief economist. "It will be hard to make much progress [in the Treasury market] over the balance of 1997 because we need to see evidence of economic weakness, but this is as bad as the market will get because the economy is about to hit serious head winds."

Emerging-Market Securities

The Argentine government yesterday became the first sovereign emerging-market issuer to return to the U.S. dollar-denominated debt market since the start of the global financial crisis in late October.

The country offered \$500 million in five-year notes through Merrill Lynch & Co. The bonds carry a resettable coupon of 9.75% for the first six months. The rate will be reset in May and November of 1998 and annually after that.

Argentina's successful placement of the deal should help to restore investor confidence in emerging markets, which have been battered by weeks of wild gyrations, Wall Street analysts said.

Analysts stressed that the offering's unusual structure—the changing coupon—and somewhat generous pricing were key to its success.

Municipal Bonds

Municipal bond prices finished unchanged as buyers focused on the session's heavy calendar of new issues.

Market participants snapped up all of a \$1.1 billion New York City general obligation bond offering. Mayor Rudolph Giuliani and Comptroller Alan Hevesi proclaimed the sale a success, citing the lowest overall borrowing cost to the city—5.51%—in 25 years.

"We're very happy with the savings," said Dick Halverson, New York City's deputy controller for finance, estimating that the city will save \$68 million in fiscal 1998. The fiscal year started in July.

Because the bonds were oversubscribed at least two times, a J.P. Morgan syndicate was able to trim yields and reprice the bonds for a top yield of 5.51% in 2019 and 2024.

—Carol S. Remond and Kara Fitzsimmons

Treasury Set to Offer \$14.5 Billion of Bills Monday to Pay Debt

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The Treasury plans to pay down \$100 million on the public debt with the sale Monday of about \$14.5 billion in short-term bills.

Maturing bills outstanding total \$14.59 billion.

The offering will be divided evenly between 13 week and 26 week bills maturing March 19, 1998, and June 18, 1998, respectively. The Cusip number for the three-month bills is 9127946H2. The Cusip number for the six-month bills is 9127946T6.

Noncompetitive tenders for the bills, available in minimum \$10,000 denominations, must be received by noon EST Monday at the Treasury or at Federal Reserve banks or branches. Competitive tenders for the bills must be received by 1:00 p.m. EST.

U.S. Presence in Gulf Is Denounced in Iran

Islamic Conference Responds With No More Than Polite Applause

By DOUGLAS JEHL

TEHERAN, Iran, Dec. 9 — Iran opened a world Islamic conference today with a harsh denunciation of the West, urging Muslim countries to resist what it called "persistent and cunning enemies" led by the United States and Israel.

The country's supreme leader, Ayatollah Ali Khamenei, told his guests that the main threat to security in the region was not his own Islamic Government, as many in the West assert, but "the poisonous breath" of the United States and its military presence in the Persian Gulf.

The address was bound to unsettle Saudi and other gulf leaders who since the Iranian revolution of 1979 have remained wary of Iranian intentions and now rely for their security on American protection. It must also have rankled Egypt and Jordan, who by making peace with Israel have established close bonds with Washington.

But though Iran's President later offered more conciliatory remarks, Ayatollah Khamenei's inaugural seemed to signal Iran's intention as host of the three-day meeting to drive home a message that Islam itself is under attack.

"Today, global arrogance gains hope and strength through creating discord and disunity in this front," the Ayatollah said. "Is it not time to bolster and strengthen this rank in our favor?"

The address was met with no more than polite applause within a circular conference hall built at the foot of the snow-dappled Elburz Mountains to house the heads of state and top officials who have assembled here for the first meeting of the 55-member Organization of the Islamic Conference in three years.

But the 45-minute address by the conservative cleric put on center stage some of the hard-line views that still carry great weight within powerful sectors of Iranian society eight years after the death of Ayatollah Ruhollah Khomeini, who inspired the revolution that established Iran as the world's first Islamic republic.

To underscore the gravity with which he intended the Ayatollah's address to be received, the Iranian Government circulated copies of the remarks in glossy pamphlets that included translations from Persian into English, Russian, French and Arabic.

In his address, the Ayatollah labeled as Iran's most dangerous critics "the Zionists, the notorious global Zionist media, and the agents of arrogance, in particular the Americans."

And he complained that "Western materialistic civilization is directing everyone toward materialism while money, gluttony and carnal desires are made the greatest aspirations."

President Mohammed Khatami, whose overwhelming victory in elections last spring has helped give Iran a gentler face, later characterized relations between Islam and the

West in warmer terms.

