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Subject: 1998-01/30 remarks by President to conference of mayors

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 30, 1998

REMARKS BY THE PRESIDENT
AT U.S. CONFERENCE OF MAYORS BREAKFAST

State Dining Room

9:57 A.M. EST

THE PRESIDENT: Thank you for that wonderful welcome. When Secretary Pena started talking about Mayor Helmke being on Jeopardy, I thought he was going to say -- and I knew we were getting into this law school business -- I thought he was going to say, which two politicians in this room went to the greatest lengths early in their career to cover up the fact that they went to Ivy League schools. (Laughter.) Once you get gray-headed you can fess up to that.

I'm delighted to be here with you, Paul, and I'm very proud of your success and the partnership we've enjoyed. Mayor Webb, good job in the Super Bowl. (Laughter.) I want to say to all of you -- my Mayor, Jim Daley, is here. I want to thank Secretary Cuomo and Secretary Pena, Secretary Riley, Secretary Babbitt, Secretary Slater, OMB Director Frank Raines, OPM Director Janice LaChance, John McCaffrey, Gene Sperling, my National Economic Advisor. And I want to thank our whole team. There are others who are here.

I also want to say a special word of thanks to Mickey Ibarra and Lynn Cutler, who have been working with you on this conference. I think they've done a superb job and I hope you are pleased with it. (Applause.)

And we have a lot of other members of the administration here from other departments in the White House. We all like it when the mayors come to town -- we get to talk about real people, real issues and building a real future for America, because that's what you embody.

Earlier this week in the State of the Union address I asked the American people to continue working with me to strengthen our nation for the 21st century -- just 700 days, more or less, left in this century and in this millennium.

We can be very grateful for the strength that our country enjoys today. We got some new evidence, actually, this morning of that strength with the new economic report. Our economy continues to grow steadily and strongly. In the fourth quarter of last year, our economy expanded at a vigorous 4.3 percent rate with continued low inflation. (Applause.) Last year, economic growth for the entire year was fueled by strong exports and strong business investment. It was 3.8 percent on an annual basis. That's the highest growth rate for the United States in a decade, after years of economic expansion.

This economic strategy that we have embraced of fiscal

discipline, expanded trade, and investment in our people and our future is working. What I want to talk to you about today is that we have to continue that until every American is a part of this success story.

The next steps we have to make -- in education, in economic development, in crime, in partnerships with our cities, in involving all of our citizens in the work of our cities and nations -- these next steps will be critical -- whether we can empower all of our urban areas and our urban citizens to make the most of their own lives will be critical to determining whether we can, in fact, take all this success that our country has had and reach every neighborhood, every block, every family, every child.

Today, thanks to your leadership, there is truly an urban renaissance taking place all across America -- from New York, where crime has dropped to record lows, to Detroit, where the unemployment rate has been cut in half, to Long Beach, where the downtown is once again bustling with shoppers and students in school uniforms are learning more in safer environments.

The urban revitalization is one of the most extraordinary successes of the past five years. It is a great achievement of America's mayors and the people whom they lead. Our cities are back because so many of you rolled up your sleeves and went to work. I thank you for your leadership and for the extraordinary opportunity that we have had to work together. I can tell you, for me, it's been a lot of fun, and we've done a lot of good. And we're going to do even more in the next three years. I know we can. (Applause.)

The other night in the State of the Union address, I tried to capture for the American people the different direction in government that our administration has pursued for the last five years. I said that one of the reasons I came to Washington as the governor of a small state -- sort of like being the mayor of a big city -- was to break out of this old gridlock between those who said government is the problem and those who said government is the solution. It was obvious that, if for no reason than the deficit, government could not be the solution. Plus the nature of the problems we have and the nature of the changing economy and society that we're living in, and certainly the one toward which we are moving, made it impossible to think about the solutions to today's problems in sort of 1930s through 1960s terms.

So what we said is there has got to be a third way here. These two extremes won't work. We think government ought to be a catalyst for new ideas to experiment. We think government ought to be a partner with the private sector and community groups. We think the government ought to focus on creating the conditions and giving people the tools so that people can --- their own lives and chart their own futures and build this country from the ground up. That is

what you represent for me. You do that all day every day, sometimes without even thinking about it. You do it because it is the only way to proceed, and you do it without regard to party. A long time ago, Mayor LaGuardia said, there's no Republican or Democratic way to pick up the garbage, it either gets picked up or it doesn't. (Laughter.)

Now, I tried to reflect that third way approach in how we have related. A lot of you were terrifically understanding when I came into office and I said, you know, you're my friends and I care about you, but the first thing I've got to do is get this deficit down; otherwise the economy will never come back and you won't have any jobs anyway. And we found a way to find some more investments, to make some innovative partnerships, while we were continuing to follow the discipline necessary that has brought us to the point where we are now -- where the budget deficit was estimated to be \$357 billion for this year when I took office; now the estimate is \$10 billion. That's a pretty big difference -- (applause.)

We know, and I think you can see by the extraordinary presence of Cabinet members here today, we know that every single part of this federal government has a responsibility to work with you and to be a good partner. Secretary Cuomo's reinvented HUD exemplifies the kind of approach we're trying to take to working with the cities all across the federal government. We want to be your partner, and we want to be a good partner and help you be a good partner with the private sector, with community groups, with individual citizens.

Now, on Monday, as a part of my balanced budget, I'll be proposing one of the broadest, strongest, and most innovative urban agendas in a generation that will focus on three keys to closing the opportunity gaps in America and building one America for the 21st century: education, economic development, and crime.

First, as I said the other night, all Americans know I think in the marrow of their bones that we have the finest system of higher education in the world. Therefore, when I was able to announce to the American people the other night all the steps we had taken essentially to open the doors of college to all Americans, I could hear the cheering in living rooms all across this country. You didn't have to say -- people knew we were giving them a good thing.

We have to keep working until people have that same level of confidence that their elementary and secondary schools will give their children the best education in America. And we can do it. If we can build an international space station in the sky, if we can put all the telephone calls on Mother's Day on a single piece of fiber the width of a human hair -- which will happen just in a couple of years -- if our scientists can unlock the secrets -- the genetic secrets of Parkinson's disease in nine days -- all those things I talked about the other night -- this is not rocket science. This is not rocket science. We can do this. We have never had, in the last 20 years, when we have known we needed to do it, the kind of

systematic, disciplined approach to giving our children the education they need that we must bring to bear on this problem now. But we can do it. (Applause.)

One thing I know, there are some cities where the mayors have direct jurisdiction over the schools, and other cities where the mayors seem to have no legal say over the schools, but in every city the mayor should be involved in the schools. I am thrilled that you're going to have a conference on public schools. I thank you for your invitation, and I expect to be there. I want us to continue to work together on this important issue. (Applause.)

