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Subject: Media reaction on Clinton on global economy

September 16, 1998

CLINTON ON GLOBAL ECONOMY: 'AMERICA HAS RESUMED LEADERSHIP'

(This is an updated version of the coverage in the Early Reports of 9/15 and 16 of President Clinton's speech on Monday at the Council of Foreign relations in New York. Additional editorial comments have been added, and material not specifically related to the president's speech has been deleted.)

President Clinton's September 14 speech on the international economy at the New York Council on Foreign Relations garnered high praise from foreign media commentators over the past two days. Pundits in all geographic regions reporting said that the president had lit the "global economic leadership beacon" in his "milestone" speech and noted he appeared "lucid, combative and determined." Rome's leading business Il Sole-24 Ore, for example, bannered the headline, "America Resumed Leadership Yesterday." Echoing that sentiment, analysts in Brazil and Uruguay judged that the president's speech signaled that "the tide had turned" now that the world's "major economy" indicated that it was "ready to fight to put an end to the crisis." A number of opinion-makers also took heart that, within hours of Mr. Clinton's speech, the G-7 nations had issued a joint statement in which they pledged a coordinated effort to address the global financial crisis. "Finally," declared the independent Hong Kong Economic Journal, "the G7 is willing to sit down and discuss the crisis caused by the Asian financial storm." Other

observers, however, remained worried about further economic turmoil in the world despite the efforts of the U.S. and the G-7. Munich's centrist Sueddeutsche Zeitung stressed: "(A) danger from the '30s, which Clinton and the G-7 did hardly mention, is protectionism. If trade is strangled, cheap loans will be of no use."

Some analysts continued to worry, however, about the effect of the Lewinsky scandal on the President's capacity to lead. Observers in Britain, Italy and Spain argued that the U.S. and Europe have decided that the "pessimism which has prevailed in stock markets is exaggerated" and that the "recovery of confidence" is an essential element to global economy health. Pundits in France and Spain mentioned the need for reductions in interest rates, both among developed countries and in the U.S.

EDITOR: Kathleen J. Brahney

EUROPE

BRITAIN: "Too Close For Comfort"

The liberal Guardian had this editorial (9/15): "President Clinton's recognition that this is 'the biggest financial challenge facing the world in half a century' could be a milestone on the way to a solution.... President Clinton has seemed until yesterday to be preoccupied with political survival and unaware that the United States could be dragged into the crisis. This is not because the American economy is particularly vulnerable. Its underlying economy is in rude health. This crisis is not about underlying strengths. It is about confidence."

FRANCE: "Clinton Waves A Red Flag About Latin America"

Pierre Yves Dugua remarked in right-of-center Le Figaro (9/16): "Anticipating the situation, President Clinton has asked the IMF to be ready for emergency loans to Latin America.... The White House message is extremely clear. Now that the crisis is hitting emerging nations in America's backyard, the challenges of the world financial crisis have gone up a notch.... Yet beyond the economic and financial repercussions of a Latin American crisis, there is a major political dimension at stake for the United States. All the countries in that part of the world are now democracies where governments and political tendencies can change. If, after ten years of an open market economy and deregulation, Latin America was tempted to go back to a controlled market, Washington's model of development would suffer greatly."

"The G-7 Acts...Finally!"

Philippe Mudry opined in centrist La Tribune (9/15): "It appears that a coordinated drop in interest rates throughout developed nations will become a reality in the near future. Emerging nations that implement strong economic measures will be helped thanks to the IMF whose means

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GERMANY: "Crisis Patchwork"

Right-of-center Frankfurter Allgemeine's editorial emphasized (9/16): "The seven leading industrialized countries now want to make proposals on how to resolve the problems in the international finance markets. President Clinton even ordered his Treasury Secretary Robert Rubin to organize a global crisis summit. But there is not a great scope of action for a coordinated policy of the G-7. Monetary conditions in Europe, the United States, and Japan differ widely and do not allow coordinated monetary steps.... Instead of curing the symptoms, the reasons for the financial and economic problems must be tackled in a resolute way. Protectionism and the control of capital flow cannot be the means to achieve this goal. International organizations such as the IMF should only offer help for self-help. But the signal emanating from this G-7 summit does not point into this direction. Financial assistance still dominates, not the necessity of reforms. But the key to overcoming the crisis is called 'confidence.' The promise of further loans alone, however, will not create this confidence."

"A Crisis, Not A Disaster"

Josef Joffe had this to say in an editorial in centrist Sueddeutsche Zeitung of Munich (9/16): "In addition to reading the 445 pages of the Starr Report, Bill Clinton took the time to take care of politics. While the G-7 was meeting in London, he took the initiative and proclaimed a six-point program to save the global economy.... And the G-7 in London also adopted an appeal for economic growth.... Unlike in the '30s, the global economy is not thinking of repeating the mistakes from the past. In the '30s, the states reacted to the crash of banks which had sucked the money out of a global economy, thus speeding up the shortage of money. Today, they are thinking of making money cheaper and increasing the money volume. The question is whether this approach will be successful. Look for instance to Japan. The country is able to produce 20 percent of the global product. It is not expensive money that slows down growth, but an overregulated, anti-competitive and nepotistic economy. And the second danger from the '30s, which Clinton and the G-7 did hardly mention, is protectionism. If trade is strangled, cheap loans will be of no use."

ITALY: "America Resumed Leadership Yesterday"

Under the above headline, New York correspondent Mario Platero commented in leading business Il Sole-24 Ore (9/15): "From the podium at the New York Council on Foreign Relations, Bill Clinton delivered one of the most important economic speeches of his presidency.... Notwithstanding his preoccupation with the Lewinsky scandal, the president appeared lucid, combative and determined."

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RUSSIA: "Clinton Says Inflation Is Not A Danger"

Marina Borisova wrote in reformist Vremya-MN (9/16): "Analysts are skeptical about the U.S. administration's desire to play the role of savior who would rescue the world from a global economic crisis. Many think that the place of world leader is vacant. And American 'rescue plans' merely increase the nervousness especially at a time when the United States has managed to cough up just \$3-4 billion for the IMF instead of the targeted \$18 billion. Not surprisingly, neither Mexico nor Brazil are in a hurry to claim the promised \$15 billion in aid, although crisis in Latin America is worsening."

"Clinton Proposes Fighting The Crisis Together"

Vladimir Mikheyev expressed this view in reformist Izvestia (9/16): "In urging his country to extend a helping hand to the crisis-ridden countries, the U.S. president proceeds in his thinking from the idea that the world is increasingly interdependent, that 'economic growth at home depends on economic growth abroad,' an idea that makes sense to Americans. In other words, if the Asian tigers go on growing poorer, they won't have the wherewithal to buy American technology, equipment, components and foodstuffs. But if their economies are jazzed up by financial injections, for example, through cheap credit, all the cogwheels will begin spinning, demand for American exports on the part of businesses and consumers will pick up. But Russia will not necessarily be among beneficiaries of cheap credit because, as Clinton has warned, the countries which have recourse to unilateral actions with regard to their debts instead of pursuing reform and cooperation damage the prospects of their own economies and the world system."

SPAIN: "Clinton Looks Abroad"

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"Clinton Seeks to Inspire Market Confidence"

Independent El Mundo noted (9/15): "It seems clear that the recovery of confidence is an essential element.... The American president realizes that heading off a global recession will require the United States and Europe to drag the rest of the economies out of the doldrums by stimulating consumption. If interest rates are lowered in the United States, this could also have a beneficial effect. Wall Street's eloquent reaction to Clinton's speech [yesterday] came in a substantial rise in share values."

EAST ASIA AND PACIFIC

AUSTRALIA: "The U.S. And World Order"

The national business-oriented Australian Financial Review (9/16) held, "Mr. Clinton correctly identified the spreading global financial crisis as the 'biggest financial challenge facing the world in a half century.'... For all the faults of the international community in dealing with the crisis, the IMF--fully supported by Washington--is the right remedy in Asia, Russia and Latin America.... The financial crisis impinges seriously on the interests of the United States and international community. Therefore attention is needed urgently, and not least by Washington which, despite its obsession with the Clinton sex scandal, will continue to have ultimate responsibility for the stability and security of world order for some year to come. Mr. Clinton is right to stress the need for global coordination to contain the crisis."

"American Leadership"

A front-page article in the national business-oriented Australian Financial Review by Asia-Pacific editor Peter Hartcher declared (9/16): "It is to Australia's embarrassment that although we live in the midst of the worst-hit crisis zone, the American leadership has comprehended the scale of the crisis before ours. Australian officials were left scrambling yesterday to organize a response to the Clinton mobilization--Australia is one of the 22 countries invited to participate (to improve the international financial architecture.) Instead, Australia should have been leading the creative policy reactions to the unfolding crisis."

HONG KONG: "Clinton Plays Cutting Interest Rates Card"

The independent Hong Kong Economic Times (9/16) had this editorial: "What does U.S. President Clinton urgently need? A crisis. The bigger the crisis, the better, because it will draw the United States into the international crisis. Therefore, the attention of the American people will shift away from his sex scandal. It will also give him an opportunity to convey the image of a wise world leader, and to redress his good-for-nothing and depraved image.... Clinton has to wait until the American people feel harm to their own interests. His action will then be 'appreciated.'"

"U.S. Is Anxious; No Countermeasure Is Available"

The independent Hong Kong Economic Journal had this editorial (9/15):

"Finally, the G7 is willing to sit down and discuss the crisis caused by the Asian financial storm. It is good news after all. However, we still do not know the agenda of the meeting. Is it to ask every country to further open up its market, or to enhance its efforts to curb international speculators' activities? Who are the international speculators? Which laws do they violate? Since the hedge funds are making legitimate investments in every country, what will the treasury secretaries and the presidents of central banks do to deal with them?"

MALAYSIA: "From Economics Guru To Students"

The government-influenced English-language New Straits Times ran this editorial (9/16): "How the wheel turns. Still ringing in everyone's ears are the strident denunciations by the U.S. administration and its mouthpiece, the IMF, of the exchange control initiatives and the benign interest rate regime the National Economic Council put into place through (the central bank) Bank Negara on 9/1.... But on Monday, President Clinton made a call for an urgent meeting of the leading industrial nations to devise a strategy to encourage global growth.... Clinton hinted strongly that he favored a lowering of interest rates. How does this revision of monetary policy jell with the continued prescription of the United States and the IMF for ailing economies, including Malaysia, that they pursue a tight monetary policy with its attendant high interest rates to weather bad times? Is it a case of 'Do as I tell you but not as I do?'... Then there is the matter of the international financial architecture.... How swiftly their stand has changed."

LATIN AMERICA AND CARIBBEAN

ARGENTINA: "From Lewinsky To An Economic Summit"

Jorge Elias, Washington-based correspondent for daily-of-record La Nacion, commented (9/15): "Clinton's initiative, amid the whirlwind of criticism...ratifies that...[he] needs to work as a president, disregarding as much as he can the details of the report, to show his enemies, both Republicans and Democrats, that he is able to continue being the U.S. president... taking care of the national security.... And in a move coordinated by the Secretary of the Treasury to agree with Clinton's speech, the leaders of the seven economic world powers issued a statement in London allowing for a cut in interest rates, which could foster world growth.... Yesterday Clinton urged the industrialized nations of the world to keep a steady growth to be able to face...what he called 'the biggest financial crisis of the second half of the century.'"

BRAZIL: "The Tide Has Changed"

Center-right O Estado de Sao Paulo's lead editorial remarked (9/16), "President Clinton has assumed the leadership in the war against the world crisis and recession.... Clinton's remarks are not farcical, but involve an intelligent pragmatism.... It is in the U.S. interest to help Brazil and Latin America immediately, so as to prevent recession from being installed here as it is in Asia. We're talking about the political density and the historical importance of President Clinton's speech."

With regard to its economic consistency, it is implicit in the six points of his proposal for a joint action with the G-7 nations. It is not mere rhetoric, but concrete measures to be carried out immediately, which will result in the reform of the international financial institutions.

"In our editorial yesterday, we said that Clinton had few means to exert political leadership. Today we reformulate our thoughts after watching the behavior of a true statesman who exerts leadership with the same voluptuousness with which the citizen Clinton yields to sexual harassment by 'call girls' who seek internships in the White House to enrich their professional curriculum. Since yesterday, there are not only the 65 percent of Americans who know how to differentiate between the great statesman and the satyr of the Oval Office. A world with a globalized economy, where true leaders are increasingly rare, cannot ignore leadership of this caliber. After last week's 'Darkest Hour' everything indicates that the tide has changed. Both for the world economy and for President Clinton."

"The Planet's Mood Has Changed"

The lead editorial in afternoon Jornal da Tarde said (9/16): "The historic speech delivered by president Bill Clinton has taken the world from the course of disaster and changed the planet's mood. From the mortal remains of a man smashed by the greatest public humiliation that a chief of state has been submitted to in recent history, Clinton re-emerged with all the characteristics of a real statesman, a leader capable of saying to his people not only what they wanted to hear, but rather what they need to hear to arouse their conscience... to provide the world the means to overcome the imminent disaster that could abort...a level of prosperity and liberty hitherto unseen by mankind.

"The U.S. president described with accuracy the new reality of an interdependent world which creates new responsibilities in international relations. But most importantly, the speech was not limited to rhetoric and included a detailed plan of action, with a fixed date to start...depending only on the decision of Congress to authorize the increase in U.S. contributions to the IMF and other international institutions, (a measure) already approved by the Senate. The most important fact is that the president of the world's major superpower has put into words a new definition of international relations based on the awareness of interdependence...and that the...major economy of the world is ready to fight to put an end to the crisis. That is what justifies the change of the world's mood."

"The Empire Awakens"

According to the lead editorial in liberal Folha de Sao Paulo (9/15): "By focusing on the global crisis, he also tries to influence public opinion much more than Congress, where his impeachment became a probability to be discussed. However, the political dimension goes beyond Clinton's domestic difficulties, because it has to do also with the future of democracy and of the support of liberal principles worldwide. Clinton's appeal serves to restrain the spread of panic.

However, it is yet to be seen, whether there will be enough means and time available to go from rhetoric to action...and the containment of the crisis. A coordinated effort of the major rich and emerging economies (meeting as the G-22) is still lacking in order to create a new world financial system, which Clinton seems to propose. Such reform however, is the most complex and fundamental challenge--it is also that which requires more time to mature. With the United States waking up, a space is open to discipline the global casino."

URUGUAY: "Clinton's Plan"

Top-circulation El Pa?s had this to say (9/15): "In view of the persistent instability, the United States has--as it has whenever the Western hemisphere is at risk--taken over the leading role and raised a plan of action. Yesterday, in New York, this plan was announced by President Clinton who presented six steps for facing international problems, specifically to help Latin America by using \$15 billion dollars the IMF has for emergency resources. This way, the United States firmly steps out in support of a plan to recover the world's economic stability."

MIDDLE EAST

ISRAEL: "A True Leader's Statement"

Senior analyst Sever Plotker wrote in mass circulation, pluralist Yediot (9/15): "Feeling for a short while out of the reach of the ominous Lewinsky affair, U.S. President Bill Clinton yesterday lit, albeit belatedly, the global economic leadership beacon. In a thoroughly reasoned and brilliantly delivered address, Clinton listed the hazards facing national economies and offered ways to overcome them."

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TO: Sidney Blumenthal (CN=Sidney Blumenthal/OU=WHO/O=EOP @ EOP [WHO])

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"Finally, the G7 is willing to sit down and discuss the crisis caused by the Asian financial storm. It is good news after all. However, we still do not know the agenda of the meeting. Is it to ask every country to further open up its market, or to enhance its efforts to curb international speculators' activities? Who are the international speculators? Which laws do they violate? Since the hedge funds are making legitimate investments in every country, what will the treasury secretaries and the presidents of central banks do to deal with them?"

MALAYSIA: "From Economics Guru To Students"

The government-influenced English-language New Straits Times ran this editorial (9/16): "How the wheel turns. Still ringing in everyone's ears are the strident denunciations by the U.S. administration and its mouthpiece, the IMF, of the exchange control initiatives and the benign interest rate regime the National Economic Council put into place through (the central bank) Bank Negara on 9/1.... But on Monday, President Clinton made a call for an urgent meeting of the leading industrial nations to devise a strategy to encourage global growth.... Clinton hinted strongly that he favored a lowering of interest rates. How does this revision of monetary policy jell with the continued prescription of the United States and the IMF for ailing economies, including Malaysia, that they pursue a tight monetary policy with its attendant high interest rates to weather bad times? Is it a case of 'Do as I tell you but not as I do?'... Then there is the matter of the international financial architecture.... How swiftly their stand has changed."

LATIN AMERICA AND CARIBBEAN

ARGENTINA: "From Lewinsky To An Economic Summit"

Jorge Elias, Washington-based correspondent for daily-of-record La Nacion, commented (9/15): "Clinton's initiative, amid the whirlwind of criticism...ratifies that...[he] needs to work as a president, disregarding as much as he can the details of the report, to show his enemies, both Republicans and Democrats, that he is able to continue being the U.S. president... taking care of the national security.... And in a move coordinated by the Secretary of the Treasury to agree with Clinton's speech, the leaders of the seven economic world powers issued a statement in London allowing for a cut in interest rates, which could foster world growth.... Yesterday Clinton urged the industrialized nations of the world to keep a steady growth to be able to face...what he called 'the biggest financial crisis of the second half of the century.'"

BRAZIL: "The Tide Has Changed"

Center-right O Estado de Sao Paulo's lead editorial remarked (9/16), "President Clinton has assumed the leadership in the war against the world crisis and recession.... Clinton's remarks are not farcical, but involve an intelligent pragmatism.... It is in the U.S. interest to help Brazil and Latin America immediately, so as to prevent recession from being installed here as it is in Asia. We're talking about the political density and the historical importance of President Clinton's speech.

With regard to its economic consistency, it is implicit in the six points of his proposal for a joint action with the G-7 nations. It is not mere rhetoric, but concrete measures to be carried out immediately, which will result in the reform of the international financial institutions.

"In our editorial yesterday, we said that Clinton had few means to exert political leadership. Today we reformulate our thoughts after watching the behavior of a true statesman who exerts leadership with the same voluptuousness with which the citizen Clinton yields to sexual harassment by 'call girls' who seek internships in the White House to enrich their professional curriculum. Since yesterday, there are not only the 65 percent of Americans who know how to differentiate between the great statesman and the satyr of the Oval Office. A world with a globalized economy, where true leaders are increasingly rare, cannot ignore leadership of this caliber. After last week's 'Darkest Hour' everything indicates that the tide has changed. Both for the world economy and for President Clinton."

"The Planet's Mood Has Changed"

The lead editorial in afternoon Jornal da Tarde said (9/16): "The historic speech delivered by president Bill Clinton has taken the world from the course of disaster and changed the planet's mood. From the mortal remains of a man smashed by the greatest public humiliation that a chief of state has been submitted to in recent history, Clinton re-emerged with all the characteristics of a real statesman, a leader capable of saying to his people not only what they wanted to hear, but rather what they need to hear to arouse their conscience... to provide the world the means to overcome the imminent disaster that could abort...a level of prosperity and liberty hitherto unseen by mankind.

"The U.S. president described with accuracy the new reality of an interdependent world which creates new responsibilities in international relations. But most importantly, the speech was not limited to rhetoric and included a detailed plan of action, with a fixed date to start...depending only on the decision of Congress to authorize the increase in U.S. contributions to the IMF and other international institutions, (a measure) already approved by the Senate. The most important fact is that the president of the world's major superpower has put into words a new definition of international relations based on the awareness of interdependence...and that the...major economy of the world is ready to fight to put an end to the crisis. That is what justifies the change of the world's mood."

"The Empire Awakens"

According to the lead editorial in liberal Folha de Sao Paulo (9/15): "By focusing on the global crisis, he also tries to influence public opinion much more than Congress, where his impeachment became a probability to be discussed. However, the political dimension goes beyond Clinton's domestic difficulties, because it has to do also with the future of democracy and of the support of liberal principles worldwide. Clinton's appeal serves to restrain the spread of panic.

However, it is yet to be seen, whether there will be enough means and time available to go from rhetoric to action...and the containment of the crisis. A coordinated effort of the major rich and emerging economies (meeting as the G-22) is still lacking in order to create a new world financial system, which Clinton seems to propose. Such reform however, is the most complex and fundamental challenge--it is also that which requires more time to mature. With the United States waking up, a space is open to discipline the global casino."

URUGUAY: "Clinton's Plan"

Top-circulation El Pa?s had this to say (9/15): "In view of the persistent instability, the United States has--as it has whenever the Western hemisphere is at risk--taken over the leading role and raised a plan of action. Yesterday, in New York, this plan was announced by President Clinton who presented six steps for facing international problems, specifically to help Latin America by using \$15 billion dollars the IMF has for emergency resources. This way, the United States firmly steps out in support of a plan to recover the world's economic stability."

MIDDLE EAST

ISRAEL: "A True Leader's Statement"

Senior analyst Sever Plotker wrote in mass circulation, pluralist Yediot (9/15): "Feeling for a short while out of the reach of the ominous Lewinsky affair, U.S. President Bill Clinton yesterday lit, albeit belatedly, the global economic leadership beacon. In a thoroughly reasoned and brilliantly delivered address, Clinton listed the hazards facing national economies and offered ways to overcome them."

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:18-SEP-1998 12:20:21.00

SUBJECT: cbc draft

TO: Maria Echaveste (CN=Maria Echaveste/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Robert B. Johnson (CN=Robert B. Johnson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Alphonse J. Maldon (CN=Alphonse J. Maldon/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jena V. Roscoe (CN=Jena V. Roscoe/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Minyon Moore (CN=Minyon Moore/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Gene B. Sperling (CN=Gene B. Sperling/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:

Draft 9/18/98 12pm

Lowell Weiss

PRESIDENT WILLIAM J. CLINTON

REMARKS TO CONGRESSIONAL BLACK CAUCUS FOUNDATION DINNER

WASHINGTON, DC

September 19, 1998

Acknowledgments: Chair of CBC Maxine Waters, Chair of the dinner Rep. James Clyburn, Chair of the CBC Foundation Eva Clayton, Rev. Jesse Jackson , Rosa Parks; retiring Members: Ron Dellums, Floyd Flake, Louis Stokes. Family of Rep. Charles Diggs, Jr., who helped found this caucus and spearheaded the movement to desegregate our schools [he passed away August 24]; Award winners: Sec. Herman, Sec. Slater, Frank Raines, Rep. Bobby Rush , and other distinguished winners. Minyon Moore, Goody Marshall, Maria Echaveste, Bob Nash, Janis Kearney, Ben Johnson, Al Maldon, Tracey Thornton, Cheryl Mills, Judith Winston, and many other members of my Administration here tonight.

Someone once said that unlike a shadow, a true friend is with you whether the sun is shining or not. The book of Proverbs tells us that a true friend & loves at all times.⁸ You have been the truest of friends. I am truly grateful for your support.

And I am grateful for what the Congressional Black Caucus has done for the past 28 years to expand and enhance the promise of America. With resonant voices and principled votes, the members of the CBC have helped lead this nation toward a single, shining ideal -- the ideal, in John Lewis's favorite phrase, of the Beloved Community. A Beloved Community that does not dwell on difference and yet gathers ever-increasing strength from its ever-expanding diversity. A Beloved Community rooted in humane laws and generous spirits. A Beloved Community in which all our children's talents are matched by their opportunities. A Beloved Community in which all Americans join hands and courageously walk with the wind,⁸ just as John Lewis's family did when storms rocked their tiny wood-frame house so many years ago.

God knows, this journey has not been easy. Even within the marble walls of Congress, the winds have often blown bitter and cold. Ron Dellums, for just one example, has spoken movingly of the pain of being a black elected official carrying progressive ideas, when [people] would render you invisible with the flick of the pen.⁸ But no measure of callousness could stop this caucus. It has never stopped a single member of this caucus on the long march toward that Beloved Community.

For the past 5 « years, we have marched together. Together, we have begun to draw America closer than ever before. Together, we have delivered new hope and new opportunity not just for the few, but for the many. Today, our economy -- and our communities -- are the strongest in a generation: 16.7 million new jobs. The lowest unemployment in a generation. The lowest African-American and Hispanic unemployment on record. The lowest African-American poverty rate on record. The fastest real wage growth in 25 years. More small businesses created in the past 5 « years than in the previous 12 years combined -- all with the lowest inflation in 32 years. Violent crime down 6 years in a row, with overall crime rates down to their lowest levels in nearly 25 years.

Together, we said, Yes, balance the budget, but give 5 million poor children health insurance. Give a HOPE Scholarship to make the first two years of college free for virtually all Americans. Increase those Pell Grants, increase those work-study funds, expand Head Start to get our children off on the right foot, invest in inner-city entrepreneurs, cut taxes for 15 million hard-pressed working families, increase the minimum wage, give young people after-school opportunities and help them lead positive, constructive lives.