Mr. Khatami, who is also a cleric, said Islamic civil society and its Western counterpart were "not necessarily in conflict and contradiction in all their manifestations and consequences."

"This is why we should never be oblivious to judicious acquisition of the positive accomplishments of the Western civil society," Mr. Khatami said.

But Ayatollah Khamenei has emphasized since the election that it is he, and not the President, who wields control over foreign policy and most other matters of state. And because it was he, rather than Mr. Khatami, who chose to inaugurate the conference this morning, the most powerful impression left by the proceedings was his message of defiance.

The Ayatollah chose not to single out Arab nations that have diplomatic or commercial ties with Israel. But he condemned American-backed efforts to broker a broader peace between Israel and the Palestinians as "unjust, arrogant, contemptuous and, finally, illogical," and he called them a "losing transaction" for the Palestinians.

On a matter closer to Iran's borders, he complained that "the political designers of arrogance" — a standard euphemism for the United States and its Western allies — "are breathing their poisonous breath to make our neighbors in the Persian Gulf fearful of Islamic Iran, which holds the banner of unity and brotherhood."

As Iran has done before, the Ayatollah called on countries bordering the Persian Gulf to band together for self-protection rather than rely on outsiders like the United States.

So far, Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates and the other conservative monarchies of the gulf have rejected such appeals, fearing that Iran may still intend to export the kind of religious unrest that led in 1979 to the overthrow of Shah Mohammed Riza Pahlavi, another staunch ally of the United States.

Today, Crown Prince Abdullah of Saudi Arabia referred obliquely to such concerns by urging delegates to the conference to remain on guard against "extensive militancy that has shed Islamic blood in the name of Islam."

But in his own bid to revive Iran's quest to establish new military ties among the countries of the gulf, Ayatollah Khamenei solemnly declared, "Islamic Iran poses no threat to any Islamic country."

Renewed Offer to Hold Talks

WASHINGTON, Dec. 9 (Reuters) — The United States embraced a call today by President Khatami for a dialogue and renewed its offer to hold talks with an "authorized" Iranian Government representative.

The State Department deputy spokesman, James Foley, said, "We are not seeking to change the nature

of the Iranian regime." The United States has often called Iran an outlaw regime.

Mr. Foley's comments were the latest in a series of cautious public overtures underscoring a willingness to consider re-engaging with a country the United States has worked to isolate for nearly 20 years.

"Certainly we would welcome and support the idea of an open dialogue between different cultures and civilizations," Mr. Foley said. "I think President Khatami has been endeavoring to emphasize the commonality of world civilization and of world values. And we hope that those kinds of remarks begin to be reflected also in the foreign policy sphere in the way nations deal with each other on a state-to-state level."

Mr. Foley was reacting to comments earlier today by Mr. Khatami, at an Islamic conference in Teheran.

Mr. Khatami said that Muslims should take advantage of the positive scientific, technological and social achievements of the West to build an "Islamic civil society."

Somalia Floods Kill 25; More Rain Is Expected

NAIROBI, Kenya, Dec. 9 (Reuters) — Floods in southern Somalia killed 25 people overnight, and aid agencies said today that continuing rain in Ethiopia could aggravate the situation.

A United Nations operation to drop food by parachute to 230,000 Somalis uprooted by flooding had to be postponed after refugees crowded into the zone where the food was to be dropped, creating fear that the drop could harm them.

More than 1,600 people have died because of the floods since late October, the aid agencies say. At least 230,000 people have been displaced. Flood-related diseases like malaria account for an increasing number of the deaths.

The United Nations plan postponed today was for a C-130 cargo plane to drop 16 tons of food twice a day over the next month, Christiane Berthiaume, a World Food Program spokeswoman, said in Geneva.

Kyoto Meeting Moves Closer to an Agreement to Cut Greenhouse Gases

By WILLIAM K. STEVENS

KYOTO, Japan, Wednesday, Dec. 10 — Negotiators from more than 150 countries moved closer today to an agreement requiring reductions in the emission of heat-trapping greenhouse gases by industrial countries, but a firm deal continued to elude them.

With a deadline looming later today, the discussions focused on a proposal put forth by Raul Estrada-Oyuela of Argentina, the chairman of the talks, that would cut average emissions of carbon dioxide and other greenhouse gases during the period 2005 through 2010 by 5 percent below the level of emissions in 1990.

In meeting the overall target, different countries and groups of countries would be assigned different targets according to their economic profiles. Thus, while the United States would cut its emissions by 5 percent and Japan by 4.5 percent, for instance, emissions of the European Union would be reduced 8 percent. But all would fall within a narrow band ranging from that 8 percent reduction to increases of 5 percent permitted in Australia and Norway.