I am -- as you know if you heard the speech the other night, I'm very excited about what's going on in Chicago with the schools. I have been there twice. I have spent a lot of time both in the schools and sitting around tables talking to the people who are part of the restructuring of the way they're operated, not only from the district down, but from the school level up, with parental involvement.

I think it is a good thing to do end social promotion, but I think you have to couple that with second chances. And so when they ended social promotion, they also had mandatory summer school to give every child a second chance. You can stand up and say something like, I'm ending social promotion, and it sounds great and everybody will clap and your popularity will go up, but in the end, the only thing that really matters is, are the children learning or not. And the reason we should stop the practice is that it covers up the sins of the system which is not producing an educated citizenry among our children and not preparing them for the future.

So it's a good thing to do to end it, but it's not enough, because you have to put something in its place. And the thing that's exciting to me about Chicago is they have -- if these children don't perform at grade level, then they have a mandatory summer school program and everybody goes. By the way, it cuts down on juvenile disruption problems as well.

But it's an exciting thing. I went to a school there, with a principal and a parent, and the parent had a child in the school as a student and a child in the school as a teacher. And it was an inner city school, and all of these parent groups showed up. None of them felt aggrieved because this school had ended social promotion. They felt empowered because it had, because it was done at the grass-roots level. And they thought it was a fair system because they were involved in it and because their kids had a positive alternative. So it wasn't just that they were going to be held back. We have to do things like that all across the country.

I am proposing new education opportunity zones to help poor school districts close down failing schools, promote public school choice, remove bad teachers, follow the model of the Chicago system to try to help to stop social promotion, but start learning an opportunity for our kids.

I also proposed the first ever federal help to help our local schools hire 100,000 more school teachers, so that we can have smaller classes in the early grades. We can reduce class sizes in the first, second, and third grade to an average of 18 nationwide if my proposal is adopted. And because that will create enormous problems when we have both more teachers and more students, we have to have more classrooms, I have proposed a school construction tax cut to help communities modernize or build 5,000 schools. And that will help a lot of you in this room. (Applause.)

The second thing we have to do is keep working to extend economic opportunity to every corner of every community. Over the past five years, with the leadership of the Vice President, we've created 125 empowerment zones and enterprise communities, offered tax cuts to clean up and redevelop brownfields, offered a network of community development banks to make loans to people in places where they're not normally made, and we have dramatically strengthened the Community Reinvestment Act.

I don't know if anybody has talked about that here yet, but that act has been on the book since 1977. Over 80 percent of all the lending done in the 20-plus year history of the Community Reinvestment Act has been done in the last five years, since we've been here. And it's made a big difference in communities all across this country to grow the economy and bring opportunity. And I'm very proud of that. (Applause.)

Our balanced budget will propose, as I'm sure Secretary Cuomo has already said, new housing vouchers to help people stay off welfare and move closer to jobs, an expanded low-income housing tax credit, new opportunities for homeownership, tougher efforts to fight housing discrimination.

We have created 14 million new jobs here in the last five years. Just 13 percent of them, though, have been in the central cities. We have to get the message out to our businesses. And that's why I went to Wall Street the other day with Jesse Jackson and people from Wall Street to say, the most important emerging market for a strong American economy, the most important way to continue to grow the economy and keep inflation low, is to move into the markets that are right here within the borders of the United States, into these neighborhoods that have not been developed. (Applause.)

That's why I am announcing today that my balanced budget will create a new \$400 million community empowerment fund to be run by HUD that will help local governments attract more businesses and jobs to poor and underserved neighborhoods. The fund will encourage the standardization of economic development lending, a first step in creating a secondary market for such loans. It will provide capital to businesses who recognize the potential and the possibilities of the inner cities. This is the right way to help our cities. It is not a handout. It will bring new credit, new jobs, and new hope to

the people. I thank Secretary Cuomo for developing it, and it's going to bring a lot of economic opportunity to many of you. (Applause.)

Let me also say, though, one of the things I appreciate about the mayors is that you not only want me to help you do the things you have to do, you understand that some of the things we do create the framework within which you proceed. So mayors have been very good about supporting my efforts to balance the budget. Mayors have been very good, across party lines, in supporting my efforts to expand trade. And I was very excited with the focus you put on Africa trade. You know, we've got an Africa trade initiative coming up. And I just wanted to say to you, one of the things that we have to understand about this new world is that the old dividing line in our mind between a domestic issue and a foreign policy issue has come crashing down. And, increasingly, the dividing lines in our mind between what is a national security issue and an economic issue is coming crashing down.

Yesterday, I had my annual meeting with the Joint Chiefs of Staff and our other Commanders in Chief of our regions around the world of various military functions like space and transportation and other things. And, what we do every year is we sit around and basically they go around the table and they make a report to me about their area of responsibility, and I then I make a comment and we talk a little about it. And yesterday at the meeting, a big topic of conversation was the financial crisis in Asia.

Now, you say, well, what are the military people worried about that for? Well, it affects the ability of those Asian countries to modernize their militaries. It affects their capacity to cooperate with us. It affects the internal stability of their government. So, all of a sudden, if you get to wear four stars around on your shoulder and go to the Pacific, you got to become an expert in international finance. And you have to care about whether the Congress will vote to have America do its part in contributing to the International Monetary Fund and rebuilding the economy.

So, if you're a mayor in Indiana or Wyoming or Wisconsin, why should you care about it? Because you know that the overall health of the American economy will determine the parameters within which you must proceed. Now, you may do a better or worse job on any given day, like all of the rest of us, but you know that.

So I would say to you again, thank you for your concern for and support for trade. But I think the mayors, without regard to party and without regard to the particular conditions in each city, understand that over the long run we are much better off when we continue to expand trade and when we build good, constructive economic partnerships with free countries who share our values around the world.

So I ask you for your support for the international trade agenda I announced, for more open doors to Africa and Latin

America, for an extension of the fast track authority, and, most immediately, for the United States doing its part with the International Monetary Fund to stabilize the situation in Asia. Those are very important markets for us, and I ask you for your help in securing that in Congress. (Applause.)

The third thing that we have to do if we really want to bring all the cities back and all the neighborhoods back is make the streets safe. People are not going to invest money, they're not going to open businesses, they're not going to stake their future on the schools of a place where they don't feel safe. The greatest thing that's happened in some ways to all of our cities is the capacity that you have developed to dramatically lower crime rates.

Now, we have worked with you to empower that strategy, to make it work more. The crime bill we passed in '94, with the strong support of many of the mayors here, was written, in effect, by local law enforcement officials, local elected officials like mayors, and local community group leaders who were concerned about making our streets safe. You know, I wasn't Einstein up here coming up with a bunch of ideas; I just took what I knew would work based on the experience that was sweeping the country. And it has been working. More police, tougher punishment, better prevention -- those things work, working at a neighborhood level where everybody works together to try to keep from happening in the first place. Now, crime is down now for five years in a row in this country.