None of this progress has come easily. None of it could have come without the CBC's ideas, inspiration, friendship, and support. And I also want to give much-deserved credit to my staff as well. One good reason that things are looking so good for so much of America, is because my administration looks so much like America. One of my proudest accomplishments was assembling the most diverse administration in history. We are not successful in spite of our diversity -- we are successful because of it.

Thanks to their hard work, thanks to your hard work, and thanks to the hard work of the American people, these are good times for the country -- the best in many, many years. In fact, some people would say now's

the time to kick back and relax. I look at it a little differently. I say, look at Joseph: Joseph did not see times of plenty as a cue to rest. He used times of plenty to stockpile rich bounties of grain & like sand of the sea. 8 He knew that times of plenty had to be the busiest, most productive, most determined times of all. So I say, thank the good Lord for our nation's good fortune. But now is the time -- our time of plenty -- when we must work harder than ever before, in every community, to address the crucial challenges that remain.

I say we cannot rest until we protect every penny of our hard-won budget surplus until we save Social Security for future generations. I say we cannot rest until we find new ways to expand our economy while safeguarding our earth, our water, and our air.

I say we cannot rest until all children in all communities have a world-class education. We must provide our children with smaller classes and safer, more modern schools. And we must reward school districts for undertaking the kind of sweeping reforms we've seen in cities like Chicago: closing down failing schools, removing bad teachers, ending social promotions. We must say to every child: We will join hands with you. We will help you tap your talents. If you are willing to raise your sights, we will not let you down.

Unfortunately, House Republicans just rejected a proposal to reduce class size, and rejected our national responsibility for helping communities raise standards, improve teaching, and bring the benefits of technology into all our classrooms. This is not the time to pass the buck. This is the time to pass a bill that takes national responsibility for improving our public schools.

I say we cannot rest until we protect our families with a strong, enforceable Patients' Bill of Rights. We already have 160 million Americans in managed care plans. These plans can help make health care more affordable for more families. But we must say to these plans: Don't turn people away from an emergency room. Don't turn people away from a specialist. Don't let an accountant make decisions only a doctor should make. Traditional care or managed care, every American deserves quality care.

I say we cannot rest while the HIV and AIDS crisis is escalating in communities of color. And that is why Sec. Shalala just announced that HHS will target an additional \$4.9 million dollars to outreach and prevention programs in minority communities. We must crush this crisis. We must do it together.

I say we cannot rest until every community reaps the benefits of our nation's economic growth. We must create new empowerment zones, provide housing assistance for those leaving welfare and entering the world of work, expand funding for community development banks, step up enforcement of fair-housing laws, and revitalize more urban brownfields. We must do more to tap the unlimited potential of our cities.

I say we cannot rest until we ensure a fair and accurate Census. Some in Congress would have us ignore the best scientific methods for

ensuring the most accurate count. This is unacceptable. In 1990, nearly 40,000 African American children in Los Angeles County alone were left out. In the year 2000, we can -- and must -- do better. This is a fundamental issue, a crucial civil rights issue. Every American counts. We must count every American.

I say we cannot rest until we contain the economic turmoil in Russia and Asia and help spur robust economic growth throughout the world. We cannot be an island of prosperity in a sea of turmoil. About a third of our growth has come from selling our products to other countries. We must try to build an adequate trade and financial system for the 21st century that will benefit all Americans. We must help IMF put out these economic fires by paying our fair dues. And we must help emerging economies in Latin America, Asia, and Africa to thrive.

I saw Africa's renaissance first hand with many of you this past spring. That trip changed my life forever. I will never forget the sight of a million arms extended in friendship in Ghana, the faces of women in Wanyange Village in Uganda now empowered with microcredit loans, the heroic lessons of Nelson Mandela as we stood in his former cell on Robben Island, the bold plans of entrepreneurs who gathered with me in Johannesburg to dedicate the Ron Brown Commercial Center. Across the continent, I saw hope rising, business growing, democracy gaining strength. I believe we must work together to see that Africa's children, like America's children, have a democratic, peaceful, and prosperous future. We must expand trade and partnership by passing our Africa trade bill. And we must ensure that Africa's hospitality is not used to perpetuate acts of terrorism.

On that note, I should mention that I have asked Dr. David Satcher, America's Surgeon General, to travel to East Africa later this month with a team of U.S. medical experts to help the people of Kenya and Tanzania who are still ailing from the devastating bomb blasts at our embassies.

And with every fiber of my being, I know we cannot rest until we solve the oldest, most stubborn, most painful challenge we face as a nation -- the challenge of race. Yesterday, I met for the final time with my advisory board on race. I am very proud of their work. But we all know, in this year of honest and courageous dialogue, we have only just begun to peel away the outermost layers of fear and misunderstanding. We have only just begun to find ways to lift the burden of race and redeem the full promise of America. We began the process. We broke the silence. We will continue. There must be no end to our national conversation on race and our search for common ground. I call on all of you in this room and all Americans from all sectors of our society to commit yourself to this task. I promise you this: if it takes until my last day on this Earth, I will continue to work on guiding our people across all the lines that divide us, into one America, one Beloved Community.

My friends, this is not a time for me to rest. It is, in part, a time to pray -- for, in Rev. Jackson's own unforgettable phrase, God is not finished with me yet. It is also, most clearly, a time for work.

It is a time for rising higher than ever to the challenges that face us all -- for just as God is not finished with me, I know I have not finished with God's work. Together, we must ensure that every American, regardless of race or religion or orientation or origin, can get a fair shot to live in peace and safety, to receive a world-class education, to find a decent job, to make the most of his or her God-given talents, to build a better life for their children. This is God's work. This is the righteous march we all have an obligation to complete. Thank you from the bottom of my heart for the march you have been leading in Congress for 28 long years and God bless you all.

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:18-SEP-1998 19:38:28.00

SUBJECT: latest draft of cbc remarks

TO: Alphonse J. Maldon (CN=Alphonse J. Maldon/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Robert B. Johnson (CN=Robert B. Johnson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Marjorie Tarmey (CN=Marjorie Tarmey/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Christopher C. Jennings (CN=Christopher C. Jennings/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Jena V. Roscoe (CN=Jena V. Roscoe/OU=WHO/O=EOP @ EOP [WHO])
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TO: Minyon Moore (CN=Minyon Moore/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Maria Echaveste (CN=Maria Echaveste/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:
Draft 9/18/98 7:30pm
Lowell Weiss

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WASHINGTON, DC
September 19, 1998

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Together, we said, Yes, balance the budget, but give 5 million poor children health insurance. Give a HOPE Scholarship to make the first two years of college free for virtually all Americans. Increase those Pell Grants, increase those work-study funds, expand Head Start to get our children off on the right foot, invest in inner-city entrepreneurs, cut taxes for 15 million hard-pressed working families, increase the minimum wage, give young people after-school opportunities and help them lead positive, constructive lives.

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I say we cannot rest until we take all the necessary measures to save Social Security for the 21st century. I say we cannot rest until we find new ways to expand our economy while safeguarding our earth, our water, and our air.

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I say we cannot rest while the HIV and AIDS crisis is escalating in the African-American community. That is why Sec. Shalala just announced a comprehensive initiative on prevention, education, and care -- with funding specifically for the African-American community. Working with Maxine Waters, Louis Stokes, and other members of the CBC, we can and will do more. Working together, I know we can halt this deadly epidemic.

I say we cannot rest until we eliminate the unacceptable race and ethnic disparities in health. We are not one nation when the rates of infant mortality, heart disease, and prostate cancer for African-Americans nearly doubles the rates for white Americans. That is why earlier this year I challenged the nation to eliminate these and other health disparities by 2010, and called on the Congress to pass my \$400 million initiative to achieve this vital goal.

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restore summer jobs for our young people. We must do more to tap the unlimited potential of our cities.

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On that note, I should mention that I have asked Dr. David Satcher, America's Surgeon General, to travel to East Africa this month with a team of U.S. medical experts. The people of Kenya and Tanzania are still ailing from the devastating bomb blasts at our embassies. We will do everything we can to share our expertise with those who have shared the terrible burden of this tragedy.

And with every fiber of my being, I say we cannot rest until we solve the oldest, most stubborn, most painful challenge we face as a nation -- the challenge of race. Yesterday, I met for the final time with my advisory board on race. I am very proud of their work. But we all know, in this year of honest dialogue, we have only just begun to peel away the outermost layers of fear and misunderstanding. We have only just begun to find ways to lift the burden of race and redeem the full promise of America.

More than two centuries ago, America committed itself to the ideals of freedom and equality, but in reality much of our history has been defined by our struggle to overcome our steadfast denial of those ideals. I believe the difficulty is rooted in the deeper impulses that trace their beginnings back to the dawn of human society: the mistrust,

the fear, the hatred of those who are the other.

Our founders were pretty smart people. They knew we weren't perfect but we needed to strive for perfect ideals. And they built us a country based on a Constitution that was literally made for reconciliation -- for the honorable and principled resolution of differences, rooted in a simple proposition that God created us all equal. Because they believed deeply in freedom of religion, they couldn't write in the Constitution,

&The first and most important commandment is this, to love your neighbor as yourself. 8 But what they did write in that Constitution is, You are commanded to respect and treat your neighbor as yourself. That's still a pretty good guidepost today.

We must recognize that gaps still exist between the races, and we must work to bridge them. We must build an America where discrimination is something you have to look in the history books to find. And to do that, we must make a conscious effort to overcome the urge to dwell on our differences and focus instead on our shared values and common humanity. That is the conscious, courageous process we have begun with our dialogue on race. And that process will continue. There must be no end to our search for common ground. I promise you this: if it takes until my last day on this Earth, I will continue to work on guiding our people across all the lines that divide us, into one America, one Beloved Community.

My friends, this is not a time to rest. This is a time to work. It is for me, in part, a time for deeply personal work. For to borrow the wise and humble words of Rev. Jackson -- spoken some fourteen years ago -- &God is not finished with me yet. 8

And we are not finished with God's work. We are not finished seeking peace, and justice, and freedom, and equality, and human dignity. &Foxes have holes and birds of the air have nests, but the Son of Man has no place to rest his head. 8

There is no end to this work. But there is no end to your energy, your faith, your courage, your conviction. And this is why, together, we are going to push on, pick up speed . . . to ensure we can say to every American, regardless of race or religion, origin or orientation: You have the right to grow up in peace, to go to school in safety, to build your talents and skills, to express those talents in gainful work, and to assure your family a share of America's bounty and blessings. This is God's work. This is your work. This is our work. God bless you for your efforts -- God bless you for your struggles -- God bless you for your commitment to the promise of America.
#

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: SUNTUM_M@A1@CD@LNGTWY (SUNTUM_M@A1@CD@LNGTWY [UNKNOWN]) (WHO)

CREATION DATE/TIME:18-SEP-1998 23:02:01.00

SUBJECT: 1998-9-15 remarks to National Farmers Union

TO: Releases@pub.pub.whitehouse.gov@INET@LNGTWY (Releases@pub.pub.whitehouse.gov@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: usnwire@access.digex.com@INET@LNGTWY (usnwire@access.digex.com@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: INFOMGT@A1@CD@LNGTWY (INFOMGT@A1@CD@LNGTWY [UNKNOWN]) (SYS)
READ:UNKNOWN

TO: US@2=WESTERN UNION@3=@5=ATT.COM@*ELN\62955104@MRX@LNGTWY (1=US@2=WESTERN UNION@3=@5=ATT.COM@*ELN\62955104@MRX@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: tingen-terri@dol.gov@INET@LNGTWY (tingen-terri@dol.gov@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: nreyn@OPIC.GOV@CD@LNGTWY (nreyn@OPIC.GOV@CD@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: julie_green@ed.gov@INET@LNGTWY (julie_green@ed.gov@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: cmbeach@msn.com@INET@LNGTWY (cmbeach@msn.com@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: TCSmith@dol.gov@INET@LNGTWY (TCSmith@dol.gov@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: NAPLAN_S@A1@CD@LNGTWY (NAPLAN_S@A1@CD@LNGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

TO: TDIXON@PR_L=AVUOEEOB@MRP@LNGTWY (PR_U=TDIXON@PR_L=AVUOEEOB@MRP@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: MOFFETT_J@A1@CD@LNGTWY (MOFFETT_J@A1@CD@LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: GRAY_W@A1@CD@LNGTWY (GRAY_W@A1@CD@LNGTWY [UNKNOWN]) (NSC)
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TO: DICKEY_L@A1@CD@LNGTWY (DICKEY_L@A1@CD@LNGTWY [UNKNOWN]) (WHO)
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TO: CROWLEY_P@A1@CD@LNGTWY (CROWLEY_P@A1@CD@LNGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

TO: BARTHOLOW_T@A1@CD@LNGTWY (BARTHOLOW_T@A1@CD@LNGTWY [UNKNOWN]) (OA)
READ:UNKNOWN

TO: backup@wilson.ai.mit.edu@INET@LNGTWY (backup@wilson.ai.mit.edu@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: meglynn@usia.gov@INET@LNGTWY (meglynn@usia.gov@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: William H. White Jr.@EOP (William H. White Jr.@EOP [WHO])
READ:UNKNOWN

TO: Woyneab M. Wondwossen@eop (Woyneab M. Wondwossen@eop [WHO])
READ:UNKNOWN

TO: Peter A. Weissman@eop (Peter A. Weissman@eop [OPD])
READ:UNKNOWN

TO: Glen M. Weiner@eop (Glen M. Weiner@eop [WHO])
READ:UNKNOWN

TO: Angelina Walker@ovp@eop (Angelina Walker@ovp@eop [UNKNOWN])
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TO: Virginia Apuzzo@eop (Virginia Apuzzo@eop [WHO])
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TO: Thurgood Marshall Jr@eop (Thurgood Marshall Jr@eop [WHO])
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TO: Karen Tramontano@eop (Karen Tramontano@eop [WHO])
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TO: Barry J. Toiv@EOP (Barry J. Toiv@EOP [WHO])
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TO: Sandra L. Tijerina@eop (Sandra L. Tijerina@eop [WHO])
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TO: Sylvia M. Mathews@eop (Sylvia M. Mathews@eop [OMB])
READ:UNKNOWN

TO: Jonathan H. Schnur@eop (Jonathan H. Schnur@eop [OPD])
READ:UNKNOWN

TO: Diane A. Stumpf@eop (Diane A. Stumpf@eop [ONDCP])
READ:UNKNOWN

TO: Todd Stern@eop (Todd Stern@eop [WHO])

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TO: Elisabeth Steele@eop (Elisabeth Steele@eop [WHO])
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TO: Maria E. Soto@eop (Maria E. Soto@eop [WHO])
READ:UNKNOWN

TO: Richard Socarides@EOP (Richard Socarides@EOP [WHO])
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TO: jonathan e. smith@eop (jonathan e. smith@eop [WHO])
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TO: Brian D. Smith@eop (Brian D. Smith@eop [WHO])
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TO: Jake Siewert@eop (Jake Siewert@eop [OPD])
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TO: June Shih@eop (June Shih@eop [WHO])
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TO: Ruby Shamir@eop (Ruby Shamir@eop [WHO])
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TO: Maya Seiden@eop (Maya Seiden@eop [WHO])
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TO: Judithanne V. Scourfield@eop (Judithanne V. Scourfield@eop [WHO])
READ:UNKNOWN

TO: G. Timothy Saunders@EOP (G. Timothy Saunders@EOP [WHO])
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TO: Evan Ryan@eop (Evan Ryan@eop [WHO])
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TO: Peter Rundlet@eop (Peter Rundlet@eop [WHO])
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TO: Cecilia E. Rouse@eop (Cecilia E. Rouse@eop [OPD])
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TO: Renee C. Riley@eop (Renee C. Riley@eop [OA])
READ:UNKNOWN

TO: Brian A. Reich@OVP@EOP (Brian A. Reich@OVP@EOP [UNKNOWN])
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TO: Phillip Caplan@eop (Phillip Caplan@eop [WHO])
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TO: Misty L. Phillips@eop (Misty L. Phillips@eop [WHO])

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TO: Sally P. Paxton@eop (Sally P. Paxton@eop [WHO])
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TO: Eleanor S. Parker@eop (Eleanor S. Parker@eop [WHO])
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TO: Neera Tanden@eop (Neera Tanden@eop [WHO])
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TO: Elizabeth R. Newman@eop (Elizabeth R. Newman@eop [WHO])
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TO: Steven J. Naplan@eop (Steven J. Naplan@eop [NSC])
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TO: Sean P. Maloney@eop (Sean P. Maloney@eop [WHO])
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TO: Reuben L. Musgrave Jr.@eop (Reuben L. Musgrave Jr.@eop [WHO])
READ:UNKNOWN

TO: Kevin Moran@eop (Kevin Moran@eop [WHO])
READ:UNKNOWN

TO: Rajiv Y. Mody@eop (Rajiv Y. Mody@eop [WHO])
READ:UNKNOWN

TO: Elisa Millsap@eop (Elisa Millsap@eop [WHO])
READ:UNKNOWN

TO: Noa A. Meyer@eop (Noa A. Meyer@eop [WHO])
READ:UNKNOWN

TO: Anne E. McGuire@eop (Anne E. McGuire@eop [WHO])
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TO: Emory L. Mayfield@eop (Emory L. Mayfield@eop [WHO])
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TO: Doris O. Matsui@eop (Doris O. Matsui@eop [WHO])
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TO: Laura S. Marcus@eop (Laura S. Marcus@eop [WHO])
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TO: Christine N. Macy@eop (Christine N. Macy@eop [WHO])
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TO: Laura K. Capps@eop (Laura K. Capps@eop [WHO])
READ:UNKNOWN

TO: Joseph P. Lockhart@eop (Joseph P. Lockhart@eop [WHO])

READ:UNKNOWN

TO: Christopher J. Lavery@eop (Christopher J. Lavery@eop [WHO])
READ:UNKNOWN

TO: Kris M Balderston@EOP (Kris M Balderston@EOP [WHO])
READ:UNKNOWN

TO: Sarah S. Freeman@eop (Sarah S. Freeman@eop [WHO])
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TO: Mark A. Kitchens@eop (Mark A. Kitchens@eop [WHO])
READ:UNKNOWN

TO: David E. Kalbaugh@EOP (David E. Kalbaugh@EOP [WHO])
READ:UNKNOWN

TO: Jon P. Jennings@eop (Jon P. Jennings@eop [WHO])
READ:UNKNOWN

TO: Michele Jolin@EOP (Michele Jolin@EOP [CEA])
READ:UNKNOWN

TO: david t. johnson@eop (david t. johnson@eop [NSC])
READ:UNKNOWN

TO: Sheyda Jahanbani@eop (Sheyda Jahanbani@eop [NSC])
READ:UNKNOWN

TO: Maureen A. Hudson@eop (Maureen A. Hudson@eop [WHO])
READ:UNKNOWN

TO: Lawrence J. Haas@OVP@EOP (Lawrence J. Haas@OVP@EOP [UNKNOWN])
READ:UNKNOWN

TO: John A. Gribben@eop (John A. Gribben@eop [WHO])
READ:UNKNOWN

TO: David R. Goodfriend@eop (David R. Goodfriend@eop [WHO])
READ:UNKNOWN

TO: Adam W. Goldberg@eop (Adam W. Goldberg@eop [WHO])
READ:UNKNOWN

TO: KARA GERHARDT@EOP (KARA GERHARDT@EOP [WHO])
READ:UNKNOWN

TO: Carmen B. Fowler@eop (Carmen B. Fowler@eop [WHO])
READ:UNKNOWN

TO: Julie A. Fernandes@eop (Julie A. Fernandes@eop [OPD])
READ:UNKNOWN

TO: Joseph C. Fanaroff@eop (Joseph C. Fanaroff@eop [WHO])

READ:UNKNOWN

TO: Rahm Emanuel@eop (Rahm Emanuel@eop [WHO])
READ:UNKNOWN

TO: Douglas Matties@eop (Douglas Matties@eop [OA])
READ:UNKNOWN

TO: Dorian V. Weaver@eop (Dorian V. Weaver@eop [WHO])
READ:UNKNOWN

TO: Daniel W. Burkhardt@eop (Daniel W. Burkhardt@eop [WHO])
READ:UNKNOWN

TO: Elliot J. Diringer@eop (Elliot J. Diringer@eop [CEQ])
READ:UNKNOWN

TO: Michelle Crisci@eop (Michelle Crisci@eop [WHO])
READ:UNKNOWN

TO: Delia A. Cohen@eop (Delia A. Cohen@eop [WHO])
READ:UNKNOWN

TO: Andrei H. Cherny@ovp@eop (Andrei H. Cherny@ovp@eop [UNKNOWN])
READ:UNKNOWN

TO: Joseph W. Cerrell@OVP@EOP (Joseph W. Cerrell@OVP@EOP [UNKNOWN])
READ:UNKNOWN

TO: Laura Capps@eop (Laura Capps@eop [WHO])
READ:UNKNOWN

TO: Alejandro G. Cabrera@ovp@eop (Alejandro G. Cabrera@ovp@eop [UNKNOWN])
READ:UNKNOWN

TO: Barbara D. Woolley@eop (Barbara D. Woolley@eop [WHO])
READ:UNKNOWN

TO: Katharine Button@EOP (Katharine Button@EOP [WHO])
READ:UNKNOWN

TO: Patrick E. Briggs@eop (Patrick E. Briggs@eop [WHO])
READ:UNKNOWN

TO: Alexander L. Boyle@eop (Alexander L. Boyle@eop [PIR])
READ:UNKNOWN

TO: Marsha E. Berry@eop (Marsha E. Berry@eop [WHO])
READ:UNKNOWN

TO: Paul E. Begala@eop (Paul E. Begala@eop [WHO])
READ:UNKNOWN

TO: Mark H. Bartholomew@eop (Mark H. Bartholomew@eop [OA])

READ:UNKNOWN

TO: Beverly J. Barnes@eop (Beverly J. Barnes@eop [WHO])

READ:UNKNOWN

TO: Kyle M. Baker@eop (Kyle M. Baker@eop [WHO])

READ:UNKNOWN

TO: Patrick Aylward@eop (Patrick Aylward@eop [PIR])

READ:UNKNOWN

TO: Brenda M. Anders@eop (Brenda M. Anders@eop [WHO])

READ:UNKNOWN

TO: Jeannetta P. Allen@eop (Jeannetta P. Allen@eop [WHO])

READ:UNKNOWN

TO: Releases@www3.whitehouse.gov@INET@LNGTWY (Releases@www3.whitehouse.gov@INET@LNGTWY [UNKNOWN])

READ:UNKNOWN

TO: Pub_Arch@oa.eop.gov@INET@LNGTWY (Pub_Arch@oa.eop.gov@INET@LNGTWY [UNKNOWN])

READ:UNKNOWN

TO: newsdesk@usnewswire.com@INET@LNGTWY (newsdesk@usnewswire.com@INET@LNGTWY [UNKNOWN])

READ:UNKNOWN

TO: 62955104@eln.attmail.com@INET@LNGTWY (62955104@eln.attmail.com@INET@LNGTWY [UNKNOWN])

READ:UNKNOWN

TO: usia01@access.digex.com@INET@LNGTWY (usia01@access.digex.com@INET@LNGTWY [UNKNOWN])

READ:UNKNOWN

TO: skgmd@umich.edu@INET@LNGTWY (skgmd@umich.edu@INET@LNGTWY [UNKNOWN])

READ:UNKNOWN

TO: klasky_helaine@ustr.gov@INET@LNGTWY (klasky_helaine@ustr.gov@INET@LNGTWY [UNKNOWN])

READ:UNKNOWN

TO: dmilbank@tnr.com@INET@LNGTWY (dmilbank@tnr.com@INET@LNGTWY [UNKNOWN])

READ:UNKNOWN

TO: WOZNIAK_N@A1@CD@LNGTWY (WOZNIAK_N@A1@CD@LNGTWY [UNKNOWN]) (NSC)

READ:UNKNOWN

TO: SMITH_BD@A1@CD@LNGTWY (SMITH_BD@A1@CD@LNGTWY [UNKNOWN]) (OMB)

READ:UNKNOWN

TO: RUBIN_E@A1@CD@LNGTWY (RUBIN_E@A1@CD@LNGTWY [UNKNOWN]) (NSC)

READ:UNKNOWN

TO: OLCOTT_E@A1@CD@LNGTWY (OLCOTT_E@A1@CD@LNGTWY [UNKNOWN]) (WHO)

READ:UNKNOWN

TO: KTORPEY@AOL.COM@INET@LNGTWY (KTORPEY@AOL.COM@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: FORDE_R@A1@CD@LNGTWY (FORDE_R@A1@CD@LNGTWY [UNKNOWN]) ()
READ:UNKNOWN