"The trend is a very positive one,"

Mr. Estrada said after the talks recessed at 2:30 A.M.

At issue are emissions of six greenhouse gases. The most important is carbon dioxide, which is produced by the burning of fossil fuels like coal and oil. The others are methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexachloride, but various proposals on reductions would leave decisions on some gases for another conference.

All trap heat in the atmosphere, and some scientific advisers at the talks say the gases will raise the average global temperature by 2 to 6 degrees Fahrenheit by 2100 if emissions are not reduced.

By comparison, the world has warmed by 5 to 9 degrees since the depths of the last Ice Age, and these scientists say the predicted warming would cause widespread climatic and environmental disruption.

On the sticky question of how developing countries can be brought more closely into the effort to control emissions, the proposal suggested setting up a special fund to serve as a conduit for the transfer of money and technology from rich countries to

poor ones, so that the latter can adopt appropriate technologies.

The United States "welcomes" this concept, said Stuart Eizenstat, the chief American negotiator, who called it "exactly the kind of bridge both worlds should hope for."

Mr. Estrada's proposal also pro-

No deal yet on reductions in the industrial nations.

vides for developing countries to submit to binding controls on emissions at any time, at their option; some countries, including Chile, have expressed interest in this.

The developing countries have been insisting that they will not accept any further commitments under the 1992 Rio treaty on climate change, beyond general ones already binding them to take measures to cut emissions, until the rich countries submit to binding reductions.

But Dr. Mark Mwandosya, chairman of the developing-country caucus in the talks, said on Tuesday that "we will not be a stumbling block" to Mr. Estrada's efforts to forge a deal.

The United States signaled that it was moving in the direction of Mr. Estrada's plan on at least one key element, that of the emissions-reduction target. Mr. Eizenstat said the United States had proposed going below 1990 levels. Earlier reports from the European camp that the proposal involved a cut of 2 percent were "understated," he said.

Mr. Eizenstat said the revised American target was contingent on the acceptance of a package that includes the "trading" of emissions among countries and regions, and the Estrada proposal includes this feature. In emissions trading, a country or industrial company would be able to meet its target by cutting emissions itself, by buying reductions from a country or company that achieved excess cuts, or by both approaches.

Proponents of the approach argue that it provides an incentive for companies and countries that find it easier and cheaper to cut emissions to

reduce them below the target and then sell the excess reductions, at a profit, to companies or countries that find it harder or more costly to reduce emissions on their own.

The Americans say this results in cheaper and more effective reductions, but the Europeans worry that countries might be able to buy their way out of their obligations.

The Americans proposed on Tuesday that the United States join with a group of countries including but not limited to Japan, Russia, Australia, New Zealand and Canada in an emissions-trading group.

This would potentially make it easier for the United States to achieve its commitments because Russia's economic troubles have reduced its emissions drastically. The European Union has long insisted that its 15 countries be allowed to band together to achieve a common target.

The Estrada plan would allow countries to meet part of their obligation by counting natural features, mainly forests, that absorb carbon dioxide. The Americans favor this, but the Europeans are skeptical.

DO NOT FORGET THE NEEDIEST!

The New York Times

WEDNESDAY, DECEMBER 10, 1997

Worried Japanese Are Holding On to Their Yen

Government Studies \$80 Billion Bank-Stabilization Plan as Fears of Financial Collapse Spread

By Mary Jordan
Washington Post Foreign Service

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TOKYO, Dec. 9—Back in Japan's heady days, Isao Ogawa sewed custom-tailored suits for the rich. But after the 1991 stock-market and real-estate crash, he put his fine fabrics away. "People didn't have big money anymore," he said. "They started buying suits off the rack."

Ogawa, 55, now sells baked-oc-topus snacks to commuters at a busy train station. He figured his

modest new venture was safe because people will always be hungry. But recently he has felt his job once again threatened by a falling economy. "Usually December means money. It's when people spend. Not this year," he said, as money-conscious commuters walked right by him and his \$3.40 treats. "Life is hard."

Millions here feel the same way. It is difficult to find anyone—

young or old, student or retiree—who does not feel depressed, or at least pessimistic, about the economic outlook. Apprehension about corporate bankruptcies, layoffs, stock-market plunges and the diminishing value of the yen against the dollar are not only making people glum but also changing their spending habits.

In an effort to stem the gloom, Prime Minister Ryutaro Hashimoto announced today that he is studying an emergency plan to restore confidence in banks—a proposal that calls for the government to issue nearly \$80 billion in bonds to recapitalize shaky financial institutions. Over the next several days, more details of the plan are to be released, including tax cuts intended to stimulate the economy and encourage people to shop again.