So even though we have to balance the budget, we have to do more to invest in the fight, for two reasons: One, we have to finish what we started in '94 and finish the work of putting all 100,000 police on the street; second, we have to recognize that we still have some issues out there that we have to face. Particularly, as all of you know, the juvenile crime rate has not dropped as much as the overall crime rate has. We have the biggest group of young people in our schools in history. Finally, we've got a group of kids in our schools more numerous than the baby boom generation. And by the time they all start turning 12, 13, 14 years old, we better have found a solution to the juvenile crime problem, or we will not be able to continue to say, we're lowering the crime rate. It will become a new, horrible problem for the cities.

Now, we have seen from what many of you have done that there are ways to dramatically lower the juvenile crime rate. So all we're trying to do here is basically to do a step two in the fight against crime that reflects a national effort to give you the tools to do with juvenile crime what you have already done with the overall crime rate.

I have proposed a federal effort to help to hire as many as 1,000 neighborhood prosecutors across our country to work closely with police and residents to prevent crime as well as prosecute criminals. They'll try to prevent crime with a lot of tools like injunctions to clear playgrounds of drug dealers, and other legal strategies to rid neighborhoods of troubled spots.

You know, I've seen what has happened when we have more prosecutors and more probation officers and they're working in a systematic way. I've seen -- I see Mayor Menino back there -- the experience of Boston has become legendary, but it is not unique now because so many others are doing this. We have to do this everywhere.

I remember one day I spent with Mayor Menino in Boston, my jaw dropped when the people that were sitting at our roundtable said that they young people on probation -- they had a 70 percent compliance rate with probation orders. And I figured that's probably about double what the national average is for any city of any size in America, because they were going into homes, working in the streets, bringing the neighborhoods back into the real life of the community.

So that's what this juvenile initiative to have more community prosecutors and more probation officers is all about. We also are going to strengthen our efforts against illegal gun-trafficking, helping local police departments and the ATF to trace all guns discovered at crime scenes.

I want to hire over 160 new ATF agents to investigate and arrest gun traffickers who sell guns illegally to gangs and to juveniles. That's our responsibility. We need to do more to help you with that. (Applause.)

Finally, on the domestic front here, in addition to the prosecutors and the probation officers and the gun efforts, I think it's important that the mayors sent a loud and clear, nonpartisan message to the Congress and to the country that most juvenile crime is not committed by people who don't have anybody in their family who cares about them. Most juvenile crime is committed by young people who get in trouble when the school is out and mama or daddy aren't home from work -- between 3:00 and 8:00 p.m. at night is when most juvenile crime is committed. So we've got to do more to have after-school programs either in the schools or in community centers. That would do more than anything else. (Applause.)

Now, we have some money coming through the Justice Department for this; we have some money coming through the Education Department for this for community-based learning centers. I think Secretary Riley initiative is called 21st Century Community Learning Centers, or something like that. We need your help. We really need your help to tell the Congress that this is not a political issue, this is not a partisan issue, and this is not shoveling some old-fashioned grant to the cities that some of the members of Congress may not want. This is children's lives. And this is whether you can succeed or not in really building the kind of cities you want for the 21st century.

You cannot make it unless we can do something about the problem of juvenile crime. And we're not going to do it, with all those kids, when all their juices are flowing and they're out there

vulnerable to get in all kinds of trouble, unless you give them something positive to do when the schoolhouse door is open for the last time in the day until they can go home and be under proper supervision at night. We have got to do this. And we need your help to do it. And we can do it.

Let me also say that there is something else we have to do more of -- and General McCaffrey is here -- I want to mention this. We want to do a better job of keeping drugs from coming into this country in the first place. (Applause.) Not long ago I went to Miami with General McCaffrey, and we saw the work that the Coast Guard is doing there to try to interdict drugs. The problem is that the better job we do in stopping drugs from coming in in the water and through the air, the more pressure it puts on land through Mexico.

I mean, these people didn't get rich being stupid. They are a very powerful, well-organized, violent and phenomenally wealthy enemy of the children and the future of the United States. What we want to try to do is to dramatically increase our capacity to deal with border imports. And we proposed to hire another 1,000 border patrol agents to continue our antidrug media campaign, which is important, to crack down on heroin and methamphetamine trade, to boost drug abuse treatment and prevention -- also very important.

We're also going -- and Secretary Slater is here-- we're also going to try to bring to bear the latest technologies and really spend some money. And we've reauthorized this new transportation bill. And I want all of you to support us, whether you live near the border or not, because it affects you. We need to spend some serious money on the border to have the best available technology to do everything we can to find drugs.

Now, it is not possible yet with technology, but if I could paint a picture of the future and I could have any technological breakthrough, if a genie came down the aisle here and said, in the next three months, you could have any technological breakthrough you want for your country, what would you do, I think that if I could pick one for the next three months I would say I would like to have a border patrol system for picking drugs that is as effective as airport metal detectors are from getting weapons away from people. I mean that should be our model. That's what we should be imagining.

Why? Because it not only is effective, we don't hold up everybody else very long. You never hear anybody griping about going through an airport metal detector anymore. And every now and then you've got a money clip in your pocket or something, you've got to go back around and go through again, but it's not any kind of a big deal. That should be what we are working for. We should be working and working and working -- we shouldn't stop until we basically have the capacity to check every vehicle that crosses our border in a way that doesn't shut commerce down and unduly burden totally innocent people who are just going about their lives.

And I want you to help us when this transportation bill comes up, and I want you to help us when the drug budget comes up to get that kind of structure, because you have got to have more help in trying to cut off the drugs at the source in the first place. And we're going to do our best to give it to you. (Applause.)

The last point I want to make is I believe that our cities can embody the image that I have for America in the 21st century because they are the most diverse places in America. And as we become more diverse, in a funny way we've got to become more united. As we become more diverse, we have to learn to celebrate what's different about ourselves, but we have to hold even tighter to the things that bind us together at the family and the neighborhood and the community level.

We're going to reauthorize the national service program, AmeriCorps, this year. I hope all of you will support because you have really used it a lot. (Applause.) I know General Powell is going to speak to you before you end your conference, and I hope all of you will support what he's doing. That Presidents' Summit on Service in Philadelphia last April was a remarkable thing. The idea that we ought to mobilize hundreds of thousands of volunteers, maybe millions of them, to give every child a safe street to grow up on, a good school to attend, a good health care system so that the child is healthy, a mentor, and the chance to serve -- those are five laudable goals.

And if you think about it, in terms of what I just said, about the economy and education and crime -- if we have a country in which in every city, across the lines of race, people have an equal chance to work together, to learn together, to serve together, we're going to get along together just fine. You all show that every day. And most of you have a good time doing it. I think it's fun to be a mayor these days, isn't it? (Laughter and applause.) I think you're having a good time doing it.