TO: CUTLER_L@A1@CD@LNGTWY (CUTLER_L@A1@CD@LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: BUDIG_N@A1@CD@LNGTWY (BUDIG_N@A1@CD@LNGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

TO: wh-outbox-distr@pub.pub.whitehouse.gov@INET@LNGTWY (wh-outbox-
distr@pub.pub.whitehouse.gov@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: tingen-terrie@dol.gov@INET@LNGTWY (tingen-terrie@dol.gov@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: SUNTUM_M@A1@CD@LNGTWY (SUNTUM_M@A1@CD@LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: Debra S. Wood@eop (Debra S. Wood@eop [WHO])
READ:UNKNOWN

TO: Lowell A. Weiss@eop (Lowell A. Weiss@eop [WHO])
READ:UNKNOWN

TO: Robert S. Weiner@eop (Robert S. Weiner@eop [ONDCP])
READ:UNKNOWN

TO: Essence P. Washington@eop (Essence P. Washington@eop [OPD])
READ:UNKNOWN

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

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

TO: June G. Turner@eop (June G. Turner@eop [WHO])
READ:UNKNOWN

TO: Serena C. Torrey@eop (Serena C. Torrey@eop [WHO])
READ:UNKNOWN

TO: Amy W. Tobe@eop (Amy W. Tobe@eop [WHO])
READ:UNKNOWN

TO: Jordan Tamagni@eop (Jordan Tamagni@eop [WHO])
READ:UNKNOWN

TO: Tracy F. Sisser@eop (Tracy F. Sisser@eop [WHO])
READ:UNKNOWN

TO: Michael J. Sullivan@EOP (Michael J. Sullivan@EOP [WHO])
READ:UNKNOWN

TO: Dana C. Strand@eop (Dana C. Strand@eop [WHO])
READ:UNKNOWN

TO: Aviva Steinberg@eop (Aviva Steinberg@eop [WHO])
READ:UNKNOWN

TO: Chandler G. Spaulding@eop (Chandler G. Spaulding@eop [WHO])
READ:UNKNOWN

TO: Douglas B. Sosnik@eop (Douglas B. Sosnik@eop [WHO])
READ:UNKNOWN

TO: Mary L. Smith@eop (Mary L. Smith@eop [OPD])
READ:UNKNOWN

TO: Craig T. Smith@eop (Craig T. Smith@eop [WHO])
READ:UNKNOWN

TO: Dawn L. Smalls@eop (Dawn L. Smalls@eop [WHO])
READ:UNKNOWN

TO: Robert M. Shireman@eop (Robert M. Shireman@eop [OPD])
READ:UNKNOWN

TO: Jeffrey A. Shesol@eop (Jeffrey A. Shesol@eop [WHO])
READ:UNKNOWN

TO: Barbara Semedo@eop (Barbara Semedo@eop [PIR])
READ:UNKNOWN

TO: BROOKS SCOVILLE@EOP (BROOKS SCOVILLE@EOP [WHO])
READ:UNKNOWN

TO: Jason H. Schechter@eop (Jason H. Schechter@eop [WHO])
READ:UNKNOWN

TO: Jodi R. Sakol@OVP@EOP (Jodi R. Sakol@OVP@EOP [UNKNOWN])
READ:UNKNOWN

TO: Virginia N. Rustique@eop (Virginia N. Rustique@eop [WHO])
READ:UNKNOWN

TO: Charles F. Ruff@eop (Charles F. Ruff@eop [WHO])
READ:UNKNOWN

TO: Robin M. Roland@eop (Robin M. Roland@eop [WHO])
READ:UNKNOWN

TO: Linda Ricci@eop (Linda Ricci@eop [OMB])
READ:UNKNOWN

TO: Nicole R. Rabner@eop (Nicole R. Rabner@eop [WHO])
READ:UNKNOWN

TO: Matthew W. Pitcher@eop (Matthew W. Pitcher@eop [WHO])
READ:UNKNOWN

TO: Julia M. Payne@eop (Julia M. Payne@eop [WHO])
READ:UNKNOWN

TO: Carole A. Parmelee@eop (Carole A. Parmelee@eop [WHO])
READ:UNKNOWN

TO: Jonathan Orszag@eop (Jonathan Orszag@eop [OPD])
READ:UNKNOWN

TO: Nathan B. Naylor@ovp@eop (Nathan B. Naylor@ovp@eop [UNKNOWN])
READ:UNKNOWN

TO: Mark D. Neschis@eop (Mark D. Neschis@eop [WHO])
READ:UNKNOWN

TO: Michael V. Terrell@eop (Michael V. Terrell@eop [CEQ])
READ:UNKNOWN

TO: Mindy E. Myers@eop (Mindy E. Myers@eop [WHO])
READ:UNKNOWN

TO: Melissa M. Murray@eop (Melissa M. Murray@eop [WHO])
READ:UNKNOWN

TO: megan moloney@eop (megan moloney@eop [WHO])
READ:UNKNOWN

TO: Cheryl D. Mills@eop (Cheryl D. Mills@eop [WHO])
READ:UNKNOWN

TO: R. Scott Michaud@eop (R. Scott Michaud@eop [WHO])
READ:UNKNOWN

TO: Estela Mendoza@eop (Estela Mendoza@eop [WHO])
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TO: Andrew J. Mayock@eop (Andrew J. Mayock@eop [WHO])
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TO: Douglas R. Matties@eop (Douglas R. Matties@eop [OA])
READ:UNKNOWN

TO: Tanya E. Martin@eop (Tanya E. Martin@eop [OPD])
READ:UNKNOWN

TO: michael d. malone@eop (michael d. malone@eop [WHO])
READ:UNKNOWN

TO: Lisa J. Levin@eop (Lisa J. Levin@eop [WHO])
READ:UNKNOWN

TO: Laura D. Schwartz@eop (Laura D. Schwartz@eop [WHO])
READ:UNKNOWN

TO: Christopher S. Lehane@OVP@EOP (Christopher S. Lehane@OVP@EOP [UNKNOWN])
READ:UNKNOWN

TO: Sara M. Latham@eop (Sara M. Latham@eop [WHO])
READ:UNKNOWN

TO: Jim Kohlenberger@OVP@EOP (Jim Kohlenberger@OVP@EOP [UNKNOWN])
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TO: Catherine T. Kitchen@eop (Catherine T. Kitchen@eop [WHO])
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TO: Jonathan A. Kaplan@EOP (Jonathan A. Kaplan@EOP [OPD])
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TO: Julie E. Mason@eop (Julie E. Mason@eop [WHO])
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TO: James M. Teague@EOP (James M. Teague@EOP [WHO])
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TO: Wayne C. Johnson@EOP (Wayne C. Johnson@EOP [OA])
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TO: Thomas D. Janenda@EOP (Thomas D. Janenda@EOP [WHO])
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TO: William C. Haymes@eop (William C. Haymes@eop [OA])
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TO: Donald Goldberg@eop (Donald Goldberg@eop [WHO])
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TO: Peter D. Greenberger@eop (Peter D. Greenberger@eop [UNKNOWN])
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TO: Dario J. Gomez@eop (Dario J. Gomez@eop [WHO])
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TO: Jessica L. Gibson@eop (Jessica L. Gibson@eop [WHO])
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TO: Grace A. Garcia@eop (Grace A. Garcia@eop [PIR])
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TO: Martha Foley@eop (Martha Foley@eop [WHO])
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TO: Jennifer Ferguson@eop (Jennifer Ferguson@eop [OMB])
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TO: Patricia M. Ewing@OVP@EOP (Patricia M. Ewing@OVP@EOP [UNKNOWN])
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TO: Anne M. Edwards@eop (Anne M. Edwards@eop [WHO])
READ:UNKNOWN

TO: Dorinda A. Salcido@eop (Dorinda A. Salcido@eop [WHO])
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TO: Diane Ikemiyashiro@eop (Diane Ikemiyashiro@eop [WHO])
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TO: Jackson T. Dunn@eop (Jackson T. Dunn@eop [WHO])
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TO: Lisa R. Dass@eop (Lisa R. Dass@eop [WHO])
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TO: Julianne B. Corbett@eop (Julianne B. Corbett@eop [WHO])
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TO: Nanda Chitre@eop (Nanda Chitre@eop [WHO])
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TO: David K. Chai@eop (David K. Chai@eop [PIR])
READ:UNKNOWN

TO: Elizabeth A. Castellani@eop (Elizabeth A. Castellani@eop [UNKNOWN])
READ:UNKNOWN

TO: Dominique L. Cano@eop (Dominique L. Cano@eop [WHO])
READ:UNKNOWN

TO: Bradley M. Campbell@EOP (Bradley M. Campbell@EOP [CEQ])
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TO: Robin J. Bachman@eop (Robin J. Bachman@eop [WHO])
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TO: Erin L. Brinkman@eop (Erin L. Brinkman@eop [WHO])
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TO: Lanny A. Breuer@eop (Lanny A. Breuer@eop [WHO])
READ:UNKNOWN

TO: antony j. blinken@eop (antony j. blinken@eop [NSC])
READ:UNKNOWN

TO: Mark J. Bernstein@eop (Mark J. Bernstein@eop [WHO])
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TO: David S. Beaubaire@eop (David S. Beaubaire@eop [WHO])
READ:UNKNOWN

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

TO: Karen L. Barbuschak@EOP (Karen L. Barbuschak@EOP [OA])
READ:UNKNOWN

TO: Eli G. Attie@OVP@EOP (Eli G. Attie@OVP@EOP [UNKNOWN])
READ:UNKNOWN

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

TO: Lori E. Abrams@eop (Lori E. Abrams@eop [WHO])
READ:UNKNOWN

TEXT:

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

September 15, 1998

REMARKS BY THE PRESIDENT
TO NATIONAL FARMERS UNION

Room 450
Old Executive Office Building

1:00 P.M. EDT

THE PRESIDENT: Thank you very much. Ladies and gentlemen, good afternoon; welcome to the White House. Lee, thank you for the award. Thank you for your comments. Thank you for your strength. Thank you for your leadership for our farmers. I've known him for years -- I don't think I've ever focused on what a good speaker he was before. (Laughter.) He could have been a politician or a preacher in addition to a farmer. It was great.

I want to thank Secretary Glickman for his truly outstanding work, along with Rich Rominger, Carl Whillock and the

others here from the Department of Agriculture, who really try to be your advocates every day. whillock

We have at least NFU members who work at USDA -- Mike Dunn, Larry Mitchell, and John Stencil. And I thank them in particular. I want to thank Senator Dorgan and Congressman Pomeroy for coming and for being your vociferous advocates. I talked to Senator Harkin right before I came over here today and he has also been your great friend, along with Senator Conrad and Senator Daschle and Congressman Boswell from Iowa, who couldn't come this morning, but all these people have been up here working hard for you. And I wanted you to know that.

I also would like to say that the National Farmers Union has done a lot of good for this administration and for our efforts here in Washington, from helping to keep our food supply safe to working to expand health care to giving us the first balanced budget in 29 years in just a couple of weeks now. You have been with me every step of the way, and I am very grateful for that.

When I was a boy growing up in Arkansas I knew a lot about agriculture, but I didn't know much about the intersection of agriculture and politics. When I became a governor and served for a dozen years, many of them very, very hard years in the 1980s on the farm in my state, I came to appreciate what it was like when the national government had good policy, what it was like when it had bad policy, and what it was like when it had no policy.

I remember there were a couple of years when I was doing everything I could to be creative, and I think when you were head of the South Dakota Farmers Union, the state of South Dakota actually came to me and the governor then and asked me for a copy of the banking laws that I had changed in Arkansas -- because I changed our state banking laws to try to help the bankers keep more farmers on the farm. And when we had that terrible situation, when the price of land collapsed, all the collateral on the loans was no good, there was no way for people to finance their farms and they were losing them, and we were able to give some help to our farmers then. But through the whole thing I always felt so helpless that there wasn't an appropriate national response.

Now I feel especially bad for the farmers because it's been such a good time for the rest of the country. We've got nearly 17 million new jobs now and the lowest unemployment rate in 28 years, and the lowest inflation in 32 years, the highest home ownership in history, the lowest crime rate in 25 years, the smallest percentage of our people on welfare in 29 years. To somebody living in a city, to tell them that we have a farm crisis more extensive than we've had in decades, it's very hard for them to believe and understand.

You may note that in the local people today I was criticized for supporting a farm relief initiative in Congress. And

Secretary Glickman said, don't be upset, this is good news because they have noticed that the farmers are out there. (Laughter and applause.)

Yesterday I had a chance to go to New York and speak with some of the leaders in the United States in international finance, from our nation's point of view, to talk to them about what I think we need to do to try to keep the global economy from further destabilizing, to try to help some of these countries help themselves that are in terrible trouble, to try to keep the global financial crisis from spreading to other countries, and to try to build an adequate trade and financial system for the 21st century that will benefit all Americans.

One, but -- not the only -- but one element of the farm crisis is that the farmers have felt first the crisis going on in the rest of the world. Because with roughly a quarter of the world's people in recession with declining economic growth, representing roughly a third of the world's economy, our agricultural, which depends so much on exports, have felt that quicker than the rest of the economy. But it's an important thing for Americans to be aware of what's going on on the farm today, and to be aware that since the farmers, in effect, are the foot soldiers in the front lines of America's march into the global economy of the 21st century, if we don't do something to help our farmers, eventually all other Americans will feel it as well. (Applause.)

And so I am delighted that you're here, and I thank you for coming. Let me also, once again, say I thank you for making available the opportunity for all of these young people to be here. I want them to see their country in action. I want them to learn -- much earlier than I ever did -- the relationship between the work that's done every day on the farm and the work that's done up here. I think it's very important. It will make them more effective citizens and more effective in farming in the years ahead.

Now, what's really going on here? I wanted to give this speech today -- I realize to some extent I'm preaching to the saved today. (Laughter.) But what I hope will happen by your coming here and by this event unfolding is that, maybe, finally, we will break through the national consciousness and the consciousness of the Congress -- and our friends in the press corps -- not to panic, not to think that America's not doing well, but to say that at a time when our country is doing well, surely at a time when the rest of us are doing well, we can be more attentive to the genuine needs and the conditions on the farm in America. (Applause.)

Events in the past year have strained many family farms to the breaking point. You know what they are: flood, drought, crop disease have wiped out entire harvests. Plummeting prices at home, collapsing markets in Asia -- where our exports are down 30 percent in one year because of the economic crisis in Asia -- these have threatened the livelihood of entire communities.

Many farmers this year will see their net incomes drop by more than 40 percent below what they've earned on average for the last five years. And, of course, in some places like North Dakota,

the drop is much, much steeper. If we don't do something and do it now -- I want America to hear this, this is not a false alarm -- if we don't do something, and do it now, we could literally lose thousands and thousands of family farmers this year. (Applause.)

I want to come back to this and why it's not just about who's competitive in the market. The results are plain to see and painful to watch. Foreclosures and farm auctions are the order of the day already in many communities. I met a farmer named Deb Lungren not long ago who told me that in 1957 her grandfather made \$11,000 on their family farm. And in 1997, she made \$10,000 on the same land. The banks are ready to foreclose on the Lungren home. They don't see how they can possibly make it another year. I'll bet everybody here could tell me somewhere between one and a dozen stories just like that.

Now, again I say, I think every American has got a stake in rural America. Our farms feed the world and us at very low real costs, at very high quality. They also feed our sense of ourselves. They reinforce our values of hard work and faith and family and devotion to community and the land.

When I signed that Farm Bill, as Secretary Glickman said, in 1996, at a time when crop prices were strong -- and I would remind you the alternative was far worse; we would have been in even worse shape if I had vetoed it and we'd gone back to that decades-old law -- I tried to make it clear that sooner or later we would have to do more to provide a safety net for hard times; that all the good things in that Farm Bill could not possibly wipe away the fact that if we have a family farm structure in America with widely varying prices because of market developments around the world, and the inevitable march of nature and disease, that sooner or later there would come a time when we see that if you really wanted a strong market, you had to do more for the family farmers. Well, that time has arrived.

I want to thank Secretary Glickman for all that he's done. And in July, we announced that 80 million bushels of wheat, worth a quarter of billion dollars, would be purchased to help hungry people around the world and to help our farmers here at home. I strongly supported Senator Dorgan and Senator Conrad's proposal to provide farmers with emergency assistance. Last month I signed into law new legislation to speed up farm program payments to help farmers who need the money now. And Secretary Glickman is doing everything else he possibly can to help.

I know him well enough to know that from his years in Congress representing Kansas, and his years as Secretary of Agriculture, if there is one, single thing buried in the laws and

regulations of the Department of Agriculture that he can do that he has not yet done to try to help farm income, he will find it and do it. But with crop and livestock prices still in danger of dropping, with foreign markets still in danger of collapse, and with thousands of farms in jeopardy, we simply have to do more.

The first and most important thing to do is to help the farmers in greatest need -- those who have suffered significant losses of crop and livestock. I'll continue to press Congress to enact emergency assistance to do that; critical assistance to help thousands of farmers in keeping with the traditional budget rules that recognize the necessity of providing citizens help in times of crisis. We pass emergency bills for floods, for earthquakes, and we ought to do it for farm failure. (Applause.)

The next thing I think we ought to do -- indeed we have to do -- is to do what we talked about back in 1996. We've got to reinforce the safety net for farmers and ranchers. That's why last Thursday I announced my support for Senator Harkin and Daschle's proposal to lift the cap on marketing loan rates for a year. (Applause.)

Yesterday our proposal was defeated in the United States Senate. Today it apparently is going to be voted on in its discrete elements. Whatever happens, we must find some way to provide emergency assistance to farmers facing dire circumstances so they have the resources now to plan for next year's crops.

And finally, let me say, we have to revive the rural economy through exports. The speech that I gave in New York yesterday outlining steps we need to take to try to limit and then resolve the global financial crisis, and then plan a better financial and trade system for the 21st century over the long-term, will have more immediate impact on farmers if we can implement all these steps than any other group in America.

Farm products from one of every three acres is sold abroad. We must continue to open new markets. We must continue to enforce our existing trade agreements. And we must give the International Monetary Fund the resources it needs to strengthen and reform the economies of our customers in Asia, and to try to protect the contagion from spreading to our friends in Latin America, so that others can continue to buy all of our goods and services, and especially our farm products.

For nine months now, since I called on Congress to do this in the State of the Union, there has been no action. The Senate has passed the funding for the International Monetary Fund, but with just a few weeks left the House has still not acted. Our farmers and ranchers have a bigger stake in the short-run in the passage of this than any other group in America. So I ask you to support that as well, and tell the Congress we have to do it and do it now.

Now, these are the steps that I think we have to take. I'd just like to take one step back before I close and say that there has been a debate in America for decades that underlies the skepticism of those who don't support what I propose; who say, well, farmers ought to be subject to the market like everybody else -- a guy running a dry cleaner, nobody brings the clothes into be cleaned, he goes out of business. The people who basically believe that -- in the face of all the evidence that we have the most productive agriculture in the world -- don't understand the intersection between global impacts on farm prices, the financing challenges that family farmers, as opposed to big corporate farmers, face, and what can happen to you just by getting up in the morning if it happens to be a bad day. (Applause.)

I know a lot of you feel like Job -- you know? Test my faith, Lord; I didn't mean it that seriously. (Laughter.) But we have an opportunity here -- we have an opportunity to break through a kind of euphoria that's out there about the condition of our economy and let people know what's going on on the farm. We have an opportunity to tie the global financial crisis to what's going on on the farm. We have an opportunity to convince congressmen who come from suburban and urban areas that the welfare, the health, the strength of their citizens' -- their citizens' -- economy rests in lifting the whole American economy and doing the right thing beyond our borders. And they can see it in your stories, in your lives, in your experience -- nothing more fully embodying the best of America than you do.

So let me say -- I don't know how else to say this: There is suffering on the farm. There is agony on the farm. This is a horrible affront to everything we have worked so hard to achieve to lift the economy for all Americans. And we cannot afford to walk away from this session of Congress -- I don't care if there is an election; I don't care what else is happening -- we can't afford to walk away until we do something to stave off the failure of thousands of productive family farms in America. We cannot do it. (Applause.)

Now, let me leave you with one beautiful quote. Franklin Roosevelt once said that American farmers -- and I quote -- "are the source from which the reservoirs of our nation's strength are constantly renewed." For six years I have worked to renew America. We're a lot better off in virtually every way than we were six years ago. But we cannot walk across that bridge into the 21st century -- we cannot truly renew our country if we leave our family farmers behind.

So let's go up to the Hill and tell everybody that we all want to saddle up and go together. Thank you and God bless you. (Applause.)

END

1:20 P.M. EDT

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:18-SEP-1998 12:18:34.00

SUBJECT:

TO: Christopher C. Jennings (CN=Christopher C. Jennings/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:

Draft 9/18/98 12pm

Lowell Weiss

PRESIDENT WILLIAM J. CLINTON

REMARKS TO CONGRESSIONAL BLACK CAUCUS FOUNDATION DINNER

WASHINGTON, DC

September 19, 1998

Acknowledgments: Chair of CBC Maxine Waters, Chair of the dinner Rep. James Clyburn, Chair of the CBC Foundation Eva Clayton, Rev. Jesse Jackson, Rosa Parks; retiring Members: Ron Dellums, Floyd Flake, Louis Stokes. Family of Rep. Charles Diggs, Jr., who helped found this caucus and spearheaded the movement to desegregate our schools [he passed away August 24]; Award winners: Sec. Herman, Sec. Slater, Frank Raines, Rep. Bobby Rush, and other distinguished winners. Minyon Moore, Goody Marshall, Maria Echaveste, Bob Nash, Janis Kearney, Ben Johnson, Al Maldon, Tracey Thornton, Cheryl Mills, Judith Winston, and many other members of my Administration here tonight.

Someone once said that unlike a shadow, a true friend is with you whether the sun is shining or not. The book of Proverbs tells us that a true friend & loves at all times.⁸ You have been the truest of friends. I am truly grateful for your support.

And I am grateful for what the Congressional Black Caucus has done for the past 28 years to expand and enhance the promise of America. With resonant voices and principled votes, the members of the CBC have helped lead this nation toward a single, shining ideal -- the ideal, in John Lewis's favorite phrase, of the Beloved Community. A Beloved Community that does not dwell on difference and yet gathers ever-increasing strength from its ever-expanding diversity. A Beloved Community rooted in humane laws and generous spirits. A Beloved Community in which all our children's talents are matched by their opportunities. A Beloved Community in which all Americans join hands and courageously & walk with the wind,⁸ just as John Lewis's family did when storms rocked their tiny wood-frame house so many years ago.

God knows, this journey has not been easy. Even within the marble walls of Congress, the winds have often blown bitter and cold. Ron Dellums, for just one example, has spoken movingly of & the pain of being a black elected official carrying progressive ideas, when [people] would render you invisible with the flick of the pen.⁸ But no measure of callousness

could stop this caucus. It has never stopped a single member of this caucus on the long march toward that Beloved Community.

For the past 5 « years, we have marched together. Together, we have begun to draw America closer than ever before. Together, we have delivered new hope and new opportunity not just for the few, but for the many. Today, our economy -- and our communities -- are the strongest in a generation: 16.7 million new jobs. The lowest unemployment in a generation. The lowest African-American and Hispanic unemployment on record. The lowest African-American poverty rate on record. The fastest real wage growth in 25 years. More small businesses created in the past 5 « years than in the previous 12 years combined -- all with the lowest inflation in 32 years. Violent crime down 6 years in a row, with overall crime rates down to their lowest levels in nearly 25 years.

Together, we said, Yes, balance the budget, but give 5 million poor children health insurance. Give a HOPE Scholarship to make the first two years of college free for virtually all Americans. Increase those Pell Grants, increase those work-study funds, expand Head Start to get our children off on the right foot, invest in inner-city entrepreneurs, cut taxes for 15 million hard-pressed working families, increase the minimum wage, give young people after-school opportunities and help them lead positive, constructive lives.

None of this progress has come easily. None of it could have come without the CBC's ideas, inspiration, friendship, and support. And I also want to give much-deserved credit to my staff as well. One good reason that things are looking so good for so much of America, is because my administration looks so much like America. One of my proudest accomplishments was assembling the most diverse administration in history. We are not successful in spite of our diversity -- we are successful because of it.

Thanks to their hard work, thanks to your hard work, and thanks to the hard work of the American people, these are good times for the country -- the best in many, many years. In fact, some people would say now's the time to kick back and relax. I look at it a little differently. I say, look at Joseph: Joseph did not see times of plenty as a cue to rest. He used times of plenty to stockpile rich bounties of grain & like sand of the sea. 8 He knew that times of plenty had to be the busiest, most productive, most determined times of all. So I say, thank the good Lord for our nation's good fortune. But now is the time -- our time of plenty -- when we must work harder than ever before, in every community, to address the crucial challenges that remain.