Richard Medley, associate director of Yale University's Center for

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JAPAN, From A1

International Finance and an adviser to financier George Soros and a number of international investment groups, said he cannot remember a time when so many people representing so much of the world's capital were in Tokyo—all of them watching Japan's next move. If the government fails to stabilize the banks, he said, the stock market will drop and the yen will dive against the dollar. "But if they do [stabilize], the Asia currency crisis is over. It's that stark."

Many economists are warning of severe consequences if Japan does not intervene and stabilize its financial system. It will be a "crisis the likes of which we have not seen in a major economy since the 1930s," said Russell Jones, chief economist for the Lehman Brothers brokerage firm branch in Tokyo. "There are no soup kitchens yet, but things are pretty depressed; the sentiment is downbeat," he said.

Some analysts say the public perception of how bad things are is worse than the reality. Japan is solid in important ways that set it apart from other ailing Asian nations, they say: It is the second-richest country in the world, with a stockpile of savings; it remains the world's largest creditor nation, with more than \$225 billion in foreign currency reserves; and is home to Toyota, Sony and other manufacturing giants.

But the financial sector's woes have had a profound impact on spending patterns here. New car registrations are off nearly 25 percent, meaning that millions of people are holding on to old cars rather than replacing them—the worst news in 15 years for Japan's mighty car industry. The housing industry is similarly depressed. Housing starts have declined for 10 consecutive months, with 25 percent fewer in October than

in the same month last year. Department stores, supermarkets, restaurants, bars and small businesses are all reporting decreased sales.

According to some analysts, the government signaled that it is acknowledging and addressing the problem today by releasing an economic report without the usual cheerleader tone. Instead, for the first time this year, the Economic Planning Agency conceded that private household spending has stalled and that corporate concern about the deteriorating economy is increasing.

Former prime minister Kiichi Miyazawa, a key figure in the government plan to reshape the economy, said in an interview Monday that spirits are low in the country and that he has not "seen the light at the end of the tunnel yet." There is a feeling of "aimlessness and soul-searching," he said, as Japan sets off on a new economic course for the next century.

The Washington Post

WEDNESDAY, DECEMBER 10, 1997

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Agreement On Climate Appears Near

Differences Narrow At Kyoto Conclave On Global Warming

By Joby Warrick and Kevin Sullivan
Washington Post Staff Writers

KYOTO, Japan, Dec. 10 (Wednesday)—Top U.S. and European officials said today that negotiators were on the brink of agreement on a historic treaty to combat global warming as a contentious 159-nation climate conference here entered its final hours.

The officials said that nonstop overnight meetings had yielded significant progress on an array of issues, especially among several key participants—the United States, the European Union and Japan. And, after 10 days of intensive wrangling, there was broad agreement that the conference would conclude late tonight with an accord that calls for the world's industrialized nations to make legally binding cuts in emissions of the "greenhouse gases" that cause global warming.

"As the sun has risen over Kyoto this morning, we have reason to be optimistic," said Sen. Joseph I. Lieberman (D-Conn.), a prominent participant in the talks. "We have made significant steps forward in the long march to protect our Earth and its people."

Details of the final agreement were unclear this afternoon, as negotiators continued their round-the-clock sessions to finalize compromises and wording on remaining issues—chiefly the question of whether and how the world's developing nations would participate in the agreement.

Several officials said, however, that the final agreement would call

See KYOTO, A30, Col. 1

KYOTO, From A1

for the United States to make significantly deeper cuts in gas emissions than originally proposed by President Clinton, who called for reducing such emissions to their 1990 levels by 2012. Today, Rep. Henry A. Waxman (D-Calif.), who is observing the negotiations, said the United States was close to agreement on a further reduction of at least 6 percent below the 1990 levels.

Waxman said the European Union was ready to match the U.S. cut—a sharp shift from the EU's original proposal to cut 1990 emissions levels by 15 percent. Japan, another key player in the negotiations, would cut its emissions by at least 5 percent, Waxman said, who added that all those figures were minimums and that cuts could be deeper when a final agreement emerges.

As the broad outlines of a deal emerged this afternoon, some U.S. environmentalists hailed the news as a victory, while representatives of steel, coal, electric-power and other industries that create most greenhouse gases said they were bitterly disappointed. "It's not everything we hoped for ... but it's a huge accomplishment in terms of protecting the environment," said John Adams, executive director of the Natural Resources Defense Council.