When I think of one America, I think of all the places I've been in all of your communities, where people are living together, learning together, working together, serving together, closing those opportunity gaps, building one country. The best days of this country are ahead of us. All we have to do is to bear down and do more of what you have been doing these last few years.

Thank you and God bless you all. (Applause.)

END

10:30 A.M. EST

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NAPLAN_S @ A1@CD@LNGTWY
SMITH_BD @ A1@CD@LNGTWY
TCSmith @ dol.gov@INET@LNGTWY
WEINER_R @ A1@CD@LNGTWY
WOZNIAK_N @ A1@CD@LNGTWY
julie_green @ ed.gov@INET@LNGTWY
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62955104 @ eln.attmail.com@INET@LNGTWY
INFOMGT @ A1@CD@LNGTWY
newsdesk @ usnewswire.com@INET@LNGTWY
usnwire @ access.digex.com@INET@LNGTWY

Message Sent

To:

Emily Bromberg/WHO/EOP
Lynn G. Cutler/WHO/EOP
Fred DuVal/WHO/EOP
Sky Gallegos/WHO/EOP
Cecily C. Williams/WHO/EOP
Mona G. Mohib/WHO/EOP
Emory L. Mayfield/WHO/EOP
Jeffrey L. Farrow/WHO/EOP
Mickey Ibarra/WHO/EOP

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Margaret M. Suntum (SUNTUM_M) (WHO)

CREATION DATE/TIME:30-JAN-1998 11:13:16.95

SUBJECT: 1998-01/30 remarks by President to mayors conference

TO: Nanda Chitre (CHITRE_N) Autoforward to: Remote Addressee (Nanda
Chitre@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Darby E. Stott (Darby E. Stott@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Megan C. Moloney (MOLONEY_M) Autoforward to: Remote Addressee (Megan C.
Moloney@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jonathan Murchinson (MURCHINSON_J) (WHO)
READ:NOT READ

TO: Elizabeth R. Newman (NEWMAN_E) Autoforward to: Remote Addressee (Elizabeth R.
Newman@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Roger V. Salazar (SALAZA_R) Autoforward to: Remote Addressee (Roger V.
Salazar@eop@lngtwy@eopmrx)
READ:NOT READ

TO: Richard Socarides (SOCARIDES_R) Autoforward to: Remote Addressee (Richard
Socarides@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Natalie S. Wozniak (WOZNIAK_N) (NSC)
READ:30-JAN-1998 12:36:40.46

TO: William H. White, Jr. (William H. White Jr.@eop@lngtwy@eopmrx)
READ:NOT READ

TEXT:
please see attached

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE:30-JAN-1998 11:11:00.00

ATT BODYPART TYPE:p

ATT CREATOR: Margaret M. Suntum

TEXT:
PRINTER FONT 10_POINT_COURIER
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PRINTER FONT 12_POINT_COURIER
THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 30, 1998

REMARKS BY THE PRESIDENT
AT U.S. CONFERENCE OF MAYORS BREAKFAST

State Dining Room

9:57 A.M. EST

THE PRESIDENT: Thank you for that wonderful welcome. When Secretary Pena started talking about Mayor Helmke being on Jeopardy, I thought he was going to say -- and I knew we were getting into this law school business -- I thought he was going to say, which two politicians in this room went to the greatest lengths early in their career to cover up the fact that they went to Ivy League schools. (Laughter.) Once you get gray

-headed you can fess up to that.

I'm delighted to be here with you, Paul, and I'm very proud of your success and the partnership we've enjoyed. Mayor Webb, good job in the Super Bowl. (Laughter.) I want to say to all of you -- my Mayor, Jim Daley, is here. I want to thank Secretary Cuomo and Secretary Pena, Secretary Riley, Secretary Babbitt, Secretary Slater, OMB Director Frank Raines, OPM Director Janice LaChance, John McCaffrey, Gene Sperling, my National Economic Advisor. And I want to thank our whole team. There are others who are here.

I also want to say a special word of thanks to Mickey Ibarra and Lynn Cutler, who have been working with you on this conference. I think they've done a superb job and I hope you are pleased with it. (Applause.)

And we have a lot of other members of the administration here from other departments in the White House. We all like it when the mayors come to town -- we get to talk about real people, real issues and building a real future for America, because that's what you embody.

Earlier this week in the State of the Union address I asked the American people to continue working with me to strengthen our nation for the 21st century -- just 700 days, more or less, left in this century and in this millennium.

We can be very grateful for the strength that our country enjoys today. We got some new evidence, actually, this morning of that strength with the new economic report. Our economy continues to grow steadily and strongly. In the fourth quarter of last year, our economy expanded at a vigorous 4.3 percent rate with continued low inflation. (Applause.) Last year, economic growth for the

entire year was fueled by strong exports and strong business investment. It was 3.8 percent on an annual basis. That's the highest growth rate for the United States in a decade, after years of economic expansion.

This economic strategy that we have embraced of fiscal

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discipline, expanded trade, and investment in our people and our future is working. What I want to talk to you about today is that we have to continue that until every American is a part of this success story.

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The next steps we have to make -- in education, in economic development, in crime, in partnerships with our cities, in involving all of our citizens in the work of our cities and nations -- these next steps will be critical -- whether we can empower all of our urban areas and our urban citizens to make the most of their own lives will be critical to determining whether we can, in fact, take all this success that our country has had and reach every neighborhood, every block, every family, every child.

Today, thanks to your leadership, there is truly an urban renaissance taking place all across America -- from New York, where crime has dropped to record lows, to Detroit, where the unemployment rate has been cut in half, to Long Beach, where the downtown is once again bustling with shoppers and students in school uniforms are learning more in safer environments.

The urban revitalization is one of the most extraordinary successes of the past five years. It is a great achievement of America's mayors and the people whom they lead. Our cities are back because so many of you rolled up your sleeves and went to work. I thank you for your leadership and for the extraordinary opportunity that we have had to work together. I can tell you, for me, it's been a lot of fun, and we've done a lot of good. And we're going to do even more in the next three years. I know we can. (Applause.)

The other night in the State of the Union address, I tried to capture for the American people the different direction in government that our administration has pursued for the last five years. I said that one of the reasons I came to Washington as the governor of a small state -- sort of like being the mayor of a big city -- was to break out of this old gridlock between those who said government is the problem and those who said government is the solution. It was obvious that, if for no reason than the deficit, government could not be the solution. Plus the nature of the problems we have and the nature of the changing economy and society

that we're living in, and certainly the one toward which we are moving, made it impossible to think about the solutions to today's problems in sort of 1930s through 1960s terms.