I say we cannot rest until we protect every penny of our hard-won budget surplus until we save Social Security for future generations. I say we cannot rest until we find new ways to expand our economy while safeguarding our earth, our water, and our air.

I say we cannot rest until all children in all communities have a world-class education. We must provide our children with smaller classes and safer, more modern schools. And we must reward school districts for undertaking the kind of sweeping reforms we've seen in cities like

Chicago: closing down failing schools, removing bad teachers, ending social promotions. We must say to every child: We will join hands with you. We will help you tap your talents. If you are willing to raise your sights, we will not let you down.

Unfortunately, House Republicans just rejected a proposal to reduce class size, and rejected our national responsibility for helping communities raise standards, improve teaching, and bring the benefits of technology into all our classrooms. This is not the time to pass the buck. This is the time to pass a bill that takes national responsibility for improving our public schools.

I say we cannot rest until we protect our families with a strong, enforceable Patients' Bill of Rights. We already have 160 million Americans in managed care plans. These plans can help make health care more affordable for more families. But we must say to these plans: Don't turn people away from an emergency room. Don't turn people away from a specialist. Don't let an accountant make decisions only a doctor should make. Traditional care or managed care, every American deserves quality care.

I say we cannot rest while the HIV and AIDS crisis is escalating in communities of color. And that is why Sec. Shalala just announced that HHS will target an additional \$4.9 million dollars to outreach and prevention programs in minority communities. We must crush this crisis. We must do it together.

I say we cannot rest until every community reaps the benefits of our nation's economic growth. We must create new empowerment zones, provide housing assistance for those leaving welfare and entering the world of work, expand funding for community development banks, step up enforcement of fair-housing laws, and revitalize more urban brownfields. We must do more to tap the unlimited potential of our cities.

I say we cannot rest until we ensure a fair and accurate Census. Some in Congress would have us ignore the best scientific methods for ensuring the most accurate count. This is unacceptable. In 1990, nearly 40,000 African American children in Los Angeles County alone were left out. In the year 2000, we can -- and must -- do better. This is a fundamental issue, a crucial civil rights issue. Every American counts. We must count every American.

I say we cannot rest until we contain the economic turmoil in Russia and Asia and help spur robust economic growth throughout the world. We cannot be an island of prosperity in a sea of turmoil. About a third of our growth has come from selling our products to other countries. We must try to build an adequate trade and financial system for the 21st century that will benefit all Americans. We must help IMF put out these economic fires by paying our fair dues. And we must help emerging economies in Latin America, Asia, and Africa to thrive.

I saw Africa's renaissance first hand with many of you this past spring. That trip changed my life forever. I will never forget the sight of a million arms extended in friendship in Ghana, the faces of women in

Wanyange Village in Uganda now empowered with microcredit loans, the heroic lessons of Nelson Mandela as we stood in his former cell on Robben Island, the bold plans of entrepreneurs who gathered with me in Johannesburg to dedicate the Ron Brown Commercial Center. Across the continent, I saw hope rising, business growing, democracy gaining strength. I believe we must work together to see that Africa's children, like America's children, have a democratic, peaceful, and prosperous future. We must expand trade and partnership by passing our Africa trade bill. And we must ensure that Africa's hospitality is not used to perpetuate acts of terrorism.

On that note, I should mention that I have asked Dr. David Satcher, America's Surgeon General, to travel to East Africa later this month with a team of U.S. medical experts to help the people of Kenya and Tanzania who are still ailing from the devastating bomb blasts at our embassies.

And with every fiber of my being, I know we cannot rest until we solve the oldest, most stubborn, most painful challenge we face as a nation -- the challenge of race. Yesterday, I met for the final time with my advisory board on race. I am very proud of their work. But we all know, in this year of honest and courageous dialogue, we have only just begun to peel away the outermost layers of fear and misunderstanding. We have only just begun to find ways to lift the burden of race and redeem the full promise of America. We began the process. We broke the silence. We will continue. There must be no end to our national conversation on race and our search for common ground. I call on all of you in this room and all Americans from all sectors of our society to commit yourself to this task. I promise you this: if it takes until my last day on this Earth, I will continue to work on guiding our people across all the lines that divide us, into one America, one Beloved Community.

My friends, this is not a time for me to rest. It is, in part, a time to pray -- for, in Rev. Jackson's own unforgettable phrase, "God is not finished with me yet." It is also, most clearly, a time for work. It is a time for rising higher than ever to the challenges that face us all -- for just as God is not finished with me, I know I have not finished with God's work. Together, we must ensure that every American, regardless of race or religion or orientation or origin, can get a fair shot to live in peace and safety, to receive a world-class education, to find a decent job, to make the most of his or her God-given talents, to build a better life for their children. This is God's work. This is the righteous march we all have an obligation to complete. Thank you from the bottom of my heart for the march you have been leading in Congress for 28 long years and God bless you all.

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jordan Tamagni (CN=Jordan Tamagni/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:22-SEP-1998 18:26:40.00

SUBJECT: Check the Second Graf

TO: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Can we should we say something like this in the second graf?

I say we cannot rest until we contain the economic turmoil in Russia and Asia and help spur robust economic growth throughout the world. Growth at home depends upon growth abroad. We must try to build an adequate trade and financial system for the 21st century that will help our ailing partners as well as all Americans. We must help the IMF put out the world's economic fires by paying our fair dues. And we must help emerging economies in Asia, Africa, and Latin America to thrive.

Many of you came with me when I traveled to Latin America earlier this year. We saw many things together on that trip -- vibrant peoples, ancient customs, and an emerging spirit of entrepreneurship that is making Latin America one of the world's fastest growing economies. But we cannot pretend that the events in Asia can have no effect in Latin America -- and we must take steps to minimize those effects and keep the economies of Latin America growing strong.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:23-SEP-1998 22:00:44.00

SUBJECT: Clinton on Latin America

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

siewert (siewert [OPD])
READ:UNKNOWN

TEXT:

Now, we cannot rest until we keep economic growth going throughout the world, until we contain all this trouble our friends in Russia and Asia are experiencing, until we do everything we can to keep it from spreading to Latin America, which has been threatened by global financial events that they had nothing to do with creating. This is in our interests. The Latin markets are our fastest growing ones. They are the people that are doing more every year to buy American products as we build closer ties.

I have spent a lot of time on Latin America. Hillary has gone to Latin America several times and is about to go again. We always believed that in the future of America, not only would Hispanic Americans become our largest minority, but Latin America would become our closest partners for democracy as well as for prosperity. (Applause.)

Now, when you see all this debate in the paper about the IMF, that's really what that's about. The International Monetary Fund is the way that we work with other people to help countries that are doing the right thing get back on their feet and to try to stem and limit this economic turmoil. I ask your help in that. We need to do it for the benefit of our own people, as well as for our obligation.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 2-OCT-1998 15:03:55.00

SUBJECT: The Hardliner

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
German Bank Chief Knocks Bailouts

By EILEEN GLANTON AP Business Writer

NEW YORK (AP) -- As Asian, Russian and Latin American countries struggle to emerge from financial turmoil, they should not rely on international bailouts without first shoring up their own economic policies, Germany's central banker said Friday.

Speaking at an economic conference on Latin America, Hans Tietmeyer, president of Germany's Bundesbank, also called for greater participation from the private sector in such bailouts.

"Internal policies must be in order -- they are both the foundations and supporting pillars of economies," Tietmeyer said.

Tietmeyer was critical of several recent large-scale private sector bailouts, although he avoided singling out the U.S. Federal Reserve's role in a \$3.6 billion bailout of Long-Term Capital Management LP, a money-losing hedge fund.

A day before international finance ministers began a round of meetings aimed at reforming the global financial system, including

he IMF the International Monetary Fund, Tietmeyer said t
has often functions best as a promoter of free markets. He
bail out troubled criticized the IMF for moving too quickly to
countries.

not include Tietmeyer said economic rescue efforts should
boards that not demands for interest rate changes or currency
troubled country. It is may be in the best interest of a fiscally
prices, market more important for a nation to secure stable
sector, he said. competition and a strong banking and finance

own bank Tietmeyer has long fought suggestions that his
growth. As the consider lowering rates to help boost economic
near, Jan. 1 debut of the common euro currency draws
Europe now Tietmeyer defended his decisions and noted that
tumultuous global market. looks like "an island of stability" in a

interest rate, to be set He said the European Central Bank's first
of the so-called in January, will be near the current low rates
"core" euro-zone countries, like Germany.

representative at Saturday's Tietmeyer will be the chief German
Finance Group of Seven talks in the absence of German
conservative Minister Theo Waigel, whose 16-year-old
government was voted out of power last weekend.

#AP-NY-10-02-98 1349EDT<

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 4-OCT-1998 15:07:41.00

SUBJECT: IMF Plan

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Brits, French Back U.S.-IMF Plan

By MARTIN CRUTSINGER AP Economics Writer

WASHINGTON (AP) -- The United States and other
economic powers moved ahead Saturday toward an
overhaul of
the world's financial system to prevent growing
market turmoil
from pushing more countries into recession.

President Clinton telephoned British Prime
Minister Tony Blair
and French President Jacques Chirac to lobby
personally for a
set of proposals he put forward Friday. Central
to the U.S. idea
is to use the International Monetary Fund to
provide more
money, faster, to countries threatened with a
flight of panicked
investors.

Blair and Chirac said they liked the U.S.
approach, and other
countries as well have had favorable reactions
in discussions
with administration economic officials,
presidential spokesman
Joe Lockhart said.

Treasury Secretary Robert Rubin and Federal
Reserve
Chairman Alan Greenspan, who helped develop the
proposals,

central bank sought the endorsements of finance ministers and presidents from the world's seven richest countries.

new IMF credit lines be established for countries threatened with investor flight, Japanese Finance Minister Kiichi Miyazawa told reporters: "He asked me to support it, and I said I would."

The Group of Seven meeting, at historic Blair House across Pennsylvania Avenue from the White House, was expected to be pivotal in trying to develop strategies to halt a 15-month economic crisis, as are sessions beginning Sunday of the 182-nation IMF and World Bank. The World Bank generally loans money for development projects in poor countries, and the IMF oversees rescue efforts for countries experiencing financial difficulties.

A collapse of currencies and stock markets triggered by a flight of foreign investment money has pushed several Asian nations into steep recession, leveled the Russian economy and is now threatening to strike Brazil and other nations in Latin America.

While other countries had their own ideas about how to address the current market turmoil, Canadian Finance Minister Paul Martin said he believes the crisis' urgency is molding "a growing consensus about what needs to be done."

Britain's top finance official, Chancellor of the Exchequer Gordon Brown, also sounded a note of urgency and suggested that the Bank of England might act as early as next week to cut interest rates. That would follow the lead of the Federal

Reserve, which cut a key U.S. rate by a quarter-point last Tuesday to help ward off recession in the United States.

"As we meet here in Washington, we are conscious that more than a quarter of the world is in recession, that the second largest economy in the world, Japan, is in recession and that the social casualties of the Asian crisis are rising in numbers," Brown said. He told reporters "strong, decisive and united leadership" is needed to turn talk into action.

Finance ministers from 24 developing countries appealed for lower interest rates from major industrial nations as a way to take pressure off their foreign debt burdens and "help restore confidence in international finance markets."

Still, it was far from certain that all differences will be resolved in coming days. U.S. officials already have rejected a French proposal to turn the IMF's interim committee in to a more permanent crisis-coordination body.

"My guess is we won't find a silver bullet, but we will come out with a process," World Bank President James Wolfensohn said.

The U.S. proposal does prescribe new money for the IMF but would require Congress to approve the administration's request of \$18 billion to replenish IMF resources depleted by the need to assemble more than \$100 billion in bailouts for Thailand, Indonesia, South Korea and Russia.

That approval is in doubt given significant Republican opposition in the House. GOP Leader Dick Armey, R-Texas, said Clinton's call for quicker release of IMF money is precisely the wrong

halt the crisis approach for an agency that has failed so far to
from widening.

increase Other aspects of change being considered are to
provide more loans to banking supervision in poor countries and
get back on their help stricken corporations in crisis countries
feet.

IMF and other The United States also was pushing to get the
billion, which donors behind a rescue for Brazil of perhaps \$30
presidential elections could be announced soon after Sunday's
there.

to act more Rubin and Greenspan pressed the case for Japan
Miyazawa. U.S. officials forcefully in Saturday's discussions with
to resume have said troubled Asian countries cannot hope
troubles and emerges growth unless Japan cleans up its banking
from its own recession.

offer of \$30 In a Treasury statement, Rubin welcomed Japan's
nations and said billion in new loans to support other Asian
to take all Miyazawa ``explained his government's intention
possible steps to promote financial stability."

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-OCT-1998 18:32:39.00

SUBJECT: The Weekend

TO: Bruce McNamer (CN=Bruce McNamer/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

FYI

----- Forwarded by Jake Siewert/OPD/EOP on 10/05/98 06:31

PM -----

Jake Siewert

10/05/98 06:09:29 PM

Record Type: Record

To: David C. Leavy/NSC/EOP

cc:

Subject: The Weekend

The President announced several steps on Friday that would address the financial contagion -- developing a mechanism at IMF to deal with short-term, precautionary credit that would help countries with essentially sound policies affected by financial contagion; a second one dealing with having multilateral development banks help encourage the private sector to put capital back in key countries through loan guarantees; and then additional efforts by the Ex-Im Bank to help set up short-term facilities in Latin America, as well as new efforts by OPIC to provide many of the same political risk protections for lenders and bond holders that are currently provided to investors.

We pleased that at both the G-7 finance ministers and interim committee of the IMF that there was a strong interest and willingness to explore the ideas that the President had put forward on Friday.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-OCT-1998 18:10:39.00

SUBJECT: The Weekend

TO: David C. Leavy (CN=David C. Leavy/OU=NSC/O=EOP @ EOP [NSC])
READ:UNKNOWN

TEXT:

The President announced several steps on Friday that would address the financial contagion -- developing a mechanism at IMF to deal with short-term, precautionary credit that would help countries with essentially sound policies affected by financial contagion; a second one dealing with having multilateral development banks help encourage the private sector to put capital back in key countries through loan guarantees; and then additional efforts by the Ex-Im Bank to help set up short-term facilities in Latin America, as well as new efforts by OPIC to provide many of the same political risk protections for lenders and bond holders that are currently provided to investors.

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 7-OCT-1998 13:00:52.00

SUBJECT: IMF

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
No Clear Consensus on Economic Crisis

By HARRY DUNPHY Associated Press Writer

WASHINGTON (AP) -- The world's finance ministers have plenty of ideas for fighting a global economic crisis that President Clinton calls the worst in a half century, but a week of meetings has produced no clear consensus on the path to take.

On the next-to-last day of the annual meeting of the 182-nation International Monetary Fund, ministers and central bank presidents continued to hear different suggestions. But it was likely the meetings would conclude without the bold policy plan that markets had been hoping for.

However, Wall Street got a gift from a different source today as Federal Reserve Chairman Alan Greenspan, speaking to a different gathering, suggested that the central bank stood ready to cut U.S. interest rates further.

Estimating that the huge plunge in stock prices since the July peak had wiped out about \$1.5 trillion in wealth, Greenspan said

of consumer
economic
this decline would inevitably lead to a slowing
demand, which accounts for two-thirds of total
activity.

economy has
Russian
said, referring to
around the world.
"I think the outlook for 1999 for the U.S.
weakened measurably in the aftermath of the
devaluation and debt moratorium," Greenspan
the August events that sent markets tumbling

National
that the Fed,
nearly three years last
industrial
Investors took Greenspan's comments to the
Association for Business Economics as a signal
which cut interest rates for the first time in
week, stood ready to do more. The Dow Jones
average was up over 90 points in early trading.

Kyu-Sung Lee told
was forced to
IMF, believed the
year.
At the IMF, South Korean Finance Minister
the delegates that his nation, one of four that
obtain \$137 billion in bailout money from the
worst of the economic crisis would be over next

next year with
"The Korean economy is expected to bottom out
mild positive growth," he said.

agreed Tuesday
administration sought for
f reforms for
On Capitol Hill, House and Senate negotiators
to grant the full \$18 billion the Clinton
the International Monetary Fund -- if a package o
the 182-nation organization can be worked out.

strings. But a
condition of
to some
In the past, the administration has opposed such
Republican congressional official, speaking on
anonymity, said the administration might agree
conditions to obtain the IMF funds.

The White House confirmed that preliminary discussions were under way for an emergency economic summit in London next month, suggested by British Prime Minister Tony Blair.

Meanwhile, Treasury officials worked to put together an emergency rescue package of around \$30 billion for Brazil, hoping to reassure investors that Latin America's largest economy will not fall victim to the spreading financial crisis.

Argentine President Carlos Menem said negotiations could be completed by next week and suggested the emergency lines of credit for Brazil could be expanded to help other Latin American countries.

In his remarks to the IMF-World Bank meeting, Clinton called for finance officials to continue working on proposals endorsed Monday by a special 22-nation conference that are aimed at stabilizing the vast flows of international money.

"We must address not only a run on a bank or firm, but also a run on nations," Clinton said. "We simply must find a way to contain the pattern of boom-bust on an international scale."

And he called on Japan to invigorate its economy, something his administration believes is essential for lifting other Asian nations.

In Tokyo, Japanese Prime Minister Keizo Obuchi announced plans for a bigger economic stimulus package after officials said the country, already in its worst recession in 50 years, was facing deepening problems.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 7-OCT-1998 15:13:53.00

SUBJECT: if you do a reprint book

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Please make these changes as well. Sometime, the stenos have interesting ideas about how to break up a page.

----- Forwarded by Jake Siewert/OPD/EOP on 10/07/98 03:11 PM -----

Michael Waldman
10/07/98 03:08:29 PM
Record Type: Record

To: Jake Siewert/OPD/EOP
cc:
Subject: if you do a reprint book

JAKE -- I have gone through the transcript of the speech and made the paragraph returns the way they were in the draft (i.e., in terms of logic). For reprints, you should use this. Also, if you are including the other speeches from the series, someone should go through them and do the same thing.

REMARKS BY THE PRESIDENT
TO OPENING CEREMONY OF THE
1998 INTERNATIONAL MONETARY FUND/WORLD BANK
ANNUAL MEETING
October 6, 1998

Thank you very much. Secretary Rubin; my friend, President Menem; Minister Fernandez; Managing Director Camdessus; President Wolfensohn; Dr. Rutenstorfer; ladies and gentlemen: Before I begin my remarks, I hope you will permit me to say a few words about another issue of real concern to the international community, about which I have been working already this morning -- the subject of Kosovo.

I have been on the phone with many of my counterparts, and I just was speaking with Prime Minister Blair, who is in China. We all agree that Kosovo is a powder keg in the Balkans. If the violence continues, it could spill over and threaten the peace and stability of Bosnia, of Albania, of Macedonia and other countries in the region. What is already a humanitarian crisis could turn into a catastrophe. Some 250,000 people

have been forced to flee their homes. Of that number, approximately 50,000 are actually homeless. As winter sets in they risk freezing or starving to death.

President Milosevic is primarily responsible for this crisis. The United Nations has made clear the steps we must take to end it -- declare an immediate cease-fire, withdraw Serb security forces, give humanitarian relief groups full and immediate access to Kosovo, begin real negotiations with the Kosovar Albanians to find a peaceful and permanent solution to their rightful demand for autonomy.

As we meet here, my Special Envoy, Dick Holbrooke, is meeting with President Milosevic to reiterate what he must do and to make clear that NATO is prepared to act if President Milosevic fails to honor the United Nations resolutions. The stakes are high. The time is now to end the violence in Kosovo. I hope all of you will do whatever you can to that end.

Now to the matter at hand. A half century ago, a visionary generation of leaders gathered at Bretton Woods to build a new economy to serve the citizens of every nation. In one of his last messages to Congress, President Franklin Roosevelt said that the creation of the International Monetary Fund and the World Bank -- and I quote -- "spelled the difference between a world caught again in the maelstrom of panic and economic warfare, or a world in which nations strive for a better life through mutual trust, cooperation and assistance.",

The Bretton Woods generation built a platform for prosperity that has lasted down to the present day. Economic freedom and political liberty has spread across the globe. Since 1945, global trade has grown 15-fold. Since 1970 alone, infant mortality in the poorest countries is down by 40 percent. Access to safe drinking water has tripled. Life expectancy has increased dramatically. Even now, despite the difficulties of recent days, per capita incomes in Korea and Thailand are 60 percent higher than they were a decade ago. A truly global market economy has lifted the lives of billions of people.

But as we are all acutely aware, today the world faces perhaps its most serious financial crisis in half a century. The gains of global economic exchange have been real and dramatic -- but when tides of capital first flood emerging markets, then suddenly withdraw; when bank failures and bankruptcies grip entire economies; when millions in Asia who have worked their way into the middle class suddenly are plunged into poverty; when nations half a world apart face the same crisis at the same time -- it is time for decisive action.

What has caused the current crisis? First, too many nations lack the financial, legal, and regulatory systems necessary to maintain investor confidence in adversity. Second, new technologies and greater global integration have led to vastly increased, often highly leveraged flows of capital, without accompanying mechanisms to limit the boom-bust cycle -- mechanisms like those which are integral to the success of advanced economies.

I am confident that if we act together we can end the present

crisis. We must take urgent steps to help those who have been hurt by it, to limit the reach of it, and to restore growth and confidence to the world economy. But even when the current crisis subsides, that will not be enough. The global economy simply cannot live with the kinds of vast and systemic disruptions that have occurred over the past year. The IMF and the World Bank have been vital to the prosperity of the world for the past half century. We must keep them vital to the prosperity of the world for the next half century. Therefore, we must modernize and reform the international financial system to make it ready for the 21st century.

The central economic challenge we face is to harness the positive power of an open international economy while avoiding the cycle of boom and bust that diminishes hope and destroys wealth. And the central political challenge we face is to build a system that strengthens social protections and democratic institutions so that people everywhere can actually reap the rewards of growth.

We must put a human face on the global economy. An international market that fails to work for ordinary citizens will neither earn, nor deserve their confidence and support.

We need both an aggressive response to the immediate crisis and a thoughtful road map for the future.

We must begin by meeting our most immediate challenges. Two weeks ago at the Council on Foreign Relations in New York, I outlined what we have done and what we must do. I am gratified that today the leading economies speak with one voice in saying, the balance of risks have now shifted from inflation to slowdown. The principal goal of policymakers must be to promote growth.

Every nation must take responsibility for growth.

The United States must do its part. The most important thing we can do is to keep our economy growing and open to other's products and services, by maintaining the fiscal responsibility that has led us to the first balanced budget and surplus in 29 years. Winning this discipline was not easy and was not always popular. But it was the right thing to do. That is why I have made it clear to our Congress that I will veto any tax plan that threatens that discipline.

Also, the United States must -- must -- meet our obligations to the IMF. I have told Congress we can debate how to reform the operations of the fire department, but there is no excuse for refusing to supply the fire department with water while the fire is burning.

Europe must continue to press forward with growth-oriented economic policies and keep its markets open.

And Japan, the world's second largest economy and by far the largest in Asia, must do its part, as well. The United States values our strong partnership with Japan -- our political, our security, our economic partnership. But now the health of Asia and, indeed, the world depends upon Japan. Just as the United States had to eliminate its deficits and

high interest rates which were taking money away from the rest of the world over the last six years, now Japan must take strong steps to restart its economic growth, by addressing problems in the banking system so that lending and investment can begin with renewed energy; and by stimulating, deregulating and opening its economy.

For all of us there can be no substitute for action. And all of us must also act now to restart growth in the rest of Asia by helping to restructure firms paralyzed by crushing debt and replace debt with equity across entire economies. Through OPIC and the Export-Import Bank, we are providing short-term credit and investment insurance to keep capital flowing into emerging economies. I welcome Japan's announcement that it will contribute to the reconstruction effort. And I am gratified that the World Bank has agreed to double its investment in the social safety net in Asia to help those who have been harmed by the economic crisis.

In all these ways, we can minimize the consequences of the current financial contagion.

But the flash of this crisis throws new light on the need to do more -- to renew the institutions of international finance so they reflect modern economic reality. The institutions built at Bretton Woods must be updated for 24-hour global markets if they are to continue to achieve the goals established by the Bretton Woods generation.

First, we must recognize that the free and open exchange of ideas and capital and goods across the globe is the surest route to prosperity for the largest number of people. But we must find a way to temper the volatile swings of the international marketplace, just as we have learned to do in our own domestic economies.

What is troubling today is how quickly discouraging news in one country can set off alarms in markets around the world. And all too often, investors move as a herd, with sweeping consequences for emerging economies with weak and strong policies alike.