"They're in a free fall; the only salvation for jobs in the U.S. is when this thing ends," said William O'Keefe, chairman of the Global Climate Coalition, a group of powerful American industries that have spent millions of dollars to block any legally binding treaty on global warming. O'Keefe said that the weary delegates in Kyoto had given in to the temptation to reach an agreement—any agreement—without stopping to consider the consequences.

But reaction on both sides was far from uniform, even among allies. Some environmentalists complained that the compromise proposal contained many loopholes that could undermine efforts to fight global warming. "The objective here is to reduce greenhouse gases, and we're not convinced that this agreement would do that," said Adam Markham, of the World Wildlife Fund.

Markham said the agreement would allow U.S. companies to engage in projects aimed at reducing emissions in developing countries without cutting their own emissions at home. He said that depending on how the final agreement is structured, that loophole could allow the United States to increase, not cut, its total emissions.

Details of the compromise began emerging Tuesday night, as U.S. negotiators and the conference chairman, Raul A. Estrada-Oyuela of Argentina, each put forth new suggestions to break the deadlock that gripped the conference since it began.

Estrada-Oyuela proposed a range of emissions standards for different countries, from an 8 percent reduction for European countries to a 10 percent increase for Iceland, which is expecting a 40 percent increase in emissions following construction of an aluminum smelting plant. His proposal called for the United States to make a 5 percent cut.

American negotiators said Tuesday that they were prepared to make deeper emissions cuts than originally offered, but they declined to be specific. However, the figures disclosed by Waxman today are believed to represent even deeper cuts than the Americans' initial compromise proposal.

"What we have is not a perfect solution, but a good start to build on," Waxman said. "This is Day One of the new fight," he said, noting that there is fierce opposition to binding cuts among members of Congress sympathetic to the arguments of the industrial concerns.

Emotions in the conference hall here ran high as tired, frustrated delegates entered the final phase of a 10-day meeting that lurched and chugged along until Tuesday night without any real breakthroughs. The delegations arrived here far apart on all major issues involving greenhouse gases, including how to measure them and how to stem their effects.

On Tuesday, U.S. delegation leader Stuart E. Eizenstat, undersecretary of state for economic, business and agricultural affairs, unveiled an 11th-hour initiative to create an umbrella group of developed countries outside Western Europe—including the United States, Canada, Australia and Russia, among others—that would collaborate on a strategy to meet and share their obligations for cutting greenhouse gas emissions. The 15-nation European Union has a similar arrangement.

American officials today hinted that the umbrella proposal was genuine but also an attempt to prod the European countries toward compromise. It is unclear whether the umbrella proposal would be included in any final agreement.

Under the proposal, the group would set up an emission-trading system among its members, so that nations that exceed their pollution limits could buy "credits" from countries that pollute less. The major supplier of excess credits would likely be Russia, which already is polluting far less than it did in 1990 because many of its Soviet-era factories have been closed. Environmentalists generally oppose such a system, fearing it would allow rich countries to buy their way into compliance rather than enforce unpopular emissions cuts at home.

Many issues remained in flux today, including the critical question of how or whether developing countries would be asked to participate in a global climate treaty. The main proposal apparently under consideration in the final stages of negotiations calls for companies from industrialized nations to provide energy-efficient technology and funding to projects such as new power plants in developing countries. These companies would receive credit for any reduction in gas emissions attained in those projects, and the credits could be used to reduce the companies' own emissions' burden.

Brazil has proposed a plan under which those joint ventures would be administered by a central clearing-house group, which would help companies and developing countries coordinate their efforts. Details of that plan were still under consideration. However, officials said the alliance of developing nations here has privately voted to support the plan in principal.

Representatives of all camps say the stakes here are high.

Environmentalists say global warming threatens to damage the Earth's climate irrevocably, causing flooding, severe storms and increases in temperature that could raise the average July temperature in Washington to 110 degrees from 85.

Industry representatives, and their U.S. congressional allies, say there is no scientific proof that global warming exists—despite a consensus reached by a United Nations-appointed panel of 2,500 scientists that it does. They say accepting any treaty that forces cuts in emissions of greenhouse gases would devastate the global economy, cause huge increases in energy costs and massive job losses in the United States and elsewhere.

The Senate, which must ratify any agreement signed here, voted unanimously last summer that any agreement should include participation by developing countries, which are expected to surpass the industrialized world in greenhouse-gas emissions in the coming decades. This morning, one of the co-sponsors of that resolution predicted that the Clinton administration would have "serious problems" unless the final form of the treaty changes significantly from the current draft version. "This does not come anywhere close to what President Clinton promised the American people he would do," said Sen. Chuck Hagel (R-Neb).

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The Washington Post

WEDNESDAY, DECEMBER 10, 1997