So what we said is there has got to be a third way here. These two extremes won't work. We think government ought to be a catalyst for new ideas to experiment. We think government ought to be a partner with the private sector and community groups. We think the government ought to focus on creating the conditions and giving people the tools so that people can --- their own lives and chart their own futures and build this country from the ground up. That is what you represent for me. You do that all day every day, sometimes without even thinking about it. You do it because it is the only way to proceed, and you do it without regard to party. A long time ago, Mayor LaGuardia said, there's no Republican or Democratic way to pick up the garbage, it either gets picked up or it doesn't. (Laughter.)

Now, I tried to reflect that third way approach in how we have related. A lot of you were terrifically understanding when I came into office and I said, you know, you're my friends and I care about you, but the first thing I've got to do is get this deficit down; otherwise the economy will never come back and you won't have any jobs anyway. And we found a way to find some more investments, to make some innovative partnerships, while we were continuing to follow the discipline necessary that has brought us to the point where we are now -- where the budget deficit was estimated to be \$357 billion for this year when I took office; now the estimate is \$10 billion. That's a pretty big difference -- (applause.)

We know, and I think you can see by the extraordinary presence of Cabinet members here today, we know that every single

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part of this federal government has a responsibility to work with you and to be a good partner. Secretary Cuomo's reinvented HUD exemplifies the kind of approach we're trying to take to working with the cities all across the federal government. We want to be your partner, and we want to be a good partner and help you be a good partner with the private sector, with community groups, with individual citizens.

Now, on Monday, as a part of my balanced budget, I'll be proposing one of the broadest, strongest, and most innovative urban agendas in a generation that will focus on three keys to closing the opportunity gaps in America and building one America for the 21st century: education, economic development, and crime.

First, as I said the other night, all Americans know I think in the marrow of their bones that we have the finest system of higher education in the world. Therefore, when I was able to

announce to the American people the other night all the steps we had taken essentially to open the doors of college to all Americans, I could hear the cheering in living rooms all across this country. You didn't have to say -- people knew we were giving them a good thing.

We have to keep working until people have that same level of confidence that their elementary and secondary schools will give their children the best education in America. And we can do it. If we can build an international space station in the sky, if we can put all the telephone calls on Mother's Day on a single piece of fiber the width of a human hair -- which will happen just in a couple of years -- if our scientists can unlock the secrets -- the genetic secrets of Parkinson's disease in nine days -- all those things I talked about the other night -- this is not rocket science. This is not rocket science. We can do this. We have never had, in the last 20 years, when we have known we needed to do it, the kind of systematic, disciplined approach to giving our children the education they need that we must bring to bear on this problem now. But we can do it. (Applause.)

One thing I know, there are some cities where the mayors have direct jurisdiction over the schools, and other cities where the mayors seem to have no legal say over the schools, but in every city the mayor should be involved in the schools. I am thrilled that you're going to have a conference on public schools. I thank you for your invitation, and I expect to be there. I want us to continue to work together on this important issue. (Applause.)

I am -- as you know if you heard the speech the other night, I'm very excited about what's going on in Chicago with the schools. I have been there twice. I have spent a lot of time both in the schools and sitting around tables talking to the people who are part of the restructuring of the way they're operated, not only from the district down, but from the school level up, with parental involvement.

I think it is a good thing to do end social promotion, but I think you have to couple that with second chances. And so when they ended social promotion, they also had mandatory summer school to give every child a second chance. You can stand up and say something like, I'm ending social promotion, and it sounds great and everybody will clap and your popularity will go up, but in the end, the only thing that really matters is, are the children learning or not. And the reason we should stop the practice is that it covers up the sins of the system which is not producing an educated citizenry among our children and not preparing them for the future.

So it's a good thing to do to end it, but it's not enough, because you have to put something in its place. And the thing that's exciting to me about Chicago is they have -- if these children don't perform at grade level, then they have a mandatory

summer school program and everybody goes. By the way, it cuts down on juvenile disruption problems as well.

But it's an exciting thing. I went to a school there, with a principal and a parent, and the parent had a child in the school as a student and a child in the school as a teacher. And it was an inner city school, and all of these parent groups showed up.

None of them felt aggrieved because this school had ended social promotion. They felt empowered because it had, because it was done at the grass

-roots level. And they thought it was a fair system because they were involved in it and because there kids had a positive alternative. So it wasn't just that they were going to be held back. We have to do things like that all across the country.

I am proposing new education opportunity zones to help poor school districts close down failing schools, promote public school choice, remove bad teachers, follow the model of the Chicago system to try to help to stop social promotion, but start learning an opportunity for our kids.

I also proposed the first ever federal help to help our local schools hire 100,000 more school teachers, so that we can have smaller classes in the early grades. We can reduce class sizes in the first, second, and third grade to an average of 18 nationwide if my proposal is adopted. And because that will create enormous problems when we have both more teachers and more students, we have to have more classrooms, I have proposed a school construction tax cut to help communities modernize or build 5,000 schools. And that will help a lot of you in this room. (Applause.)

The second thing we have to do is keep working to extend economic opportunity to every corner of every community. Over the past five years, with the leadership of the Vice President, we've created 125 empowerment zones and enterprise communities, offered tax cuts to clean up and redevelop brownfields, offered a network of community development banks to make loans to people in places where they're not normally made, and we have dramatically strengthened the Community Reinvestment Act.

I don't know if anybody has talked about that here yet, but that act has been on the book since 1977. Over 80 percent of all the lending done in the 20

-plus year history of the Community Reinvestment Act has been done in the last five years, since we've been here. And it's made a big difference in communities all across this country to grow the economy and bring opportunity. And I'm very proud of that. (Applause.)

Our balanced budget will propose, as I'm sure Secretary Cuomo has already said, new housing vouchers to help people stay off welfare and move closer to jobs, an expanded low

-income housing tax credit, new opportunities for homeownership, tougher efforts to fight housing discrimination.

We have created 14 million new jobs here in the last five years. Just 13 percent of them, though, have been in the central cities. We have to get the message out to our businesses. And that's why I went to Wall Street the other day with Jesse Jackson

and people from Wall Street to say, the most important emerging market for a strong American economy, the most important way to continue to grow the economy and keep inflation low, is to move into the markets that are right here within the borders of the United States, into these neighborhoods that have not been developed. (Applause.)

That's why I am announcing today that my balanced budget will create a new \$400 million community empowerment fund to be run by HUD that will help local governments attract more businesses and jobs to poor and underserved neighborhoods. The fund will encourage

the standardization of economic development lending, a first step in creating a secondary market for such loans. It will provide capital to businesses who recognize the potential and the possibilities of the inner cities. This is the right way to help our cities. It is not a handout. It will bring new credit, new jobs, and new hope to the people. I thank Secretary Cuomo for developing it, and it's going to bring a lot of economic opportunity to many of you. (Applause.)