We've all read of families that worked hard for decades to become middle class, families that owned homes and cars suddenly forced to sell off their possessions just to buy food. We've read of doctors and nurses forced to live in the lobby of a closed hospital. With fuel and food shortages in some countries, the onset of winter threatens mass misery. And in Asia, where the ethic of education is deeply ingrained and has led to the rise of tens of millions of people, and strong schools are deprived of nations, we now see too many children dropping out of school to help support their families.

Just as free nations found a way after the Great Depression to tame the cycles of boom and bust in domestic economies, we must now find ways to tame the cycles of boom and bust that today shake the world economy.

The most important step, of course, and the first step, is for governments to hold fast to policies that are sound and attuned to the

realities of the international market place. No nation can avoid the necessity of an open, transparent, properly regulated financial system; an honest, effective tax system; and laws that protect investment. And no nation can for long purchase prosperity on the cheap, with policies that buy a few months of relief at the price of disaster over the long run.

That is why I support the fundamental approach of the IMF. The international community cannot save any nation unwilling to reform its own economy. To do so would be to pour good money after bad. But when nations are willing to act responsibly and take strong steps, the international community must help them to do so.

Too often, what has appeared to be a thriving market system, however, has masked an epidemic of corruption or cronyism. Investors and entrepreneurs, foreign and domestic, will not keep their money in economies where prosperity is a facade. Bank balance sheets should mean the same thing in one country as another. Contracts should be awarded on merit. Corruption cannot be tolerated.

To this end, I applaud the Working Group reports that call for the IMF to examine and publicize countries' adherence to strong international standards, as well as higher accounting and loan standards for private institutions. The United States will continue to press for new ways the private sector can implement sound practices -- for example, through an accreditation system for national bank examiners.

But while strong policies and sound business practices within each nation are essential, at times they simply will not be enough. For even the best functioning markets can succumb to volatility, soaring in unrealistic expectations one minute, followed by a sudden crash when reality intervenes. Such miscalculations of risk are an inevitable fact of market psychology.

In our own domestic economies, we have learned to limit these swings in the business cycle. In the United States, for example, a strong Federal Reserve has ensured a stable money supply. The Securities and Exchange Commission promotes openness and makes the market work. Rigorous bank regulation and deposit insurance have helped to keep downturns in the business cycle from spinning out of control. Other nations have their own institutions performing these same functions. Now, though we understand that the realities and the possibilities in the international marketplace are different, some of the same functions clearly need to be performed. We must address not only a run on a bank or a firm, but also a run on nations. If global markets are to bring the benefits we believe they can, we simply must find a way to tame the pattern of boom-bust on an international scale.

This task is one of the most complex we face. We must summon our most creative minds and carefully consider all options. In the end, we must fashion arrangements that serve the global economy as our domestic economies are served, enabling capital to flow freely without the crushing burdens the boom-bust cycle brings. While we must not embrace false cures that will backfire and lead in the end to less liquidity and diminished confidence when we need more of both, we must -- we must -- keep working

until we find the right answers. And we don't have a moment to waste.

Meanwhile, we must find creative ways to protect those countries that right now have strong economic policies, yet still face financial pressures not of their own making. This past weekend, Secretary Rubin and Chairman Greenspan have worked with their G-7 counterparts to find new ways to strengthen our cooperation based on the IMF to make precautionary lines of credit available to nations committed to strong economic policies, so that action can be quick and decisive if needed. This is a critical way to prevent the present crisis from reaching Latin America and other regions, which are doing well. And I ask your support.

Strong government policies, sound business practices, new ways to limit the swings in the global market -- all these steps are needed to ensure growth into the future. But let us also acknowledge that we face a political challenge. For the best designed international economic system will fail if it does not give a stake and a voice to ordinary citizens. So I say again, today we see a profound political challenge to the global economic order.

The financial crisis poses a stern test of whether democracies are capable of producing the broad public support necessary for difficult policies that entail sacrifice today for tomorrow's growth. I believe strong democracy, fair and honest regulation, sound social policy are not enemies of the market. I believe they are essential conditions for long-term success. Nations with freely elected governments, where the broad mass of people believe the government represents them and acts in their interests, have been willing and able to act to ward off crisis. Korea and Thailand, with elected leaders who have been willing to take very difficult steps, have succeeded in weathering the worst of the economic storm when so many others have not. Countries in Central Europe have done remarkably well.

But even among the strongest nations, as we have found here in our own, broad change is often difficult. Unless the citizens of each nation feel they have a stake in their economy they will resist reforms necessary for recovery. Unless they feel empowered with the tools to master economic change, they will feel the strong temptation to turn inward, to close off their economies to the world.

Now, more than ever, that would be a grave mistake. At a moment of financial crisis, a natural inclination is to close borders and retreat behind walls of protectionism. But it is precisely at moments like this we need to increase trade to spur greater growth. Again, we must never lose sight of what the fundamental problem is -- we need more liquidity, more growth in this world today. Only by tearing down barriers and increasing trade will we be able to bring the nations of Asia, Latin America, and other parts of the world back on to the path of growth. The world economy today needs more trade and more activity of all kinds, not less. That is why when the leaders of APEC meet next month, we must press forward to tear down barriers and liberalize trade among our countries; why next January when the United States Congress returns, we will seek a

comprehensive effort to tear down barriers at home and around the world, including new negotiating authority and legislation to expand trade with Africa.

But unless we give working people a strong stake in the outcome, they will, naturally and understandably, erect obstacles to change. The answer to these difficulties is not to retreat. It is to advance and to make certain every nation has a strong safety net providing the security people need to embrace change. At the very least, people who are suddenly without work must have access to food and shelter and medical care. And over time, all nations must develop effective unemployment and retirement systems. We must find ways to keep schools open and strong during times of economic downturn. We must make certain economic development does not come at the cost of new environmental degradation. I am pleased that the World Bank will be redoubling its efforts to building this strong safety net, especially in Asia.

And I urge all international financial institutions to do more to incorporate environmental issues into your operations, and to significantly increase direct lending for environmental and natural resource projects. Every time we seek to protect the environment, short-sighted critics warn that it will hurt the economy. But over the last quarter century, we have seen time and again, in nation after nation, that protecting the environment actually strengthens, not weakens, our economies.

International institutions themselves must reinforce the values we honor in our own economies. In Geneva last May, I asked the World Trade Organization to bring its operations into the sunlight of public scrutiny, to give all sectors of society a voice in building trade policies that will work for all people in the new century. We must do the same for other multilateral institutions. When the IMF agrees with a member country on policy measures to restore stability, the people of that country and investors around the world should be told exactly what conditions have been set. Therefore, I urge the WTO, the World Bank, and the IMF, working with the ILO, to give greater consideration to labor and environmental protections as a part of your daily business. Only by advancing these protections will these organizations earn the confidence and support of the people they were created to serve.

Finally, though we are seized with the crisis of the moment, we must not neglect those whom the capital flows have passed by in the first place. That is why it is critical to continue our efforts to lighten debt burdens, to expand educational opportunities, to focus on basic human needs, as we work to bring the poorest countries in Africa and elsewhere into the international community of a thriving economy.

Creating a global, financial architecture for the 21st century; promoting national economic reform; making certain that social protections are in place; encouraging democracy and democratic participation in international institutions -- these are ambitious goals. But as the links among our nations grow ever tighter we must act together to address

problems that will otherwise set back all our aspirations. If we're going to have a truly global marketplace, with global flows of capital, we have no choice but to find ways to build a truly international financial architecture to support it -- a system that is open, stable and prosperous.

To meet these challenges I have asked the finance ministers and central bankers of the world's leading economies and the world's most important emerging economies to recommend the next steps. There is no task more urgent for the future of our people.

For at stake is more than the spread of free markets, more than the integration of the global economy. The forces behind the global economy are also those that deepen liberty, the free flow of ideas and information, open borders and easy travel, the rule of law, fair and even-handed enforcement, protection for consumers, a skilled and educated work force. Each of these things matters not only to the wealth of nations, but to the health of nations. If citizens tire of waiting for democracy and free markets to deliver a better life for themselves and their children, there is a risk that democracy and free markets, instead of continuing to thrive together, will shrivel together.

This century has taught us many lessons. It has taught us that when we act together we can lift people around the world and bind nations together in peace and reconciliation. It has also taught us the dangers of complacency, of protection, of withdrawal. This crisis poses a challenge not to any one nation, but to every nation. None of us -- none of us -- will be unaffected if we fail to act.

On the day he died in 1945, as these institutions were taking shape, President Roosevelt wrote in the last line of his last speech: "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with a strong and active faith." At a time of testing, the generation that built the IMF and the World Bank move forward with a strong and active faith.

Now we who have been blessed with so many advantages must, ourselves, act in the same manner. If we do, we will surmount the difficulty of this moment. We will build a stronger world for our children. We will honor our forebears by what we do to construct the first 50 years of the 21st century.

Thank you very much.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-OCT-1998 13:31:01.00

SUBJECT: IMF Press Conference -- Some Brazil News

TO: Bruce McNamer (CN=Bruce McNamer/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Financial Leaders Have Crisis Plan

By HARRY DUNPHY Associated Press Writer

WASHINGTON (AP) -- Finance officials from 182 nations ended a week of discussions today with what leaders said was a broad blueprint for an approach needed to end the worst global economic crisis in a half century.

Putting action to the words, the IMF immediately announced it was closer to agreement with Brazil on an international support package.

The joint statement issued on behalf of the IMF and Brazil said "discussions will continue in the days ahead, with the aim of reaching agreement soon" on a detailed economic reform program that could receive the financial support of the IMF and other lenders.

The international support is expected to total \$30 billion or more as the IMF tries to stop a financial contagion that has already

leveled a number of Asian countries and Russia
from spreading
to Latin America.

The Clinton administration had been working
aggressively
behind the scenes to line up support for a
Brazilian loan, worried
that if the financial turmoil topples the
biggest economy in Latin
America it could spread to other nations in the
region. The area
accounts for nearly 20 percent of U.S. exports.

The IMF statement said the IMF had been engaged
in extensive
negotiations with the government of Brazilian
President
Fernando Henrique Cardoso, who won re-election
to a second
term on Sunday. Cardoso pledged Wednesday to
pursue an
austerity program aimed at bringing down the
government's huge
budget deficit.

The strong IMF statement of support came as
finance officials
from 182 nations wrapped up nearly a week of
discussions at
the annual meetings of the IMF and the World
Bank.

While the discussions did not produce any new
initiatives to deal
with the crisis, officials of both agencies said
they were working
on a number of fronts to halt the 15-month-long
financial crisis
that is beginning to darken U.S. growth
prospects.

"Everyone agrees there is a way out of the
crisis. It is an uphill
way, but it is there," IMF Managing Director
Michael
Camdessus said.

Camdessus predicted that the IMF, which has put
together
\$137 billion in bailout packages for nations
leveled by market
turmoil so far, would soon have an additional
\$90 billion in

resources. But that money is contingent on Congress passing something the Clinton administration is furiously lobbying to get through in the closing days of the current session.

Financial markets have generally reacted negatively to all the talk in Washington, reflecting disappointment that the meetings failed to reach any agreement on any new policy initiatives. In early afternoon, the Dow Jones industrial average was down nearly 200 points, reflecting unease about a sudden decline in the value of the dollar.

But Camdessus struck an optimistic tone today. He rejected suggestions that failure to agree on a number of new proposals put forward, including a suggestion from President Clinton for rapid loans to ward off market turmoil in threatened countries, reflected disarray.

"An extensive agenda awaits us in moving toward a more durable international monetary system," he said.

For his part, World Bank President James Wolfensohn sought to play down any suggestion of discord between the IMF and his agency.

He said the two agencies were working closely together and "we have a time-tested approach to face this crisis and any others that come down the line."

While the leaders of the IMF and World Bank sought to put a positive spin on this week's discussions, other delegates were not as optimistic.

Indian Finance Minister Yashwant Sinha said, "The brute fact is

that after five days of intense discussions and
debate we are still
at a loss as to why contagion has continued to
spread" from Asia
to Russia and is now threatening Latin America.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-OCT-1998 13:30:43.00

SUBJECT: Nightline Transcript on Int'l Economy

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Michael Waldman (CN=Michael Waldman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Bruce McNamer (CN=Bruce McNamer/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:

FYI -- uses POTUS speech liberally.

----- Forwarded by Jake Siewert/OPD/EOP on 10/08/98 12:59
PM -----

Mark A. Kitchens
10/08/98 12:44:34 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: ABC Nightline, October 7, 1998

ABC NIGHTLINE
Aired on OCTOBER 07, 1998

ANNOUNCER: October 7, 1998.

ALAN GREENSPAN, Chairman, Federal Reserve Board: If you read the newspapers in the morning, which are filled with all the awful stories of what is happening, one gets the impression that the economy has collapsed and we might as well all go home and go fishing or something like that.

TED KOPPEL, ABC News: (voice-over) Well, we're not there yet. But as economic calamity spreads around the world, many very powerful men are sounding very concerned.

Pres. BILL CLINTON: What is troubling today is how quickly discouraging news in one country can set off alarms in markets around the world.

GEORGE SORROS: Instead of acting like a pendulum, financial markets

have recently acted more like a wrecking ball, knocking over one economy after another.

ALAN GREENSPAN: I've never seen anything like this. This is really quite an unusual phenomenon.

TED KOPPEL: (voice-over) Tonight, as the worldwide economic crisis spreads over there, why should we care over here?

ANNOUNCER: From ABC News, this is Nightline. Reporting from Washington, Ted Koppel.

TED KOPPEL: Whether the Clinton administration is going into its last couple of years as scheduled or whether the impeachment process will lead to a premature end is, for the moment, beside the point. Whenever Bill Clinton leaves office, his success or failure will be measured in large part by the memorable words of his old friend, James Carville -- it's the economy, stupid.

Despite all the embarrassment and complications generated by the Lewinsky matter, much of President Clinton's continuing support comes from Americans who think he's done a good job of improving their lives. Unemployment is still way down, as is inflation. The market, for all the recent slippage in the Dow and NASDAQ, is still way up compared to where it was when Mr. Clinton came into office in 1992. Mortgage rates haven't been this cheap in more than a generation. If all of that should change, of course, the President's job approval rating might go the way of his personal behavior ratings, which are in the tank.

Absorbed as he must be by tomorrow's House vote on an open ended impeachment hearing, President Clinton understands better than most how vulnerable he is to what is happening these days in Asia and Russia and Latin America. It's still the economy.

We thought it might be useful to explain why what's happening over there matters over here. We begin with this primer from Robert Krulwich.

ROBERT KRULWICH, ABC News: (voice-over) On the one hand, the President of the United States said this yesterday about world capitalism.

Pres. BILL CLINTON: The free and open exchange of ideas and capital and goods across the globe is the surest route to prosperity for the largest number of people.

ROBERT KRULWICH: (voice-over) On the other hand, one of the most famous, most successful capitalists in the world, investor George Soros, last month said this about world capitalism.

GEORGE SOROS: The global capitalist system, which has been responsible for the remarkable prosperity of this country in the last decade, is coming apart at the seams.

ROBERT KRULWICH: (voice-over) Both men agree there's a problem and they agree on what it is.

Pres. BILL CLINTON: We must now find ways to tame the cycles of boom and bust that today shake the world economy.

ROBERT KRULWICH: (voice-over) Think back.

(Clip from commercial)

NARRATOR: We welcome you to Malaysia, your profit center in Asia.

ROBERT KRULWICH: (voice-over) Just two years ago, Asia was an investor's dream.

(Clip from commercial)

NARRATOR: The country's free market economy has expanded dramatically.

ROBERT KRULWICH: (voice-over) Governments were accommodating.

1st ASIAN BUSINESSMAN: Seeking to get in on the ground floor.

ROBERT KRULWICH: (voice-over) Western managers very happy.

ARMIN MOLLER, General Manager, Phillips Semi-Conductor Phils.: I have been here in the Philippines for more than six and a half years.

ROBERT KRULWICH: (voice-over) And so investors all over the world said almost together let's put money in Asia and in country after country, Korea, say, money just arrived, \$27 billion in '94, another \$33 billion in '95, another \$37 billion in '96 and then just as suddenly the money left, \$29 billion gone in one year. Imagine what it would be like to be living in a country somewhere when all of a sudden a tidal wave of money pours in from all over the world and for one moment you're rich and then just as suddenly all the money goes away and there you are thinking what happened? In Asia what happened was investors got nervous.

Pres. BILL CLINTON: Investors and entrepreneurs, foreign and domestic, will not keep their money in economies where prosperity is a facade.

ROBERT KRULWICH: (voice-over) These three residential towers in Bangkok look lovely but they're empty, a thousand apartments totally empty. Whoever built this place so misread the rental market they went bust and you've got to wonder how'd they get the money in the first place.

Pres. BILL CLINTON: Too often what has appeared to be a thriving market system, however, has masked an epidemic of corruption or cronyism.

ROBERT KRULWICH: (voice-over) George Soros and other currency traders first suspected that banks and governments were hiding serious losses. Those suspicions spread when it became clear that Asian government and bank data wasn't reliable. All it took was a small panic here, a bank failure there and very quickly everybody who'd wanted into Asia now wanted out, boom to bust.

Pres. BILL CLINTON: Soaring and unrealistic expectations one minute followed by a sudden crash when reality intervenes.

ROBERT KRULWICH: (voice-over) And then this herd like rush for the exits got less discriminating. Investors pulled out of markets that were only sort of risky like Brazil or used to be risky like Mexico. And when international lenders leave a country, some locals notice right away. The rich, like say these three guys on their way to lunch in Mexico City. Let's imagine that these gentlemen have lots of pesos in their Mexican banks, lots more in the Mexican stock market, more in their cars and homes, but unlike the poorer folks here, they also shop sometimes abroad and see ads like this. Should one of them decide to order a golf club, a special order from Dallas, because the lenders have left his pesos have lost value against the dollar. So that club will now be 21 percent more expensive. When you're rich, you notice things like this.

(on camera) And rather than just stand by and watch your purchasing power shrink, it is very easy to pick up the phone, dial the Federal Reserve in America and listen to a man with a very heavy New York accent...

FEDERAL RESERVE EMPLOYEE: This message provides information on treasury securities which are currently available for purchase.

ROBERT KRULWICH: And transfer some of your wealth from your Mexican bank and buy U.S. Treasury bonds.

(voice-over) And all over the world, rich people are doing just that. Sales of U.S. Treasury bonds have jumped. But meanwhile, back in Mexico banks there don't want to lose the rich people's deposits so they say to the rich keep your money here, please, we'll pay you higher interest rate. in Mexico, interest rates nationwide right now, according to car dealer Augusto Barasco (ph), are what?

AUGUSTO BARASCO: It's almost 60 percent yearly interest rates and for the credit cards for the customer, the credits are up to 70 percent.

ROBERT KRULWICH: (voice-over) Almost nobody could borrow at interest rates that high so Mr. Barasso is probably not selling many GM cars or trucks.

(on camera) And this pattern, tidal waves of money in then out, frightening rich people who join the rush, raising interest rates which slows businesses everywhere, when you look around the world right now...

(voice-over) Conditions have deteriorated sharply in every region on earth except two, the United States and Western Europe. For the moment they are still very healthy. For the moment.

TED KOPPEL: Big Macs in Brazil, protesters in Russia and a Japanese factory down to one employee, when we come back.

(Commercial Break)

TED KOPPEL: What is it that Americans don't understand about the global economic crises that have hit Japan, Brazil and Russia? We asked reporters in each of those countries to take a crack at that question, beginning with Tetsuo Jimbo in Tokyo.

TETSUO JIMBO, Video News Network: (voice-over) American tourists arriving in Tokyo today may find it hard to sense an economic crisis. The shopping district of Ginza is still teeming with shoppers and Japan's high tech electronic goods are still attracting many customers. But behind glittering shops, it's not hard to find signs of the worst economic downturn in more than half a century.

(on camera) This is the industrial district in downtown Tokyo where the small factories are heavily concentrated. These factories may look old and shabby to American eyes, but actually they are the real secret behind Japan's economic success.

(voice-over) They employ 76 percent of Japan's workforce and produce more than half of the country's industrial output and it is these small businesses where the Asian currency crisis and Japan's banking crisis are taking the heaviest toll. Toshiba Takagi (ph) has been running this electronic parts factory for 25 years, but his business has never struggled more. After the currency crisis swept Southeast Asia, his business has been on a constant decline and banks burdened by bad loans refuse to give him any more credit.

TOSHIBU TAKAGI: Sales were down and banks didn't want to help me so I had no choice but to fire all of my employees. Now, I am the only one left.

TETSUO JIMBO: (voice-over) But Takagi is only one among millions. A record number of small businesses have gone bankrupt in the past year and the number continues to grow every month.

ROBERT FELDMAN, Morgan Stanley Japan Ltd.: Because the trust in the Japanese financial system is so low, it's very hard for the banks to go out and borrow more capital, and so they have one choice, which is to shrink the loan book and they're going to a lot of firms and saying please pay back your loans.

TETSUO JIMBO: (voice-over) Unfortunately, there are no signs of improvement any time soon. Until today, the government of Prime Minister Keizo Obuchi had seemed unwilling to take drastic measures needed to get the country out of the current crisis. The ruling party sent a bail out plan for ailing banks to the parliament today and immediately the stock market shot up six percent. But investors are still skeptical about the government's determination. So, as Mr. Takagi fights to save his business, here is the bigger problem. Unless the government acts more decisively to solve Japan's banking problems, the world's second largest economy will

slide deeper into recession. That means Japan can't provide credit to help its Asian neighbors out of their crisis in the era of a borderless economy, all of Asia will become less able to buy American goods. So the problem of Mr. Takagi and his factory might soon become your problems in America.

This is Tetsuo Jimbo for Nightline in Tokyo.

PAULO HENRIQUE AMORIM, TV Bandeirantes: This is Paulo Henrique Amorim in Sao Paulo. Let me tell you about my daughter, Maria. She's a college graduate from Georgetown University in Washington, D.C. and she's taking a year off. This morning, Maria took her General Motors Vectra, got some money in the bank in a Citibank branch just around the corner and had a Big Mac, French fries and a Coke for lunch. Do you know where she is? She's in Sao Paulo, Brazil.

Take General Motors. GM has been in Brazil for 73 years. Never lost money. Second to Germany, Brazil was the most profitable GM operation overseas. Do you think Russia and China are big? Well, Citibank has been in Brazil for 83 years. Except for the U.S. market, Brazil is aware Citibank makes the most. For Citibank, Brazil is five times bigger than Russia and China combined. There is a new McDonald's every three days in Brazil. Of the five top selling McDonald's stores all over the world, two are in Sao Paulo.

Maria's Big Mac, Maria's Big Mac was one of 516 Big Macs sold in Brazil every minute. Brazil is the third largest Coca-Cola market. The U.S. and Mexico come first. If Brazil doesn't go broke, Coca-Cola can still make more money here. Brazilians drink a third of what Americans drink per capita. Of course, Brazil can go broke very soon. If that happens, more Brazilians, millions of Brazilians will fall below the poverty line. We have no one else to blame except ourselves, especially our government that did nothing to prevent the crisis. But we are all in the same boat. If Brazil goes, all Latin America goes and Latin America is crucial to American exports. If the U.S. Congress doesn't provide some additional money to International Monetary Fund to rescue Brazil, the next casualty could be the U.S. This is not a bail out, it's an insurance policy.

This is Paulo Henrique Amorim for Nightline in Sao Paulo.

MARSHA LIPMAN (voice-over) (ph): This is Marsha Lipman in Moscow. These are the people who are suffering in the new reality of the market economy but they have never taken the initiative. Hundreds of thousands came to today's demonstration because they hate the changes that they believe impoverished them.

1st RUSSIAN: We all live rotten lives when some are building gilded palaces.

MARSHA LIPMAN: (voice-over) After the fall of communism, there have been major attempts to reform Russia and introduce a free market. Young and energetic people were eager to hustle and take care of themselves but they still had little confidence in the new system. It was safer to buy and sell than to invest to make long-term commitments. Alex Saith (ph) jumped at the opportunity. Now he sells kitchen furniture, but he doesn't produce it. That would be too risky. He imports it from Italy.

ALEX SAITH: I have a wife and child. I needed the money quickly.

MARSHA LIPMAN: (voice-over) The Russian economy hardly produces anything. Oil exports, banking and stock market speculations were the main source of prosperity. For two years, Russia was regarded as the most successful emerging market, but it was a market that offered nothing but

oil and gas. As oil prices dropped and investors abandoned Russia following the Asian crisis, the situation got worse. The government was left with billions of dollars in debts and now Russia is basically bankrupt. The International Monetary Fund is unlikely to give more money to a country that doesn't seem to know what to do with itself. Yesterday, the new prime minister, Yevgeny Primakov, promised to pay what the government owes people in back salaries and pensions. But with no money in the public coffers, the only thing he can do is print more rubles. But these days, whatever government is in power few Russians would trust it anyway and no major change will ever be successful unless the rulers enjoy the faith of their nation.