Let me also say, though, one of the things I appreciate about the mayors is that you not only want me to help you do the things you have to do, you understand that some of the things we do create the framework within which you proceed. So mayors have been very good about supporting my efforts to balance the budget. Mayors have been very good, across party lines, in supporting my efforts to expand trade. And I was very excited with the focus you put on Africa trade. You know, we've got an Africa trade initiative coming up. And I just wanted to say to you, one of the things that we have to understand about this new world is that the old dividing line in our mind between a domestic issue and a foreign policy issue has come crashing down. And, increasingly, the dividing lines in our mind between what is a national security issue and an economic issue is coming crashing down.

Yesterday, I had my annual meeting with the Joint Chiefs of Staff and our other Commanders in Chief of our regions around the world of various military functions like space and transportation and other things. And, what we do every year is we sit around and basically they go around the table and they make a report to me about their area of responsibility, and I then I make a comment and we talk a little about it. And yesterday at the meeting, a big topic of conversation was the financial crisis in Asia.

Now, you say, well, what are the military people worried about that for? Well, it affects the ability of those Asian countries to modernize their militaries. It affects their capacity to cooperate with us. It affects the internal stability of their government. So, all of a sudden, if you get to wear four stars around on your shoulder and go to the Pacific, you got to become an expert in international finance. And you have to care about whether the Congress will vote to have America do its part in contributing to the International Monetary Fund and rebuilding the economy.

So, if you're a mayor in Indiana or Wyoming or Wisconsin, why should you care about it? Because you know that the

overall health of the American economy will determine the parameters within which you must proceed. Now, you may do a better or worse job on any given day, like all of the rest of us, but you know that.

So I would say to you again, thank you for your concern for and support for trade. But I think the mayors, without regard to party and without regard to the particular conditions in each city, understand that over the long run we are much better off when we continue to expand trade and when we build good, constructive economic partnerships with free countries who share our values around the world.

So I ask you for your support for the international trade agenda I announced, for more open doors to Africa and Latin America, for an extension of the fast track authority, and, most immediately, for the United States doing its part with the International Monetary Fund to stabilize the situation in Asia. Those are very important markets for us, and I ask you for your help in securing that in Congress. (Applause.)

The third thing that we have to do if we really want to bring all the cities back and all the neighborhoods back is make the streets safe. People are not going to invest money, they're not

going to open businesses, they're not going to stake their future on the schools of a place where they don't feel safe. The greatest thing that's happened in some ways to all of our cities is the capacity that you have developed to dramatically lower crime rates.

Now, we have worked with you to empower that strategy, to make it work more. The crime bill we passed in '94, with the strong support of many of the mayors here, was written, in effect, by local law enforcement officials, local elected officials like mayors, and local community group leaders who were concerned about making our streets safe. You know, I wasn't Einstein up here coming up with a bunch of ideas; I just took what I knew would work based on the experience that was sweeping the country. And it has been working. More police, tougher punishment, better prevention -- those things work, working at a neighborhood level where everybody works together to try to keep from happening in the first place. Now, crime is down now for five years in a row in this country.

So even though we have to balance the budget, we have to do more to invest in the fight, for two reasons: One, we have to finish what we started in '94 and finish the work of putting all 100,000 police on the street; second, we have to recognize that we still have some issues out there that we have to face. Particularly, as all of you know, the juvenile crime rate has not dropped as much as the overall crime rate has. We have the biggest group of young people in our schools in history. Finally, we've got a group of kids in our schools more numerous than the baby boom generation. And by the time they all start turning 12, 13, 14 years old, we better have found a solution to the juvenile crime problem, or we will not be able to continue to say, we're lowering the crime rate. It will become a new, horrible problem for the cities.

Now, we have seen from what many of you have done that

there are ways to dramatically lower the juvenile crime rate. So all we're trying to do here is basically to do a step two in the fight against crime that reflects a national effort to give you the tools to do with juvenile crime what you have already done with the overall crime rate.

I have proposed a federal effort to help to hire as many as 1,000 neighborhood prosecutors across our country to work closely with police and residents to prevent crime as well as prosecute criminals. They'll try to prevent crime with a lot of tools like injunctions to clear playgrounds of drug dealers, and other legal strategies to rid neighborhoods of troubled spots.

You know, I've seen what has happened when we have more prosecutors and more probation officers and they're working in a systematic way. I've seen -- I see Mayor Menino back there -- the experience of Boston has become legendary, but it is not unique now because so many others are doing this. We have to do this everywhere.

I remember one day I spent with Mayor Menino in Boston, my jaw dropped when the people that were sitting at our roundtable said that they young people on probation -- they had a 70 percent compliance rate with probation orders. And I figured that's probably about double what the national average is for any city of any size in America, because they were going into homes, working in the streets, bringing the neighborhoods back into the real life of the community.

So that's what this juvenile initiative to have more community prosecutors and more probation officers is all about. We also are going to strengthen our efforts against illegal gun

-trafficking, helping local police departments and the ATF to trace all guns discovered at crime scenes.

I want to hire over 160 new ATF agents to investigate

and arrest gun traffickers who sell guns illegally to gangs and to juveniles. That's our responsibility. We need to do more to help you with that. (Applause.)

Finally, on the domestic front here, in addition to the prosecutors and the probation officers and the gun efforts, I think it's important that the mayors sent a loud and clear, nonpartisan message to the Congress and to the country that most juvenile crime is not committed by people who don't have anybody in their family who cares about them. Most juvenile crime is committed by young people who get in trouble when the school is out and mama or daddy aren't home from work -- between 3:00 and 8:00 p.m. at night is when most juvenile crime is committed. So we've got to do more to have after

-school programs either in the schools or in community centers. That would do more than anything else. (Applause.)

Now, we have some money coming through the Justice Department for this; we have some money coming through the Education Department for this for community

-based learning centers. I think Secretary Riley initiative is called 21st Century Community Learning Centers, or something like that. We need your help. We really need your help to tell the Congress that this is not a political issue, this is not a partisan issue, and this is not shoveling some old

-fashioned grant to the cities that some of the members of Congress may not want. This is children's lives. And this is whether you can succeed or not in really building the kind of cities you want for the 21st century.

You cannot make it unless we can do something about the problem of juvenile crime. And we're not going to do it, with all those kids, when all their juices are flowing and they're out there vulnerable to get in all kinds of trouble, unless you give them something positive to do when the schoolhouse door is open for the last time in the day until they can go home and be under proper supervision at night. We have got to do this. And we need your help to do it. And we can do it.

Let me also say that there is something else we have to do more of -- and General McCaffrey is here -- I want to mention this. We want to do a better job of keeping drugs from coming into this country in the first place. (Applause.) Not long ago I went to Miami with General McCaffrey, and we saw the work that the Coast Guard is doing there to try to interdict drugs. The problem is that the better job we do in stopping drugs from coming in in the water and through the air, the more pressure it puts on land through Mexico.

I mean, these people didn't get rich being stupid. They are a very powerful, well

-organized, violent and phenomenally wealthy enemy of the children and the future of the United States. What we want to try to do is to dramatically increase our capacity to deal with border imports. And we proposed to hire another 1,000 border patrol agents to continue our antidrug media campaign, which is important, to crack down on heroin and methamphetamine trade, to boost drug abuse treatment and prevention -- also very important.

We're also going -- and Secretary Slater is here-- we're also going to try to bring to bear the latest technologies and really spend some money. And we've reauthorized this new transportation bill. And I want all of you to support us, whether you live near the border or not, because it affects you. We need to spend some serious money on the border to have the best available technology to do everything we can to find drugs.

Now, it is not possible yet with technology, but if I could paint a picture of the future and I could have any technological breakthrough, if a genie came down the aisle here and said, in the next three months, you could have any technological

breakthrough you want for your country, what would you do, I think that if I could pick one for the next three months I would say I would like to have a border patrol system for picking drugs that is as effective as airport metal detectors are from getting weapons away from people. I mean that should be our model. That's what we should be imagining.

Why? Because it not only is effective, we don't hold up everybody else very long. You never hear anybody griping about going through an airport metal detector anymore. And every now and then you've got a money clip in your pocket or something, you've got to go back around and go through again, but it's not any kind of a big deal. That should be what we are working for. We should be working and working and working -- we shouldn't stop until we basically have the capacity to check every vehicle that crosses our border in a way that doesn't shut commerce down and unduly burden totally innocent people who are just going about their lives.

And I want you to help us when this transportation bill comes up, and I want you to help us when the drug budget comes up to get that kind of structure, because you have got to have more help in trying to cut off the drugs at the source in the first place. And we're going to do our best to give it to you. (Applause.)

The last point I want to make is I believe that our cities can embody the image that I have for America in the 21st century because they are the most diverse places in America. And as we become more diverse, in a funny way we've got to become more united. As we become more diverse, we have to learn to celebrate what's different about ourselves, but we have to hold even tighter to the things that bind us together at the family and the neighborhood and the community level.

We're going to reauthorize the national service program, AmeriCorps, this year. I hope all of you will support because you have really used it a lot. (Applause.) I know General Powell is going to speak to you before you end your conference, and I hope all of you will support what he's doing. That Presidents' Summit on Service in Philadelphia last April was a remarkable thing. The idea that we ought to mobilize hundreds of thousands of volunteers, maybe millions of them, to give every child a safe street to grow up on, a good school to attend, a good health care system so that the child is healthy, a mentor, and the chance to serve -- those are five laudable goals.

And if you think about it, in terms of what I just said, about the economy and education and crime -- if we have a country in which in every city, across the lines of race, people have an equal chance to work together, to learn together, to serve together, we're going to get along together just fine. You all show that every day.

And most of you have a good time doing it. I think it's fun to be a mayor these days, isn't it? (Laughter and applause.) I think you're having a good time doing it.

When I think of one America, I think of all the places I've been in all of your communities, where people are living together, learning together, working together, serving together, closing those opportunity gaps, building one country. The best days of this country are ahead of us. All we have to do is to bear down and do more of what you have been doing these last few years.

Thank you and God bless you all. (Applause.)

END

10:30 A.M. EST

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

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa J. Levin (CN=Lisa J. Levin/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:12-MAR-1998 13:03:25.00

SUBJECT: weekly report

TO: Helen Veit (CN=Helen Veit/OU=WHO/O=GOV @ WHO [UNKNOWN])
READ:UNKNOWN

TO: Natalie Wright (Natalie Wright @ WHO [UNKNOWN])
READ:UNKNOWN

TEXT:

----- Forwarded by Lisa J. Levin/WHO/EOP on 03/12/98
01:03 PM -----

Allison Fansler @ DEPARTMENT OF THE TREASURY
03/12/98 12:42:27 PM
Record Type: Record

To: David S. Beaubaire/WHO/EOP, Lisa J. Levin/WHO/EOP, Cabinet Affairs,
Stephen B. Silverman/WHO/EOP
cc:
Subject: weekly report

MEMORANDUM FOR ERSKINE BOWLES, THE WHITE HOUSE

FROM: Robert E. Rubin

SUBJECT: Weekly Report for the week of March 16, 1998

HOT ISSUES

Asian Markets
IMF Funding

KEY NEWS

Indonesia: On March 6, the International Monetary Fund announced that the release of the second \$3 billion tranche of funding for Indonesia under its stand-by agreement would be postponed until at least April. Subsequently, President Suharto, his family members, and senior economic officials have increased their rhetoric against the Fund program. The markets have become increasingly concerned by these factors, as the currency depreciated by 15% in the past week, the main index of the

Jakarta stock market is 5.4% lower, and the yield spread on Indonesian sovereign \$400 million yankee bond has widened 100 basis points to 750 basis points over the comparable Treasury bond. A team of high level Indonesian officials, led by senior economic advisor Dr. Widjojo, is expected in Washington during the week of March 16 for meetings with Administration and IMF officials.

Malaysia: The central bank of Malaysia recently announced that two large commercial banks are experiencing financial difficulty: the government plans to provide a modest capital injection to one and Deputy Prime Minister Anwar announced that the second bank, and any subsequent weak banks, will be closed if no buyers can be found. The announcement adversely affected both the stock market and the Malaysian currency, both of which had regained about half of the losses sustained in the second half of last year. Malaysian authorities are clearly increasingly concerned that developments in Indonesia could be a catalyst to induce a crisis in Malaysia, and Deputy Prime Minister Anwar has publicly appealed to the IMF and the G-7 to disburse the next tranche of IMF support to Indonesia.

Inter-American Development Bank (IDB): On March 16-18, Deputy Secretary Summers will travel to Cartagena, Colombia for the Annual Meeting of the IDB. Deputy Secretary Summers will head the U.S. delegation and deliver a speech on March 16. The major topic of discussion at the meeting will likely be the impact of the Asia financial crisis on Latin America and what role the multilateral development banks, particularly the IDB, can and/or should play in future crises.

Russia: On March 10, Secretary Rubin and Under Secretary Lipton participated in a Gore-Chernomyrdin Commission (GCC) off-line discussion with the Vice President and Russian Prime Minister. They drew lessons from the East Asian crisis for Russia and urged the Prime Minister to use this period of relative strength in Russian markets to accelerate fiscal and other reform to boost investor confidence in Russian growth prospects. In addition, Under Secretary Lipton presented the recommendations of the U.S.-Russia Capital Markets Forum to the GCC Plenary session, together with the SEC and the head of the Russian securities commission. These recommendations, derived mainly from private sector input, spell out the steps that Russia needs to take to strengthen its capital markets in such areas as accounting, taxation, and corporate governance.