(on camera) These people were left behind as Russia has gone through reforms. They think Russia is the root of all evil. The sad fact is that with or without Yeltsin, nobody seems to know how to take Russia out of the current crisis.

For Nightline, this is Marsha Lipman in Moscow.

TED KOPPEL: So, what about all those foreign products stacking up at American ports? Becoming cheaper to buy? Good deal, right? Think again. Robert Krulwich returns, in a moment.

(Commercial Break)

TED KOPPEL: Remember that tidal wave of money pouring in and out of nations that Robert Krulwich told us about at the top of the program? We never heard what happens after the tidal wave of cash washes up on American shores.

ROBERT KRULWICH: (voice-over) Bad news, that investors are taking their money out of so many foreign stock markets. But that money's got to go somewhere and lots of it is coming...

(on camera) .here to America, where it's safe. Which means there is so much money coming here, banks are practically giving it away. Seven percent mortgages, that's cheap.

(voice-over) While it lasts. But if one day foreigners yank their money out of America then we won't be too happy. These wild changes in money and markets are having a second effect. This is the port of New Orleans and this is tens of thousands of tons of steel from Russia, from Korea, from Japan all piling up at a warehouse on the dock. Because Asian money is down against the dollar, things made in Asia, anything, can be sold more cheaply now in America. Foreign steel prices here have dropped \$80 to \$100 a ton this year. Now how does that affect John Correnti who runs Nucor, an American steel company?

JOHN CORRENTI: It's absolutely detrimental.

ROBERT KRULWICH: (voice-over) Nucor, his company, just dropped prices 80 bucks a ton to compete and Nucor's stock sank.

JOHN CORRENTI: All of my stock options are underwater. They are worthless.

ROBERT KRULWICH: (voice-over) His workers, some of them, are now on four day weeks, losing pay.

JOHN CORRENTI: How do you explain that to an employee? Pretty difficult.

ROBERT KRULWICH: (voice-over) It is difficult but steel may be just the beginning. If this crisis deepens and widens more and more goods will arrive here at lower and lower prices and more of us will feel the pinch.

Ted?

TED KOPPEL: And, joining us now from New York, my old friend Robert Krulwich.

Robert, I'm reminded of Scrooge and his famous question to the ghost

of the future, you know, is this the way things may be or the way things are going to be? What about now?

ROBERT KRULWICH: This is a may. This is not a must or a will. We've had a very bad run of luck but it is a question of fortune, of luck. If, one important thing that could happen, if it happened we'd be out of the woods here, that would be if all the people now in Japan could figure out some way for the banks there to lend some money, for the borrowers there to borrow some, for the country to lend money into the rest of Asia, if they could just pick themselves up and energize, if they could do that, we could turn a major corner here and all this bad trajectory would turn around.

TED KOPPEL: The estimates, as you know, Robert, are that the Japanese banks, to survive, they're going to need an infusion of somewhere between \$250 billion and \$800 billion. That seems like an almost incomprehensible amount of money.

ROBERT KRULWICH: Yeah, but not all those banks have to survive. Some of them could be closed and those ones that have been closed could then have their assets sold and so on. The sums of money sound huge but we had our own savings and loan crisis and the sums of money were very large then, but we did close the books and start over. The Japanese have to figure out how to close the books and start over. If they could do that, even sums of money of the size you're talking about would not have to stop them.

TED KOPPEL: Congress is currently debating over whether or not to give the IMF the however billion dollars it is. It's not a huge sum compared to \$800 billion. If they don't, what will that mean?

ROBERT KRULWICH: If they don't, it will be hard, very hard for the IMF to go around and make, basically to convince the markets and all these young men, 23, 24, 25 who are betting for and against currencies, to convince them that there is weight in the world against the markets. Right now the markets seem to rule. The IMF could be a ballast against them to keep things a little more stable. Giving money to the IMF allows the IMF to weigh in and it allows the world to be a little more stable. Without the money, we could have more rock and roll and rock and roll lately hasn't been that good.

TED KOPPEL: And on that note, Robert, we're going to have to wrap it up. Thank you very much.

I'll be back in a moment.

(Commercial Break)

TED KOPPEL: That's our report for tonight. I'm Ted Koppel in Washington. For all of us here at ABC News, good night.

END

Message Sent

To: _____

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Paul E. Begala/WHO/EOP

Anthony R. Bernal/OVP @ OVP

Melissa G. Green/OPD/EOP

Leslie Bernstein/WHO/EOP

Robin M. Roland/WHO/EOP

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 9-OCT-1998 12:18:14.00

SUBJECT: FYI on Brazil

TO: Sharon H. Yuan (CN=Sharon H. Yuan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

----- Forwarded by Melissa G. Green/OPD/EOP on 10/09/98
12:17 PM -----

Jake Siewert
10/09/98 11:18:26 AM
Record Type: Record

To: Melissa G. Green/OPD/EOP, Lael Brainard/OPD/EOP, Jonathan A.
Kaplan/OPD/EOP
cc:
Subject: FYI on Brazil

IMF Readies Loan Package for Brazil

By HARRY DUNPHY Associated Press Writer

WASHINGTON (AP) -- In a victory for the Clinton
administration, the International Monetary Fund
says it soon will
loan package announce agreement on an estimated \$30 billion
for Brazil.

Treasury Secretary Robert Rubin had worked
behind the scenes
during the annual meetings of the International
Monetary Fund
and World Bank to line up support for Brazil,
the latest country
roiled by investor flight.

While not mentioning a figure, IMF Managing
Director Michel
Camdessus said at a news conference Thursday
closing the
meetings that part of the Brazilian loan support
could be
extended on a "precautionary basis."

Last week, President Clinton first raised the idea of broadening the IMF approach to combating financial contagion by speeding money to countries threatened with investor flight before they have exhausted their foreign currency reserves.

The IMF has put together bailout packages totaling \$137 billion since the financial crisis struck Thailand 15 months ago and then spread from Asia to Russia.

The situation worsened dramatically in August when the Russian ruble collapsed and the government defaulted on billions of dollars in foreign debt, weeks after the IMF provided a \$22.6 billion rescue package.

Russia's rejection of debt without consulting its creditors sent shock waves around the world and started a panic flight of investors from Brazil and other Latin American countries. Brazil has Latin America's biggest economy.

While help for Brazil is coming, there was no word at the meetings on when the suspended IMF Russia package would be resumed.

Camdessus said stability in Russia depends more on the willingness of the Russian parliament to support economic reform.

As the IMF-World Bank meetings ended, the U.S. dollar continued to drop dramatically, roiling the stock market as well.

The dollar suffered its biggest two-day drop Thursday against the Japanese yen in 25 years as panic selling swept the world's \$1.5 trillion-a-day currency markets. The free fall was blamed in large part on hedge funds, the once-obscure

investments favored
by the wealthy.

Hedge funds have been dumping dollars in recent
days on the belief the dollar will weaken further as
prospects for the U.S.
economy darken.

In Tokyo today, the dollar was trading at 118.18
yen on the Tokyo foreign exchange market, down 4.18 yen
from its level of
122.36 yen Thursday.

Clinton, trying to put the greenback's plunge in
the best light,
argued that it would be good for American
exporters by making
their products cheaper on overseas markets, and
a stronger yen
could boost Japan's moribund economy as well.

"The yen got too weak," he told reporters at the
White House.
"It led, for example, to breathtaking increases
in imports of
Japanese steel, which hurt a lot of our people,
our industry and
our workers."

The Dow Jones industrial average fell as much as
274 points
before recouping most of those losses in later
afternoon trading.
The Dow still posted its fourth straight losing
session, down 9.78
at 7,731.91.

Even before the dollar's decline, investors were
upset that
weeklong talks in Washington on the global
economic system
had produced no major new plan.

Both Camdessus and World Bank President James
Wolfensohn
took exception to the market's belief that the
meetings of their
182 nation organizations had dissolved into
disputes over how to
solve the global economic crisis.

Camdessus agreed that a number of new proposals

had been advanced by different countries, but he said the basic framework of what needs to be done is generally agreed upon.

Wolfensohn said there two agencies were moving forward on a program to make their organizations more open, to improve regulation of banks around the world and to provide billions of dollars in assistance to countries hit by the crisis.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bruce McNamer (CN=Bruce McNamer/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:15-OCT-1998 14:04:46.00

SUBJECT: Morning Meeting for 10/15/98

TO: Jonathan Orszag (CN=Jonathan Orszag/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Hey Jon

This is a great service. Is it daily? Can you copy me on this regularly?

----- Forwarded by Bruce McNamer/OPD/EOP on 10/15/98

01:52 PM -----

Sharon H. Yuan

10/15/98 09:38:25 AM

Record Type: Record

To: Malcolm R. Lee/OPD/EOP, Bruce McNamer/OPD/EOP, D Holly
Hammonds/OPD/EOP, Lori Hendricks/OPD/EOP

cc:

Subject: Morning Meeting for 10/15/98

FYI

----- Forwarded by Sharon H. Yuan/OPD/EOP on 10/15/98

09:38 AM -----

Jonathan Orszag

10/15/98 09:26:48 AM

Record Type: Record

To: Jake Siewert/OPD/EOP, Lael Brainard/OPD/EOP, Sharon H. Yuan/OPD/EOP,
Melissa G. Green/OPD/EOP

cc:

Subject: Morning Meeting for 10/15/98

----- Forwarded by Jonathan Orszag/OPD/EOP on 10/15/98

10:27 AM -----

Medley_Global_Advisors @ medleyadvisors.com

10/15/98 09:04:00 AM

Record Type: Record

To: Jonathan Orszag
cc:
Subject: Morning Meeting for 10/15/98

MEDLEY GLOBAL ADVISORS
MORNING MEETING

October 15, 1998

ANNOUNCEMENT FROM MGA: DUE TO INTENSE DEMAND FROM CLIENTS WE ARE SWEARING OFF ALL FUTURE USES OF THE PHRASE, "AS WE HAVE BEEN TELLING YOU" OR "AS YOU KNOW," OR OTHER SIMILAR FORMULATIONS. WE WILL WARN YOU THAT WE ARE ADDICTED TO THE PHRASES SO THEIR MAY BE SOME INADVERTENT BACKSLIDING WHILE WE COMPLETE THE "HUBRIS ANONYMOUS" 12-STEP PROGRAM. WE FEEL CONFIDENT, HOWEVER, THAT WITH YOUR SUPPORT, GOD'S LOVE AND THE DEVOTION OF OUR FAMILIES WE WILL BEAT THIS DEMON.

G-7

Japan: LDP on press control; Obuchi confesses on bank debt; is set to use power on "target" banks
Italy: Pick a coalition...please
United Kingdom: Eddie George opens his eyes

EMERGING MARKETS

Brazil: Waking up to Cap'n Crunch
Russia: Still on the map

G-7

JAPAN

LDP SETS UP PRESS CONTROL PANEL TO UNCOVER "INAPPROPRIATE STORIES": OBUCHI FIRST SUBJECT

It appears from reports this morning in Tokyo that the LDP is establishing a network of 2,000 party "volunteers" to monitor Japan's newspapers, magazines, television and radio for "inappropriate stories" that lack "fairness" to the LDP. According to the cabinet level briefing on this matter, when such stories are found the LDP will meet with the news organization that published such reports and work to have the report "corrected." This should be a real step forward on the transparency front.

OBUCHI FESSES UP ON BANK DEBT AND IS SET TO USE POWER TO FORCE MONEY INTO "TARGET" BANKS

Perhaps the first story they could investigate is the report that prime minister Obuchi finally admitted what Western analysts have known for months: the true bad loan problem in Japan is probably about 100 trillion yen. Obuchi floored a group of business leaders with the truth earlier in the day and it quickly leaked out. By late afternoon Obuchi was backtracking and had "corrected" his own inappropriate story. Most amusingly, he explained that he got the 100 trillion yen from "An American

newsletter and, if so, it is a nice case of reflexivity indeed. Obuchi explained that precisely because he got the number from such a source "I was irresponsible mentioning a number," (but not denying the truth of the number) And in a final bit of spin, Obuchi explained that what he meant to say was "banks should not refuse to lend money because of the massive bad loans already outstanding." Oh.

By the way, just because Japan's banks have 100 trillion yen in problem loans does not mean the government needs 100 trillion yen to deal with the bad loan mess. If US figures are any guide the final number should look like something between 60 trillion yen and 40 trillion yen. James Fiorillo of ING Barings estimates today that the government needs around 37 trillion yen to do the job. Whatever the final number the government has clearly put up enough to make some very serious inroads into the problem.

Yet, if there is one thing Western observers of Japan constantly get wrong, it is the assumption that what is written down in legislation has any meaning. The British are constantly getting outmaneuvered by the French because they make similar mistakes in negotiating treaties (Thatcher says she finally understood that Britons view a contract as binding while the French view it as round one of the negotiation process). Japan is not a rule of law country, it is a rule of social consensus society, and that means you need to pay more attention to political will than specific legislation. That is why we have been consistently telling you there would be stacks of money for banks when this process was over (although we thought it would be 47 trillion not 60 trillion as the opening bid). And it is why we are telling you now that it is far more important to look at how Japan will implement the legislation now passed on banking bailouts than to scour the fine print for what can and cannot be done.

The two primary outstanding issues we have been writing about are: (1) how does the government get money into the banks in ways that help the economy; and (2) what will the government do now to get banks to dispose of their bad loans and the collateral underlying them. The answers to both of these lay in the future, but we can begin to see them taking shape in the below ground movements within the LDP.

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Today the IMF's Camdessus reaffirmed the IMF's readiness to provide resources to keep Brazil from "suffering dangerously from the risk of a credit crunch." It seems that Michel has finally begun to understand why there will be little private sector money for Brazil, as was confirmed in the press this week. This is nothing new, but we have heard that the degree of disagreement between the IMF and the banks last week was more dramatic than folks would like to admit. In private meetings, bankers gave Camdessus a little lesson about banking. "The fact that you are coming to

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Why all the pressure? In addition to the moral hazard problem, the IMF and the US Treasury are worried that the financing level they targeted a few weeks ago will not be enough. The modus operandi was evidently to set a number and then scramble around to figure out how to cobble it together. According to top officials at the Brazilian Central Bank, their understanding of the package as it stands now is that there would be \$10 bn from the IMF, \$5 bn each from the World Bank and IADB, and another \$10 from the US and G7. With US Congressional approval of IMF funding there will be enough money to announce a larger credit line, perhaps under the rubric of the Clinton pre-crisis fund, available for all of Latin America. The Brazilians have wanted a regional package as a cover all along.

To some extent, this is just another round of perception manipulation, which everyone involved is trying to take to a new level. The president asked his economic team to present them to him by the 20th, and as soon as they are reviewed they will be announced by Malan." In fact, sources at the Planalto indicate that there is now some feeling at the top that the plan will have the best impact if divulged quickly, rather than leaked out over six days, and that the plan is not likely to affect state races significantly. Certainly confirmation of the headline numbers (likely to be 4% of GDP in cuts to achieve a 3% primary surplus) would put little news into the election. Again, Cardoso is facing two constituencies -- the domestic electorate and the international markets. At this point the bias is still toward waiting until after the 25th, particularly as the package is bound to disappoint one or both constituencies -- evidently there will be tax increases, but the models being used to project revenue are a bit rosy. But with the completion of a three year fiscal plan on the 20th, there will be enough of a domestic fiscal package at hand to get the IMF to sign off whenever desired.

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As another ruble forward date rolls off (with less manipulation than on 15 September) the Primakov Administration has set as its main priority the end to the internal financial gridlock caused by the debacle on 17 August. To that end we appear closer than ever to a solution, however messy, to the impasse on GKO debt restructuring. Recently, a Ministry of Finance spokesman set forth another proposal for GKO restructure, suggesting a cash payout as high as 30% of suspended GKO's and OFZs. The proposal was mute on a key ingredient of prior iterations of this plan: the presumed freezing of S-accounts for 6-12 months.

The timing of this announcement, just ahead of the forwards' due date, was no coincidence, for from a Russian perspective the forwards and the GKO's are inextricably linked. The main aim of the Russian government remains to entice Western institutions to surrender their forward contracts ("responsibility" for which will be taken up by the CBR -- don't worry, that doesn't mean you'll get paid) and their GKO's in exchange for a dollar denominated certificate issued presumably by the Ministry of Finance. This will essentially leave the CBR with the ability to offset dead GKO's with dead forward contracts among the Russian commercial banks -- a key ingredient in any solution to the banks' payments gridlock.

This does not mean that all Russian banks will be saved. The changed political reality of Russia means that many of the financial oligarchs are -- along with their fightin' cousins in the energy complex -- far less influential in this government than the previous one. We have learned that Konstantin Shor, the head of the Moscow branch of the CBR, will decide which banks are triaged. This is significant because it means more power to Moscow Mayor Yuri Luzhkov, and a fillip to his open but undeclared race for the presidency. In an environment where Yeltsin's health is once again in question, behind the scenes manipulations for money and influence have intensified.

As a side note, let us preempt the scramble for copies of the Russian Constitution on the day Yeltsin finally chooses to die by pointing out what is supposed to happen. In that event the PM becomes acting president and presidential elections are held within three months. The reality, however, is that the Federation Council (the upper chamber of parliament) would likely form an emergency council to rule "until Russia emerged from the crisis."

As for as macroeconomic policy, a debate still rages on monetary policy (meaning, essentially, how much fiat money to create). CBR Governor Gerashenko has announced that he will not submit his monetary program until 1 November. Attempts to raise revenues rather than print rubles are about as dismal as you might imagine: Finance Minister Zadornov is licking his wounds from the mauling he received from the energy industry when he tried to raise their taxes. In the meantime, the government still must contend with a number of issues that will determine in large part what the monetary program must be, viz. the pace of payout of wage arrears, as well as which banks to save. Things do not look good on the Eurobond front, with Gerashenko asking Russian regions to fork over excess gold reserves to the central bank and Tatarstan rescheduling some of its foreign debt.

Decisions are still taken in a ramshackle, last-minute fashion. In a surreal juxtaposition worthy of a Max Ernst collage, today Prime Minister Primakov -- after a month of consultations with everyone from Leonid Abalkin to Sybil the Psychic -- said that "the time had come for action" on the questions of wage arrears and debt rescheduling. The cabinet's response? Their meeting today, whose only item on the agenda was debt rescheduling -- was canceled.

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15 Oct 1998 09:13:58 EDT

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with ESMTP id <01J2ZT1X0QIO0029RC@PMDF.EOP.GOV> for orszag_j@a1.eop.gov; Thu,

15 Oct 1998 09:13:52 -0400 (EDT)

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id 8525669E.0047D964 ; Thu, 15 Oct 1998 09:04:47 -0400

X-Lotus-FromDomain: MEDLEY

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CREATOR: Medley_Global_Advisors@medleyadvisors.com@INET@LNGTWY (Medley_Global_Advisors@medleyadvisors.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:15-OCT-1998 09:21:37.00

SUBJECT: Morning Meeting for 10/15/98

TO: Lael Brainard@eop (Lael Brainard@eop [OPD])
READ:UNKNOWN

TEXT:

MEDLEY GLOBAL ADVISORS
MORNING MEETING

October 15, 1998

ANNOUNCEMENT FROM MGA: DUE TO INTENSE DEMAND FROM CLIENTS WE ARE SWEARING OFF ALL FUTURE USES OF THE PHRASE, "AS WE HAVE BEEN TELLING YOU" OR "AS YOU KNOW," OR OTHER SIMILAR FORMULATIONS. WE WILL WARN YOU THAT WE ARE ADDICTED TO THE PHRASES SO THEIR MAY BE SOME INADVERTENT BACKSLIDING WHILE WE COMPLETE THE "HUBRIS ANONYMOUS" 12-STEP PROGRAM. WE FEEL CONFIDENT, HOWEVER, THAT WITH YOUR SUPPORT, GOD'S LOVE AND THE DEVOTION OF OUR FAMILIES WE WILL BEAT THIS DEMON.

G-7

Japan: LDP on press control; Obuchi confesses on bank debt; is set to use power on "target" banks
Italy: Pick a coalition...please
United Kingdom: Eddie George opens his eyes

EMERGING MARKETS

Brazil: Waking up to Cap'n Crunch
Russia: Still on the map

G-7

JAPAN

LDP SETS UP PRESS CONTROL PANEL TO UNCOVER "INAPPROPRIATE STORIES": OBUCHI FIRST SUBJECT

It appears from reports this morning in Tokyo that the LDP is establishing a network of 2,000 party "volunteers" to monitor Japan's newspapers, magazines, television and radio for "inappropriate stories" that lack "fairness" to the LDP. According to the cabinet level briefing on this matter, when such stories are found the LDP will meet with the news organization that published such reports and work to have the report "corrected." This should be a real step forward on the transparency front.

OBUCHI FESSES UP ON BANK DEBT AND IS SET TO USE POWER TO FORCE MONEY INTO "TARGET" BANKS

Perhaps the first story they could investigate is the report that prime

minister Obuchi finally admitted what Western analysts have known for months: the true bad loan problem in Japan is probably about 100 trillion yen. Obuchi floored a group of business leaders with the truth earlier in the day and it quickly leaked out. By late afternoon Obuchi was backtracking and had "corrected" his own inappropriate story. Most amusingly, he explained that he got the 100 trillion yen from "An American newsletter and, if so, it is a nice case of reflexivity indeed. Obuchi explained that precisely because he got the number from such a source "I was irresponsible mentioning a number," (but not denying the truth of the number) And in a final bit of spin, Obuchi explained that what he meant to say was "banks should not refuse to lend money because of the massive bad loans already outstanding." Oh.

By the way, just because Japan's banks have 100 trillion yen in problem loans does not mean the government needs 100 trillion yen to deal with the bad loan mess. If US figures are any guide the final number should look like something between 60 trillion yen and 40 trillion yen. James Fiorillo of ING Barings estimates today that the government needs around 37 trillion yen to do the job. Whatever the final number the government has clearly put up enough to make some very serious inroads into the problem.

Yet, if there is one thing Western observers of Japan constantly get wrong, it is the assumption that what is written down in legislation has any meaning. The British are constantly getting outmaneuvered by the French because they make similar mistakes in negotiating treaties (Thatcher says she finally understood that Britons view a contract as binding while the French view it as round one of the negotiation process). Japan is not a rule of law country, it is a rule of social consensus society, and that means you need to pay more attention to political will than specific legislation. That is why we have been consistently telling you there would be stacks of money for banks when this process was over (although we thought it would be 47 trillion not 60 trillion as the opening bid). And it is why we are telling you now that it is far more important to look at how Japan will implement the legislation now passed on banking bailouts than to scour the fine print for what can and cannot be done.

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As another ruble forward date rolls off (with less manipulation than on 15 September) the Primakov Administration has set as its main priority the end to the internal financial gridlock caused by the debacle on 17 August. To that end we appear closer than ever to a solution, however messy, to the impasse on GKO debt restructuring. Recently, a Ministry of Finance spokesman set forth another proposal for GKO restructure, suggesting a cash payout as high as 30% of suspended GKO's and OFZs. The proposal was mute on a key ingredient of prior iterations of this plan: the presumed freezing of S-accounts for 6-12 months.

The timing of this announcement, just ahead of the forwards' due date, was no coincidence, for from a Russian perspective the forwards and the GKO's are inextricably linked. The main aim of the Russian government remains to entice Western institutions to surrender their forward contracts ("responsibility" for which will be taken up by the CBR -- don't worry, that doesn't mean you'll get paid) and their GKO's in exchange for a dollar denominated certificate issued presumably by the Ministry of Finance. This will essentially leave the CBR with the ability to offset dead GKO's with dead forward contracts among the Russian commercial banks -- a key ingredient in any solution to the banks' payments gridlock.

This does not mean that all Russian banks will be saved. The changed political reality of Russia means that many of the financial oligarchs are -- along with their fightin' cousins in the energy complex -- far less influential in this government than the previous one. We have learned that Konstantin Shor, the head of the Moscow branch of the CBR, will decide which banks are triaged. This is significant because it means more power to Moscow Mayor Yuri Luzhkov, and a fillip to his open but undeclared race for the presidency. In an environment where Yeltsin's health is once again in question, behind the scenes manipulations for money and influence have intensified.

As a side note, let us preempt the scramble for copies of the Russian

Constitution on the day Yeltsin finally chooses to die by pointing out what is supposed to happen. In that event the PM becomes acting president and presidential elections are held within three months. The reality, however, is that the Federation Council (the upper chamber of parliament) would likely form an emergency council to rule "until Russia emerged from the crisis."

As for as macroeconomic policy, a debate still rages on monetary policy (meaning, essentially, how much fiat money to create). CBR Governor Gerashenko has announced that he will not submit his monetary program until 1 November. Attempts to raise revenues rather than print rubles are about as dismal as you might imagine: Finance Minister Zadornov is licking his wounds from the mauling he received from the energy industry when he tried to raise their taxes. In the meantime, the government still must contend with a number of issues that will determine in large part what the monetary program must be, viz. the pace of payout of wage arrears, as well as which banks to save. Things do not look good on the Eurobond front, with Gerashenko asking Russian regions to fork over excess gold reserves to the central bank and Tatarstan rescheduling some of its foreign debt.

Decisions are still taken in a ramshackle, last-minute fashion. In a surreal juxtaposition worthy of a Max Ernst collage, today Prime Minister Primakov -- after a month of consultations with everyone from Leonid Abalkin to Sybil the Psychic -- said that "the time had come for action" on the questions of wage arrears and debt rescheduling. The cabinet's response? Their meeting today, whose only item on the agenda was debt rescheduling -- was canceled.

MEDLEY GLOBAL ADVISORS

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===== ATTACHMENT 1 =====

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)

id <01J2ZT4RWIQ0002BCE@PMDF.EOP.GOV> for brainard_l@a1.eop.gov; Thu, 15 Oct 1998 09:13:54 EDT

Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)

with ESMTP id <01J2ZT1X0QIO0029RC@PMDF.EOP.GOV> for brainard_l@a1.eop.gov; Thu, 15 Oct 1998 09:13:50 -0400 (EDT)

Received: from mig1.medleyadvisors.com ([206.41.15.104])
by STORM.EOP.GOV (PMDF V5.1-12 #29131)
with SMTP id <01J2ZT1MT8VY002888@STORM.EOP.GOV> for brainard_l@al.eop.gov;
Thu, 15 Oct 1998 09:11:21 -0400 (EDT)
Received: by mig1.medleyadvisors.com(Lotus SMTP MTA SMTP v4.6 (462.2 9-3-1997))

id 8525669E.0047D955 ; Thu, 15 Oct 1998 09:04:46 -0400

X-Lotus-FromDomain: MEDLEY

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

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: David Halperin (CN=David Halperin/OU=NSC/O=EOP [NSC])

CREATION DATE/TIME:11-NOV-1998 17:35:24.00

SUBJECT: ABAC speech

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Michael Waldman (CN=Michael Waldman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Wendy E. Gray (CN=Wendy E. Gray/OU=NSC/O=EOP @ EOP [NSC])
READ:UNKNOWN

TEXT:
Michael, Lael, Jake,

ABAC draft as sent to Berger and Steinberg. Not reviewed or cleared by Berger and Steinberg. Reflects comments from NSC staff and Jake. Please send comments to me. Phone 69377; fax 69210; page 4192. Thanks, David

11/11/98 5:00 pm
Halperin
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REMARKS TO APEC BUSINESS ADVISORY COUNCIL
KUALA LUMPUR, MALAYSIA
NOVEMBER 16, 1998

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Five years ago this month we gathered on Blake Island for the first-ever APEC leaders meeting. That was a time of extraordinary promise. Asia had the world's fastest growing economies. Average living standards had quadrupled in a single generation. Millions each year were rising from poverty to the middle class. The dreams that parents across this region had of a better life for their children -- strong educations, good jobs, good homes -- at last were coming true.

We gather this week in a different climate. In the past eighteen months, economic storms have spread across Asia, creating a financial crisis. The strong tide of investment that flowed through this region has receded, and millions of families have fallen back into poverty. Children are dropping out of school by the thousands to seek work. Japan's recession, Russia's severe difficulties, and fears that the contagion could spread

to Latin America have transformed the crisis from a regional one to a truly global one.

In some ways, we have fallen victim to our own successes. The international financial system fashioned near the end of World War II -- anchored by the International Monetary Fund and the World Bank -- has played a central role in dramatically expanding world trade, promoting global prosperity, and reducing hunger, disease and illiteracy. But the sheer volume of economic activity today -- made possible by this international system and multiplied by the technological revolution -- has created new peril. Tremendous amounts of capital can move into a market in a very short time, but can be withdrawn just as fast by worried investors, leaving behind debts and dislocation. Ruthless insiders have exploited transitions and upheavals, diverting huge sums.

Meeting the challenge of technological change means more -- much more -- than the complex task of ensuring that our computers will function in the year 2000. It means coping with markets that never sleep ... money moving instantly around the world -- with \$1.5 trillion a day in currency exchanges ... rumors flying across the globe before anyone can verify them ... the ability of con artists and extortionists to expand their financial crimes a thousand-fold.

There is also a political dimension: globalization has spurred people around the world to seek and build democratic government. But in many places, institutions have not caught up with aspirations. This has fostered corruption, social unrest, and, in turn, more worries for investors.

In this environment of great uncertainty, let me stress this point: We are the nations that, together, created an economic miracle for Asia and the whole Asia-Pacific area. From Seoul to Shanghai to Singapore, from Santiago to Silicon Valley, our businesses, our workers, our governments had the skills, the creativity, the drive to make it happen. Our people have not lost their abilities or their energies -- and they have not lost their will. Weaknesses in financial structures have taken a toll, but the solid backbone -- entrepreneurial spirit, manufacturing strength, the dedication of our workforces -- remains.

Together, we can beat this crisis. We can restore hope for the neediest and spur growth around the world. We can take down more barriers to trade and build a new global financial architecture for the new century. We can do these things -- if we act promptly and responsibly ... if we open our minds to new solutions ... if we increase our unity .. and if we ensure that the global economy has a human face -- that it works to benefit ordinary citizens everywhere.

Before I discuss how I believe we can get this job done, let me offer three general comments.

First, all of us have learned lessons -- some hard lessons -- in the past year. No one gains from recriminations. The crisis is clearly not just about weaknesses in particular nations; it demands that we reevaluate the fundamentals of the whole global system. Instead of pointing fingers at

each other, our APEC nations should be pointing the way to solutions, moving toward the vision we forged at Blake Island of an Asia-Pacific region ever more open, united, and prosperous.

Second, we all have stakes in each other's success. Global integration is not a theory, not a policy -- it is a fact. As Prime Minister Chuan has said, &In this globalized era, no country can avoid being affected by what happens halfway around the world.⁸ Since 1993 our nations have reshaped the international trading system, creating growth by breaking down barriers. One third of America's new jobs over five years has come from expanding trade with other countries. If Asian workers lose their jobs, they cannot afford American farm products, and our farmers pay the price. If Asian stock markets drop, Wall Street feels the tremors, and our investors pay the price. And economic turmoil can turn into political turmoil, leading to regional tensions and instabilities that place at risk the security of our nations. So anyone who suggests that the United States wants to keep Asian economies down has lost sight of reality.

Third, just as the private sector was the engine for amazing growth earlier in this decade, it must play a strong and responsible role in getting growth back on track now. That means we need your creativity and entrepreneurial strength ... your steady involvement, including sustained direct investment, in emerging markets ... your assistance in helping nations address emergency needs ... your support for education, training, health care, and good workplace conditions to ensure a strong work force ... your backing for effective regulation to stabilize economies and create the conditions for renewed growth.

Now, let me discuss what we have done so far together to turn this crisis around -- and what we can and must do to create the conditions for lasting prosperity.

We need to press forward with prompt measures to boost ailing economies and halt the contagion. In September, having consulted with other leaders, I called for specific, urgent steps to spur growth and aid those countries and people most in need. I am pleased that nations around the world have rallied to advance this common agenda. The United States, Canada, Japan, and nations of Europe have cut interest rates. Brazil is taking strong measures to address its fiscal problems and keep the contagion away. America has met its obligation to the IMF. And through our Ex-Im Bank and Overseas Private Investment Corporation, we are providing credit and investment insurance to encourage the flow of capital into developing nations.

The G-7 industrial nations have agreed to establish a new precautionary line of credit, anchored in the IMF, to help nations with sound economic policies ward off the effects of global turmoil before they can take hold. We have agreed to start a new World Bank emergency fund to aid those most in need. And the World Bank will expand its support for Asia's social safety net.

There is much more to do, and in that regard let me say a few words about our ally Japan. It has committed substantial resources to repair its banking system, an essential precondition to restoring growth. But the

world looks to Japan to do even more. When I became President in 1993, the world was asking America to get its fiscal house in order. We have done so, and have enjoyed unprecedented growth, and, this past year, our first budget surplus in a generation.

Today, the world looks to Japan, not because of things Japan may have done wrong but, primarily, because of all that Japan has done right. Japan's achievements have been extraordinary -- building the world's second largest economy, creating broad prosperity and security for its people, offering leadership for development and peace. But if its citizens are to prosper in the new century, Japan needs continued growth. So we look to Japan to take its leadership to the next level -- to move promptly on bank reform, so banks can be strong engines for the whole economy, to spur domestic demand, to deregulate economic sectors and open markets. If Japan can revitalize its growth, it will restore confidence not only at home but around the world.

All these steps are critical to getting back on the path of growth. But to stay on that path we must find the means to prevent the next crisis and build a stable foundation for long-term prosperity. That is why I have called for a concerted effort to adapt the world's financial and trading institutions to the new economy they now serve. We need a global architecture that is as modern as today's 24-hour high-tech markets, and as resilient as our enduring values.

At last year's APEC meeting in Vancouver, we launched the Group of 22 -- to ensure that emerging economies have a seat at the table in decisions on the world financial system. Our finance ministers and central bankers are now hard at work on proposals to reshape the global architecture. In the days ahead, we look forward to their candid assessments and boldest ideas.

Today's crisis was triggered in large measure by the fact that huge amounts of investment and credit had flowed into markets, sometimes without adequate consideration of the risks -- and then huge sums were withdrawn, often in fear and indiscriminately, without adequate consideration of the benefits of staying the course. But the solution is not to put investors in shackles -- it is not to place arbitrary constraints on the flow of capital across borders. That approach isolates nations, undermines reform, and prevents the allocation of resources in ways that can lift all our economies. Instead, the solution is to move the markets toward moderated, rational flows: to create the conditions -- financial stability, sound business practices, openness, the rule of law -- that will give investors long-term confidence in firms, banks, and nations.

We must further strengthen the IMF so it can deal more effectively with crisis and minimize the human costs of economic breakdown. The IMF's fundamental approach has been the right one: The international community cannot pour good money after bad by aiding nations unwilling to reform their economies. But in the past, austerity may sometimes have been too austere. The emphasis may have been placed too greatly on tightening all belts -- instead of on tightening the right belts, starting with the most favored fatcats and bloated bureaucrats, fighting corruption and inefficiency without breaking people's spirits or allowing them to fall

into poverty.

To build a strong global economic system for the new century, we must also continue our historic effort to tear down trade barriers. In the past five years, the United States has been party to 260 trade agreements, opening global markets from agriculture to automobiles. At our 1994 APEC summit in Indonesia we resolved to create an Asia-Pacific free trade area by the year 2020. We have made strong progress toward that goal already, particularly with our 1996 Information Technology Agreement to erase tariffs on computer and telecommunications equipment, thereby bringing lower-priced goods to consumers. That agreement has now been embraced in other regions -- just one example of how our progress has helped catalyze free trade efforts around the world. These trade breakthroughs have created jobs and opportunities, helped workers gain more training and education, and helped bring nations together -- for cooperation in science, medicine and other fields.

Now, our APEC nations should move forward to implement our Early Voluntary Sector Liberalization initiative to open trade in nine key sectors, worth more than \$1.5 trillion a year. Once we have done so, we should move these agreements into the framework of the World Trade Organization. And more APEC nations should join the WTO, so long as the terms for their entry are fair.

But as we move to make trade more free and fair for all nations, we must not forget what this is all about: not just about making profits, but building better lives, allowing people to realize their dreams, broadening prosperity so all our citizens benefit. Our trade agreements must include strong protections for workers, health and safety, and the environment. And our trading system must be designed to lift the fortunes of more and more people. Expanded trade must not provoke a race to the bottom in standards to protect our citizens or further stratification within and between nations. There are probably almost as many cellular phones in this hall as there are people. But half of the world's people are still a two-day walk from the nearest telephone. Many people -- from our remote villages to our inner cities -- are missing out on good education, health care, and nutrition, on the opportunities of the global economy. We are missing out on their talents, their energies, their ideas.

So we need greater inclusiveness. We also need greater openness. President Estrada has spoken forthrightly about, as he calls it, &a deficit in openness -- political as well as economic -- in our societies.⁸ Noting that calls for greater transparency come from many quarters today, he says, &When Alan Greenspan and the common people have the same view, we should listen.⁸ Our governments, banks and businesses, as well as global institutions like the IMF, World Bank, and WTO, must bring more of their activity to public scrutiny. More openness will invigorate public debate and protect against waste and abuse. Hiding the ledger books and cutting secret deals in backrooms can no longer be accepted.

But, as I know President Estrada and many other APEC leaders agree, to build strong economies, we also need to deepen freedom. In the 21st Century, strengthening democracy will be the best way to bring and

maintain prosperity. Restricting liberty, suppressing dissent, persecuting critics will be a prescription not only for political unrest but also for economic weakness.

Democracy is vital to getting us out of this crisis. We all know that weathering economic storms sometimes requires tough fiscal measures. It can require citizens to make sacrifices. Some may still believe that authoritarian rule makes it easier to impose such discipline. They have not been reading the newspapers. People are increasingly emboldened by the triumph of democracy that has spread in the last part of this century from Manila to Managua to Moscow, charged by the currents of freedom flowing over the airwaves and the Internet. The message this year from Indonesia was loud and clear: People are willing to sacrifice and take responsibility for their future -- if they have the power to determine that future by choosing their leaders and their nation's course. The world has heard the calls for *reformasi*.⁸ We hear them still today. We hear them -- right here, right now -- in Malaysia.

Citizens will support tough solutions when their rights are respected and they have a stake in the system. From Thailand to South Korea to Eastern Europe, such nations are doing better in coping with the economic crisis than nations where freedom is often denied. We are finding that, just as economic solutions cannot be imposed by outsiders, they also cannot be imposed by a handful of insiders. To be effective, reforms must arise from democratic choice.

Democracy and freedom will be just as vital to moving beyond crisis and toward lasting prosperity in the new millennium. Citizens in democracies use their power to protect freedom of speech and the press, the right to travel and the free flow of ideas and data across borders. President Kim Dae Jung has said, "Only a democratic society will be able to take full advantage of the benefits of the information age."⁸ If nations limit access to the Internet and other resources, if they suppress the creativity of their people, they will deny themselves the opportunities -- the possibilities -- of the information age.

Citizens in democracies will also use their power to root out the corruption and cronyism that benefits a privileged few to the detriment of all others... to support fair regulation that protects consumers and businesses alike and promotes market stability (to press for sustainable development that protects the environment (to provide good education and health care (to uphold impartial justice. These things, too, will strengthen a nation's hand in the economy of the new century. Investors and entrepreneurs will, more and more, turn away from nations where decisions are rigged, where contracts are not honored, where insiders are favored with bailouts, where get-rich-quick schemes crowd out plans for long-term prosperity, where the people's grievances mount. They will move in the direction of openness and fairness and accountability -- the direction of strong and deep democracy.

President Franklin Roosevelt, who led the United States out of our Great Depression, said that "True wealth is not a static thing. It is a living thing made out of the disposition of [people] to create and distribute the good things of life."⁸ To meet the challenge of this crisis, to

revitalize enterprise, to lift our citizens to greater prosperity, we must find the right formulas for change and growth. We can succeed by strengthening our commitments to fundamental principles: hard work and free enterprise, compassion and openness, liberty and unity. Across our region, over a generation of extraordinary progress, people have shown what is possible. Now it is our challenge to show what is sustainable -- for our children and for generations to follow.

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:11-NOV-1998 18:56:12.00

SUBJECT: ABAC speech

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

I have given him some revisions. Think the Japan section may still need some strengthening. And I'm not sure how we feel about the IMF-austerity section. I actually thought it was ok. but I'm pretty sure Treasury will kill.

----- Forwarded by Jake Siewert/OPD/EOP on 11/11/98 06:50 PM -----

From: David Halperin on 11/11/98 05:33:08 PM
Record Type: Record

To: Michael Waldman/WHO/EOP, Lael Brainard/OPD/EOP, Jake Siewert/OPD/EOP
cc: Wendy E. Gray/NSC/EOP
Subject: ABAC speech

Michael, Lael, Jake,

ABAC draft as sent to Berger and Steinberg. Not reviewed or cleared by Berger and Steinberg. Reflects comments from NSC staff and Jake. Please send comments to me. Phone 69377; fax 69210; page 4192. Thanks, David

11/11/98 5:00 pm
Halperin
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To build a strong global economic system for the new century, we must also continue our historic effort to tear down trade barriers. In the past five years, the United States has been party to 260 trade agreements, opening global markets from agriculture to automobiles. At our 1994 APEC summit in Indonesia we resolved to create an Asia-Pacific free trade area by the year 2020. We have made strong progress toward that goal already, particularly with our 1996 Information Technology Agreement to erase tariffs on computer and telecommunications equipment, thereby bringing lower-priced goods to consumers. That agreement has now been embraced in other regions -- just one example of how our progress has helped catalyze free trade efforts around the world. These trade breakthroughs have created jobs and opportunities, helped workers gain more training and education, and helped bring nations together -- for cooperation in science, medicine and other fields.

Now, our APEC nations should move forward to implement our Early Voluntary Sector Liberalization initiative to open trade in nine key sectors, worth more than \$1.5 trillion a year. Once we have done so, we should move these agreements into the framework of the World Trade Organization. And more APEC nations should join the WTO, so long as the terms for their entry are fair.

But as we move to make trade more free and fair for all nations, we must not forget what this is all about: not just about making profits, but building better lives, allowing people to realize their dreams, broadening prosperity so all our citizens benefit. Our trade agreements must include strong protections for workers, health and safety, and the environment. And our trading system must be designed to lift the fortunes of more and more people. Expanded trade must not provoke a race to the bottom in standards to protect our citizens or further stratification within and between nations. There are probably almost as many cellular phones in this hall as there are people. But half of the world's people are still a two-day walk from the nearest telephone. Many people -- from our remote villages to our inner cities -- are missing out on good education, health care, and nutrition, on the opportunities of the global economy. We are missing out on their talents, their energies, their ideas.

So we need greater inclusiveness. We also need greater openness. President Estrada has spoken forthrightly about, as he calls it, &a deficit in openness -- political as well as economic -- in our societies.⁸ Noting that calls for greater transparency come from many quarters today, he says, &When Alan Greenspan and the common people have the same view, we should listen.⁸ Our governments, banks and businesses, as well as global institutions like the IMF, World Bank, and WTO, must bring more of their activity to public scrutiny. More openness will

invigorate public debate and protect against waste and abuse. Hiding the ledger books and cutting secret deals in backrooms can no longer be accepted.

But, as I know President Estrada and many other APEC leaders agree, to build strong economies, we also need to deepen freedom. In the 21st Century, strengthening democracy will be the best way to bring and maintain prosperity. Restricting liberty, suppressing dissent, persecuting critics will be a prescription not only for political unrest but also for economic weakness.

Democracy is vital to getting us out of this crisis. We all know that weathering economic storms sometimes requires tough fiscal measures. It can require citizens to make sacrifices. Some may still believe that authoritarian rule makes it easier to impose such discipline. They have not been reading the newspapers. People are increasingly emboldened by the triumph of democracy that has spread in the last part of this century from Manila to Managua to Moscow, charged by the currents of freedom flowing over the airwaves and the Internet. The message this year from Indonesia was loud and clear: People are willing to sacrifice and take responsibility for their future -- if they have the power to determine that future by choosing their leaders and their nation's course. The world has heard the calls for *reformasi*.⁸ We hear them still today. We hear them -- right here, right now -- in Malaysia.

Citizens will support tough solutions when their rights are respected and they have a stake in the system. From Thailand to South Korea to Eastern Europe, such nations are doing better in coping with the economic crisis than nations where freedom is often denied. We are finding that, just as economic solutions cannot be imposed by outsiders, they also cannot be imposed by a handful of insiders. To be effective, reforms must arise from democratic choice.

Democracy and freedom will be just as vital to moving beyond crisis and toward lasting prosperity in the new millennium. Citizens in democracies use their power to protect freedom of speech and the press, the right to travel and the free flow of ideas and data across borders. President Kim Dae Jung has said, "Only a democratic society will be able to take full advantage of the benefits of the information age."⁸ If nations limit access to the Internet and other resources, if they suppress the creativity of their people, they will deny themselves the opportunities -- the possibilities -- of the information age.

Citizens in democracies will also use their power to root out the corruption and cronyism that benefits a privileged few to the detriment of all others... to support fair regulation that protects consumers and businesses alike and promotes market stability (to press for sustainable development that protects the environment) (to provide good education and health care) (to uphold impartial justice. These things, too, will strengthen a nation's hand in the economy of the new century. Investors and entrepreneurs will, more and more, turn away from nations where decisions are rigged, where contracts are not honored, where insiders are favored with bailouts, where get-rich-quick schemes crowd out plans for long-term prosperity, where the people's grievances mount. They will

move in the direction of openness and fairness and accountability -- the direction of strong and deep democracy.

President Franklin Roosevelt, who led the United States out of our Great Depression, said that "True wealth is not a static thing. It is a living thing made out of the disposition of [people] to create and distribute the good things of life." 8 To meet the challenge of this crisis, to revitalize enterprise, to lift our citizens to greater prosperity, we must find the right formulas for change and growth. We can succeed by strengthening our commitments to fundamental principles: hard work and free enterprise, compassion and openness, liberty and unity. Across our region, over a generation of extraordinary progress, people have shown what is possible. Now it is our challenge to show what is sustainable -- for our children and for generations to follow.

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: David Halperin (CN=David Halperin/OU=NSC/O=EOP [NSC])

CREATION DATE/TIME:11-NOV-1998 10:45:42.00

SUBJECT:

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Lael -- Lastest draft -- will send to Sandy and Jim very early this afternoon. Hope to get comments from you ASAP.

11/11/98 10:30 am

Halperin

PRESIDENT WILLIAM JEFFERSON CLINTON
REMARKS TO APEC BUSINESS ADVISORY COUNCIL
KUALA LUMPUR, MALAYSIA
NOVEMBER 16, 1998

Acknowledgments

I am grateful for this opportunity to address the APEC Business Advisory Council on the eve of the leaders summit.

Five years ago this month we gathered on Blake Island for the first-ever APEC leaders meeting. That was a time of extraordinary promise. Asia had the world's fastest growing economies. Average living standards had quadrupled in a single generation. Millions each year were rising from poverty to the middle class. The dreams that parents across this region had of a better life for their children -- strong educations, good jobs, good homes -- at last were coming true.

We gather this week in a different climate. In the past eighteen months, economic storms have spread across Asia, triggering a financial crisis. The strong tide of investment that flowed through this region has receded, and millions of families have fallen back into poverty. Children are dropping out of school by the thousands to seek work. Japan's recession, Russia's tremendous difficulties, and fears that the contagion could spread to Latin America have transformed the crisis from a regional one to a truly global one.

In some ways, we have fallen victim to our own successes. The international financial system fashioned near the end of World War II -- anchored by the International Monetary Fund and the World Bank -- has played a central role in dramatically expanding world trade, promoting global prosperity, and reducing hunger, disease and illiteracy. But the sheer volume of economic activity today -- made possible by this international system and multiplied by the technological revolution -- has created some perilous conditions. Enormous investment flows can move into a market in a very short time, but can be withdrawn just as fast by

worried investors, leaving behind debts and dislocation. Ruthless insiders have exploited transitions and upheavals, diverting huge sums from productive purposes.

Meeting the challenge of technological change means more -- much more -- than the complex task of ensuring that our computer systems will function in the year 2000. It means coping with markets that never sleep. Money moving instantly around the world -- with one and a half trillion dollars a day in currency exchanges. Rumors flying across the globe before anyone can verify them. The ability of financial con artists to expand their scams a thousand-fold. The vulnerability of critical systems to sabotage.

There is also a political dimension: globalization has spurred people around the world to seek and build democratic government. But in many places, institutions have not caught up with aspirations. This has fostered corruption, social unrest, and, in turn, more worries for investors.

In this environment of great uncertainty, let me stress this point: We are the nations that, together, created an economic miracle for Asia and the whole Asia-Pacific area. From Seoul to Shanghai to Singapore, from Santiago to Silicon Valley, our businesses, our workers, our governments had the skills, the creativity, the drive to make it happen. Our people have not lost their abilities or their energies -- and they have not lost their will. Weaknesses in financial structures have taken a toll, but the solid backbone -- entrepreneurial spirit, manufacturing strength, the dedication of our workforces -- remains.

Together, we can beat this crisis. We can restore hope for the neediest and spur growth around the world. We can take down more barriers to trade and build a new global financial architecture for the new century. We can do these things -- if we act promptly and responsibly ... if we open our minds to new solutions ... if we increase our unity .. and if we ensure that the global economy has a human face -- that it works to benefit ordinary citizens everywhere.

Before I discuss how I believe we can get this job done, let me offer three general comments.

First, all of us have learned lessons -- some hard lessons -- in the past year. No one gains from recriminations. The crisis is clearly not just about weaknesses in particular nations; it demands that we reevaluate the fundamentals of the whole global system. Instead of pointing fingers at each other, the members of APEC should be pointing the way to solutions, moving toward the vision we forged at Blake Island of an Asia-Pacific region ever more open, united, and prosperous.

Second, we all have stakes in each other's success. Global integration is not a theory, not a policy -- it is a fact. As Prime Minister Chuan has said, &In this globalized era, no country can avoid being affected by what happens halfway around the world.⁸ Since 1993 our nations have reshaped the international trading system, creating jobs and growth by breaking down barriers. One third of America's new jobs since 1993 has

come from expanding trade with other countries. Wealthier nations mean more customers for American goods and services. Conversely, we have seen in recent months how economic troubles overseas can produce market shocks in the United States. If Asian nations lack resources, they cannot buy our agricultural goods, and our farmers pay the price. If Asian stock markets drop, Wall Street feels the tremors, and our investors pay the price. And economic turmoil can turn into political turmoil, leading to regional tensions and instabilities that place at risk the security of our nations. So anyone who suggests that the United States wants to keep Asian economies down has lost sight of reality.

Third, just as the private sector has been the engine for the amazing growth we have seen in this decade, it must play a strong and responsible role in getting growth back on track now. That means we need your creativity and entrepreneurial strength ... your steady involvement, including sustained direct investment, in emerging markets ... your assistance in helping nations address emergency needs ... your support for education, training, health care, and good workplace conditions to ensure a strong work force ... your backing for effective programs and regulation to stabilize economies and create the conditions for renewed growth.

Now, let me discuss what we have done so far together to turn this crisis around -- and what we can and must do to create the conditions for lasting prosperity.

We need to press forward with prompt measures to boost ailing economies and halt the contagion. In September, having consulted with our friends around the world, I called for specific, urgent steps to spur growth and aid those countries and people most in need. I am pleased that nations around the world have rallied to advance this common agenda. The United States, Canada, Japan, Britain, Italy and others have cut interest rates. Brazil is taking strong measures to address its fiscal problems and keep the contagion away. America has met its obligation to the IMF. And through our Ex-Im Bank and our Overseas Private Investment Corporation, we are providing credit and investment insurance to encourage the flow of capital into developing nations.

The G-7 industrial nations have agreed to establish a new precautionary line of credit, anchored in the IMF, to help nations with sound economic policies ward off the effects of global turmoil before they can take hold. We have agreed to start a new World Bank emergency fund to aid those most in need. And the World Bank will expand its support for Asia's social safety net.

There is much more to do, and in that regard let me say a few words about America's strong partner for freedom, security and prosperity in this region, Japan. Japan has committed substantial resources to repair its banking system, an essential precondition to restoring growth. But the world looks to Japan to do even more. When I became President in 1993, the world was asking the United States to get its fiscal house in order. We have done so, and have enjoyed unprecedented economic growth, and, this past year, our first budget surplus in a generation.

Today, the world looks to Japan, not because of things Japan may have done

wrong but, primarily, because of all that Japan has done right. Japan's achievements have been extraordinary -- building the second largest economy in the world, creating broad prosperity and security for its people, offering global leadership for economic development and for peace. Now we look to Japan to take its global leadership to the next level -- to move forward with strong banking reform, to spur domestic demand, to deregulate economic sectors and open markets. If Japan can restore confidence at home, it will restore confidence across the world.

These steps are critical to getting back on the path of growth. But to stay on that path we must find the means to tame the cycles of boom and bust, prevent the next crisis and build a stable foundation for long-term prosperity. That is why I called in September for a concerted effort to adapt the world's financial and trading institutions to the new economy they now serve. We need a global architecture that is as modern as today's 24-hour high-tech markets, and as resilient as our enduring values.

The new Group of 22, which includes key emerging economies, has been working for a year, focusing especially on improving mechanisms for global financial assistance. In September, I asked Treasury Secretary Rubin and Federal Reserve Chairman Greenspan to convene finance ministers and central bankers to prepare recommendations on strengthening the world financial system. We look forward to their candid assessments and their boldest ideas.

Today's crisis was triggered in large measure by the fact that huge amounts of investment and credits had flowed into markets, sometimes without adequate consideration of the risks -- and then huge sums were withdrawn in panic, indiscriminately, without adequate consideration of the benefits of staying the course. But the solution is not to put investors in shackles -- it is not to arbitrarily place heavy constraints on the flow of capital across borders. That approach isolates nations, undermines reform, and prevents the allocation of resources in ways that can lift all of our economies. Instead, the solution is to move the markets in the direction of moderated and rational flows: to create the conditions -- financial stability, sound business practices, openness, the rule of law -- that will prevent panic and give investors long-term confidence in firms, financial institutions, and national economies.

We must also strengthen the IMF so it can deal more effectively with crisis and minimize the human costs of economic breakdown. The IMF's fundamental approach has been the right one: The international community cannot pour good money after bad by aiding nations unwilling to reform their economies. But in the past, austerity may sometimes have been too austere. The emphasis may have been placed too greatly on tightening all belts) instead of on tightening the right belts, starting with the most favored fatcats and bloated bureaucrats, fighting corruption and inefficiency without breaking people's spirits or allowing them to fall into poverty.

To build a strong global economic system for the new century, we must also continue our historic effort to tear down trade barriers. In the past five years, the United States has been party to 260 trade agreements,

opening global markets from agriculture to telecommunications. At our 1994 APEC summit in Indonesia we resolved to create an Asia-Pacific free trade area by the year 2020. We have made strong progress toward that goal already [eg] And that progress has help catalyze free trade efforts around the world. These trade breakthroughs have created jobs and opportunities, helped workers gain more training and education, and helped bring nations together -- for cooperation in science, medicine and other fields.

Now, our APEC nations should move forward to implement our Early Voluntary Sector Liberalization initiative to open trade in nine key sectors, worth more than \$1.5 trillion a year. And more APEC nations should join the World Trade Organization, so long as the terms for their entry are fair.

But as we move to make trade more free and fair for all nations, we must not forget what this is all about: not just about making profits, but building better lives and broadening prosperity so all our citizens benefit. Our trade agreements must include strong protections for workers, health and safety, and the environment. And our trading system must be designed to lift the fortunes of more and more people. Expanded trade must not provoke a race to the bottom in standards to protect our citizens or further stratification within and between nations. There are probably almost as many telephones in this hall as there are people. But half of the world,s people are still a two-day walk from the nearest phone. Many people -- from our remote villages to our inner cities -- are missing out on good education, health care, and nutrition, on the opportunities of the global economy. We are missing out on their talents, their energies, their ideas.

So we need greater inclusiveness. We also need greater openness. Global financial and trading institutions -- the IMF, World Bank, WTO and others -- must bring more of their activity to public scrutiny. One of America,s wisest Supreme Court Justices, Louis Brandeis, once said that &sunlight is the best of disinfectants.⁸ More openness will invigorate public debate and protect against waste and abuse.

This spirit must also extend to institutions -- governments, banks, businesses -- within our nations. President Estrada has spoken forthrightly about, as he calls it, &a deficit in openness -- political as well as economic -- in our societies.⁸ Noting that calls for greater transparency come from many quarters today, he says, &When Alan Greenspan and the common people have the same view, we should listen.⁸ Hiding the ledger books and cutting secret deals in backrooms must no longer be accepted.

But, as I know President Estrada and many other APEC leaders agree, to build strong economies in the new century, we need more than openness. We need freedom. We need to deepen democratic values. In the 21st Century, strengthening democracy and freedom will be the best way to bring and maintain prosperity. Restricting liberty, suppressing dissent, persecuting critics will be a prescription not only for political unrest but also for economic weakness.

Democracy is vital to getting us out of this crisis. We all know that

weathering economic storms sometimes requires tough fiscal measures. It can require citizens to make sacrifices. Some may still believe that authoritarian rule makes it easier to impose such discipline. They have not been reading the newspapers. People no longer wish to take orders from unelected rulers. They are emboldened by the triumph of democracy that has spread in the last part of this century from Manila to Managua to Moscow. The currents of freedom flowing over the airwaves and the Internet, and the courage of men and women around the world, are an irresistible force. The message this year from Indonesia was loud and clear: People are willing to sacrifice and take responsibility for our future -- if they have the power to determine that future by choosing their leaders and their nation's course. The world has heard the calls for *reformasi*.⁸ We hear them still today. We hear them -- right here, right now -- in Malaysia.

[Among other good suggestions, Tom proposes that here we add something like: "Clearly, Malaysia's right to decide its affairs is not in question today. But its reputation as a country that is tolerant of opposing viewpoints, and governed by principles of fairness and law is. We join the people of Malaysia and Malaysia's friends in this region and around the world in expressing our concern -- and our hope that Malaysians will be given a chance to resolve their problems openly, lawfully and democratically." I'm not sure this is quite what we want to say. I'm not sure whether we should say any more. We don't want to take a weak stance. On the other hand, we don't want to elevate our beef with Mahathir to a higher level on the eve of the conference. It makes him the Third World hero. Thoughts?]

Citizens will support tough solutions when they have a stake in the system and the power to change it. From Thailand to South Korea to Eastern Europe, nations where citizens have such rights are doing better in coping with the economic storm than nations where freedom is often denied. We are learning that, just as economic solutions cannot be imposed by outsiders, they also cannot be imposed upon the public by a handful of insiders. To be effective, reforms must arise from democratic choice.

Democracy and freedom will be just as vital to moving beyond crisis and toward lasting prosperity in the new millennium. Citizens in democracies use their power to protect freedom of speech and the press, the right to travel and the free flow of ideas and data across borders. President Kim Dae Jung has said, "Only a democratic society will be able to take full advantage of the benefits of the information age."⁸ If nations limit access to the Internet and other sources of information, if they suppress the creativity of their people, they will deny themselves the opportunities -- the possibilities -- of the future.

Citizens in democracies will also use their power to root out the corruption and cronyism that benefits a privileged few to the detriment of all others... to support fair regulation that protects consumers and businesses alike and promotes market stability (to press for sustainable development that protects the environment) (to provide good education and health care) (to uphold equal justice and the rule of law. These things, too, will strengthen a nation's hand in the economy of the new century. Investors and entrepreneurs have a choice as to where to put their resources. They will, more and more, turn away from nations where

decisions are rigged, where contracts are not honored, where insiders are favored with bailouts, where get-rich-quick schemes crowd out plans for long-term prosperity, where the people's grievances mount. They will move in the direction of openness and fairness and accountability -- the direction of strong and deep democracy.

[needs an ending -- perhaps something historical and Pan-Asian without being colonial -- will work on this while awaiting your comments]

I believe we can meet the challenges of the current crisis, reinvigorate enterprise and commerce, and lift our citizens from poverty to prosperity -- if we strengthen our commitments to fundamental principles: hard work and free trade, unity and compassion, openness and liberty. Across our region, people have led the way, showing what is possible. Now it is our challenge to show what is sustainable and lasting -- for our children and for generations to follow.

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ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-NOV-1998 09:23:57.00

SUBJECT: Prospects Dim on Trade Pact

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: klasky_helaine@ustr.gov@INET@VAXGTWY (klasky_helaine@ustr.gov@INET@VAXGTWY @ VAXGTWY [UNKNOWN])

READ:UNKNOWN

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Japan Criticized for Opposing Pact

By PRISCILLA CHEUNG Associated Press Writer

KUALA LUMPUR, Malaysia (AP) -- Two Asian officials criticized Japan Thursday for opposing a proposed free-trade agreement supported by the United States, saying Tokyo could deeply divide Pacific Rim leaders as they meet to discuss the global economic crisis.

"Maybe a dramatic breakthrough will happen" before leaders of Japan, the United States and 19 other Asia-Pacific nations hold their sixth annual summit in Malaysia next week, "but I don't think so," a South Korean official said in Kuala Lumpur. He spoke on condition of anonymity.

The United States, Australia and Canada are pushing the Asia-Pacific Economic Cooperation trade summit Tuesday and Wednesday to finalize a pact to lift tariffs in nine sectors covering \$1.5 trillion in global trade by 2020.

The industries would be chemicals, forest products, medical

equipment, energy, telecommunications equipment,
jewelry, fisheries
environmental goods and services, gems and
and toys.

Tokyo says it can't accept a fixed schedule for
opening its
forestry and fishing sectors, two industries
that Japan's governing
party appears determined to protect on behalf of
its supporters.

APEC's aim is free trade among the developed
member nations
by 2010 and developing countries by 2020.

On Thursday, senior APEC officials began a
two-day meeting to
hash out the agenda that Cabinet ministers will
approve this
weekend for the summit meeting by the 21 leaders.

The group met well into the night and reported
some progress in
discussing ways to modify the pact to break the
deadlock.

A senior U.S. official said they discussed the
possibility of
extending deadlines for Japan and other
countries to liberalize
the two contentious sectors.

``There's a lot of discussion of flexibility,"
said the official,
speaking on condition that he not be identified.
But he said

Washington isn't willing to permit Japan to
refuse liberalizing its
fishing and forestry sectors altogether.

Earlier in the day, a Japanese official said
Tokyo would not
budge. ``Japan won't change its position on the
forestry and
fishing sectors," he said, speaking on
condition of anonymity.
``We won't compromise, either."

Japan confirmed Thursday that it was working on
a plan to help
Asian nations develop their fishing and forestry
industries. But a
Japanese delegate said the aid was in no way aim

ed at winning

insistence on retaining its support from Asian nations for Japan's fishery and forestry tariffs.

has accused U.S. Trade Representative Charlene Barshefsky

would fall apart unless Japan of trying to derail the pact, saying it the world's second-largest economy approved all nine sectors.

government supports The South Korean APEC delegate said his the free-trade agreement, but could have trouble selling it back home if Japan refuses to open its fishing market. South Korea, one of worst victims of the Asian economic crisis, relies as heavily on fishing as Japan does, and their fishermen often share the same waters.

that support the The official said other countries in the region pact could end up in arguments over its nine sectors during the APEC summit, given how much their countries already are suffering under Asia's 16-month-old financial crisis.

Thursday that Australian Trade Minister Tim Fischer warned Japan's approach could unleash protectionist forces.

trade worldwide is "I think the threat of slippage with regard to very real," Fischer said in Canberra, Australia. "I think that would be a disastrous course, which would merely extend the present economic difficulties."

Clinton plans to After the APEC summit, U.S. President Bill travel to Tokyo to meet with Japanese Prime Minister Keizo Obuchi.

Canada, the Just like last year's APEC summit in Vancouver,

discussions in Malaysia will be dominated by a financial crisis, which also has hurt Russia and is threatening Latin America.

The United States has battled to keep the APEC response to the crisis on the free-market road that the International Monetary Fund has been urging countries to pursue.

However, this year's host, Malaysian Prime Minister Mahathir Mohamad, is expected to lead a counter assault on this free-market philosophy, arguing that the IMF prescription has failed to halt the crisis and has instead left many countries in deep recessions with little prospect of an early recovery.

Mahathir would like an endorsement of Malaysia's approach, which imposed currency controls to keep speculators away from its financial markets.

"We hope we'll decide what needs to be done on currency trading," Mahathir told reporters Thursday.

APEC comprises Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the United States.

Russia, Peru and Vietnam will join at this summit.

#AP-NY-11-12-98 0839EST

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:13-NOV-1998 13:23:22.00

SUBJECT: not much here

TO: Eric Heilman (CN=Eric Heilman/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

----- Forwarded by Lael Brainard/OPD/EOP on 11/13/98

01:23 PM -----

Jake Siewert

11/10/98 07:42:08 PM

Record Type: Record

To: Lael Brainard/OPD/EOP

cc: Melissa G. Green/OPD/EOP

Subject: not much here

Clinton May Unveil Asia Debt, Bank Plan at APEC Meet (Update2)

(Adds comments from Goldman Sachs' Gerald Corrigan in section called 'IMF Bailouts.')

Washington, Nov. 10 (Bloomberg) -- President Bill Clinton may propose next week a plan to help Asian nations restructure corporate debt and recapitalize their banks, two Clinton aides and a banking official close to the discussions said.

The plan would be unveiled during the Asia Pacific Economic Cooperation leaders' meeting in Kuala Lumpur, Malaysia, the officials said.

"The U.S. has to put its own plan on the table that shows U.S. engagement and responsiveness to this crisis," said Ernest Bower, president of the U.S.-Asean Business Council, whose members include Chase Manhattan Corp., General Electric Co. and United Technologies Corp.

U.S. Treasury officials and Clinton's economic aides, including economist Lael Brainard, have been exploring with Asian nations and international banks ways to accelerate restructuring the foreign-currency debt of corporations that have been hobbled by the plunging value of their own currencies, the officials

said.

Administration officials say no final decisions have been made about the size of any U.S. financial commitment to APEC nations. Japan last month pledged \$30 billion to help the region's emerging economies promote trade and help businesses expand and restructure debt.

In Tokyo, Japanese Finance Minister Kiichi Miyazawa said he had not heard anything about the U.S. plan. If one were proposed, "it would be welcomed," he said.

A spokesman for Japanese Prime Minister Keizo Obuchi added the Japanese government will also make some new proposals at the APEC meeting.

"A new (Japanese government) plan will be discussed and disclosed in Kuala Lumpur," said Akitaka Saiki, Obuchi's deputy press secretary. "Prime Minister Obuchi will explain Japan is determined to recover the Japanese economy first and then try to play a leadership role in the Asian economic situation." Saiki declined to discuss specifics about the plan.

Standing Fund

The U.S. has long resisted the idea of setting up a standing fund in Asia that might compete with the International Monetary Fund and other global institutions, fearing that would promote regional blocs. Late last year, just before the last APEC summit in Vancouver, the Clinton administration rejected a Japanese plan to set up a regional bailout fund.

Any effort now to relieve corporate debt would need to be enormous, said Bob Litan, a scholar at the Brookings Institution in Washington. "It would have to be worth of \$50 billion, and if they do this it would be a big deal. Let's face it, it's sorely needed."

Dilip Kothari, executive director at Olympus Capital Holdings Asia, a Hong Kong-based fund management company that manages \$250 million, agreed.

"It's absolutely vital," Kothari said. "This will help alleviate the capital crunch the banks are experiencing and help the rebound of Asian economies."

Corporate Debt

Unlike in Latin America during the 1980s, most of the debt in East Asia is corporate rather than government debt, according to the International Monetary Fund. More than 85 percent of the debt in

South Korea, Malaysia and Thailand at the end of 1997 was corporate debt, the IMF says, and much of that is owed to Japanese banks.

That debt has mounted with the depreciation of local currencies against the U.S. dollar and the Japanese yen. The Indonesian rupiah, for example, has declined as much as 85 percent against the dollar since Asia's currency and debt crisis erupted last summer.

Restructuring that debt has proved painful for Asian companies.

Fifteen of South Korea's largest industrial groups, including Hyundai Electronics and LG Electronics, said last month they plan to sell \$1.7 billion in new shares mostly to pay off debt, raising concern their earnings will be diluted. And more than 20 of Malaysia's ailing companies are seeking the government's help in restructuring about \$1.6 billion in debt.

Clinton administration officials have been discussing for months how to develop a package that would give Asian leaders a politically palatable way to participate more in their own recovery without accepting international handouts.

IMF Bailouts

The IMF has already organized bailouts totaling \$123 billion for South Korea, Thailand and Indonesia. New APEC member Russia also negotiated a \$22.6 billion bailout, only to have the loan shelved when the economy imploded. That's why Clinton aides have been searching for a solution that doesn't appear to be just a handout.

The difficulty has been crafting a plan that's broad enough to apply to corporations around the region while taking into account particular difficulties companies face in each of the APEC countries, the aides said. What's more, South Korea and Thailand have balked at such a plan because they see it as undermining investors' sense that their economies are recovering, two aides said.

"Asian political leaders want to prevent any more suffering," said Katherine Marshall, regional manager for East Asia at the World Bank. "Many of those leaders were proud politically for improving living standards in their countries so quickly and now they are looking for way to preserve those gains."

To that end, Clinton will also offer a plan to help Asian leaders develop the social safety nets necessary

to blunt the negative effects of economic reform. Clinton wants to see the World Bank commit money to re-train workers who lose their jobs as a result of the region's economic reform program, the aides said.

“With the right combination of financing initiatives and continuing emphasis on structural reform Asia has a real chance to turn the corner,” said Michael Gadbaw, general counsel for General Electric in Washington. “The United States is in a unique position to exercise leadership by coming forward with some ideas and an approach that pulls together the consensus they need to make these things work.” E. Gerald Corrigan, a managing director of Goldman, Sachs & Co. and former president of the New York Federal Reserve, said a key objective of official support packages “should be direct immediate efforts aimed at accelerating the re-entry of these countries to private capital markets.”

“There is not remotely enough money available through government sources, directly or indirectly to get the job done,” he said in a speech in Manila. “The private markets must play a larger role.”

Japan's Plan

It's unclear how or whether Clinton's plan will fit in with Japan's plan to give \$30 billion aid to Asia under the so-called Miyazawa Plan. That proposal may include support for corporate restructuring efforts and help for governments to subsidize losses associated with lowering tariffs.

Hiromu Nonaka, chief Cabinet secretary, said today Japan will attend APEC with a “resolution” to seriously tackle regional economic issues.

World Bank President James Wolfensohn, speaking in Tokyo, said he was impressed with Japanese pledges to help revive its own and the region's economy. Japan accounts for about two thirds of Asian's total output of goods and services.

“The Japanese government should be getting a lot more credit than they are for a lot of these steps, which are tangible,” he said. --Dina Temple-Raston in Washington (202) 624-1884 with reporting by Demetri Sevastopulo, Nathan Westby, Mayumi Otsuna and Naoko Aso in Tokyo, Chris Donville in Singapore and Alex Reyes in Manila/mm/pa Story illustration: To graph the U.S Trade balance type USTBTOT GP. Company news: GE US

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TEXT:

IMF, Brazil Near Deal on Bailout

By HARRY DUNPHY Associated Press Writer

WASHINGTON (AP) -- The International Monetary

Fund

neared completion of a long-expected \$42 billion

rescue

package for Brazil as financiers sought to stop

the economic

upheaval in Russia and Asia from spreading to

Latin America.

"This is not a done deal but we are close," an

IMF official,

speaking on condition of anonymity, said early

today.

The official could not confirm the exact amount

of the bailout

because negotiations were continuing. But he

said \$42 billion

was close to the total amount of the three-year

package needed

by Latin America's largest economy.

An announcement could come as early as today,

possibly in

both Washington and Brasilia, Brazil's capital.

The IMF was expected to contribute between \$15

billion and

\$18 billion to support Brazilian President

Fernando Henrique

Cardoso's austerity plan of tax increases and

spending cuts

aimed at saving \$23.5 billion so he can avert a

devaluation of the

country's currency, the real.

A devaluation could set off an economic meltdown in Latin America and worsen turmoil in other world markets including the United States.

While the IMF's estimated share was known since early last month, the amount contributed by the United States and other wealthy nations was the subject of lengthy talks in Washington and Switzerland.

The United States was expected to contribute about \$5 billion from a Treasury Department fund originally established to protect the dollar. The United States used the fund to help Mexico in 1995 and South Korea and Indonesia last year.

Contributions from the World Bank, the Inter-American Development Bank and the other wealthy nations -- Japan, Canada and 11 European countries -- would bring the final total to an estimated \$42 billion.

Still apparently unresolved was a Brazilian request for a credit, which would not require Brazil to use the full amount, instead of a loan, said officials involved in the talks. The conditions of a credit would give the IMF less control over Brazil's spending.

For months, Brazil has been one of the most closely watched patients on the emerging markets sick list.

After Asia's financial crisis last year and Russia's economic upheaval this summer triggered panic in global markets, international investors and bankers feared Brazil would be forced to devalue.

The country's foreign exchange reserves have dropped from \$65 billion to \$47 billion as investors moved out their money. In an attempt to stem the flow, Cardoso's government raised interest rates to 50 percent.

Cardoso won re-election in early October and then presented his belt-tightening proposals to parliament.

The Brazil package would be among largest put together by the 182-nation IMF.

Last year, in response to Asia's financial crisis, the Washington-based lending agency arranged a \$58 billion package for South Korea, a \$42 billion-plus deal for Indonesia and a \$17 billion loan arrangement for Thailand.

In August, the IMF established a \$23 billion safety net for Russia that later was suspended after the Kremlin devalued the ruble and defaulted on government debt