Brazil: On March 10, Secretary Rubin and Deputy Secretary Summers met with Brazilian Finance Minister Pedro Malan. Malan remarked that markets were increasingly differentiating Brazil from Asian countries. We agreed and complimented Malan on Brazil's strong response to the Asian financial crisis. We also cautioned that global turbulence could resume, and stressed the importance of vigilance and transparency. We also requested Malan's support in securing agreement among IDB members on creation of a \$500 million fund, financed by IDB concessional resources, to finance Summit of the Americas educational/environmental initiatives. Malan reported positive economic news -- inflation is falling, foreign exchange reserves are approaching \$60 billion (near pre-crisis levels), the current account deficit is gradually narrowing, and flows of foreign investment

remain strong. He did not dwell on Brazil's large fiscal deficit, which remains Brazil's major medium-term economic challenge despite some recent progress.

Year 2000: On March 4, OMB released a draft report which indicates that the Treasury's Year 2000 program appears to be on schedule. As part of its process for monitoring agency progress, OMB has categorized agencies into one of three tiers: 1-insufficient progress; 2-progress is evident, but there are concerns; 3 -satisfactory progress. OMB has judged Treasury to be a Tier 2 agency. A representative from Treasury will testify on March 18 before the House Subcommittee on Government Management, Information and Technology on the Treasury Year 2000 program. The subcommittee has raised concerns with Treasury's and other agencies' progress on Y2K, and Treasury is focused on the Y2K effort.

On March 6, the Senate passed legislation to give federal thrift and credit union regulators more power to protect institutions they regulate from the Year 2000 computer problem. The measure allows the Office of Thrift Supervision and the National Credit Union Administration to examine companies and vendors that provide services for savings associations and credit unions, such as computer software and hardware providers. The House passed a bill with identical provisions on February 24.

Community Reinvestment Act (CRA): On March 19, Secretary Rubin is scheduled to speak to the National Community Reinvestment Coalition (NCRC) on progress made under CRA and the accomplishments of the CDFI Fund as well as the importance of reauthorization. Secretary Rubin will also announce NCRC's new report on bank performance under CRA.

Customs: On March 9, funeral services for U.S. Customs Agent Friedli were held in Rochester, Minnesota. Mr. Friedli and his partner, Customs Agent Sperling, were involved in a vehicle accident with an 18-wheel tractor trailer near the U.S. Mexico border on March 3 while investigating possible smuggling activity. Both agents were injured in the accident, and Agent Friedli died as a result of those injuries on March 4.

Joint Report to Congress: Treasury, the SEC, and the Federal Reserve Board are required to submit a joint report to Congress on the regulatory system for government securities by March 31, 1998. The report evaluates the effectiveness of government securities rules written since October 1, 1991, the impact of such rules on the government securities market, and the effectiveness of surveillance and enforcement. The report concludes that the rules have been effective in strengthening investor protection without adversely affecting the efficiency or liquidity of the market. As a result, the report states that no additional statutory rulemaking authority is required at this time.

WORK ON PRESIDENTIAL INITIATIVES

Climate Change: Treasury is working with CEA to respond to follow-up questions from Congress following CEA Chair Yellen's testimony on March 4. Treasury is also working with other agencies to prepare more computer modeling analysis of the costs of the Kyoto agreement; to consider buying

emission rights from Russia; and to define the actions and commitments that would constitute meaningful participation by less developed countries in addressing climate change. Deputy Assistant Secretary Scholz briefed the National Institute of Building Sciences (NIBS) on the climate change tax initiatives, and Treasury staff have continued to meet with representatives from Energy and EPA on details of the provisions and implementation of the Kyoto agreement.

Capital Budgeting Commission: On March 6, Secretary Rubin addressed the Commission, welcoming the Commission's forthcoming recommendations while expressing his personal preference to retain the current budgetary system. Federal Reserve Board Governor Gramlich, and representatives from GAO, Commerce, and the Airport Council International, also testified before the Commission. On March 7, the Commission was briefed on the current Congressional budget process by senior staffers of the Senate and House Budget Committees, the Senate Appropriations Committee, and GAO. The Commission will issue its report with recommendations in December.

Community Development Financial Institutions (CDFI) Fund: Treasury continues working to build support for the CDFI Fund in preparation for upcoming reauthorization hearings. On March 16, Director Lazar will address the CEOs of minority financial institutions on developments on the CDFI Fund and how minority financial institutions can increase their participation in Fund programs. On March 20, Director Lazar will meet with Sandy Braunstein of the Fed, and on March 19, Director Lazar and Fund staff will meet with the SBA's Office of Capital Access to discuss possible strategies for better collaboration among all federal agencies and departments who have microenterprise programs.

CONGRESSIONAL ACTIVITY

IMF/Asia: Treasury continues its outreach efforts to inform Members of Congress, their staff, and business and labor representatives of the IMF's efforts in Southeast Asia. On March 4, Deputy Secretary Summers spoke individually with Reps. Vento, Schumer, Kennedy, Castle, and Bentsen on the Administration's funding request for the IMF. On March 11, Secretary Rubin and Chairman Greenspan participated in a closed briefing on Asia and the IMF for the House Ways and Means Committee. On March 17, Deputy Secretary Summers will meet with Sen. Murkowski to discuss Southeast Asia and the IMF. Treasury continues to coordinate an effort where senior Administration officials outside of Treasury assist in making calls to Members on the Administration's IMF funding proposal. On March 18, Secretary Rubin and Chairman Greenspan will brief the House International Relations Committee on the current situation in SE Asia and funding for the IMF.

IMF Legislation: On March 5, the House Banking Committee overwhelmingly approved legislation to authorize a new \$18 billion U.S. commitment to the IMF. Final passage of the bill on a 40-9 tally included more than 30 amendments -- most of which proposed reforms either to the IMF itself or within the economies of East Asian nations. Recent news from the Leadership has delayed our efforts to move the IMF legislation through Congress, but we continue to work with the Senate Foreign Relations

Committee and Appropriations Committee to make the case for marking up the full \$18 billion proposal.

Credit Unions: On March 11, Assistant Secretary Carnell testified before the House Banking Committee on the Supreme Court's recent ruling on credit unions. Assistant Secretary Carnell outlined principles that could serve as the basis for policymaking, making clear our preference for a middle-of-the-road solution that preserves a meaningful common bond requirement, albeit one more flexible than recently articulated by the Supreme Court. He also pushed for enactment of the safety and soundness recommendations that emerged from Treasury's recent credit union report.

Financial Modernization: On March 10, the House Leadership announced that it had reached a compromise on the financial modernization bill. The details of that compromise are unclear, but reportedly it would allow only agency activities (e.g., insurance agencies) in a subsidiary, thereby requiring all principal activities (e.g., insurance and securities underwriting) to be conducted in an affiliate; preserve the thrift charter but require thrifts to hold 10 percent of their assets in home mortgages; grandfather existing unitary thrift holding companies but subject them to Fed supervision on January 1, 2000; and abolish the OTS, with the OCC regulating savings associations and the Fed regulating savings and loan holding companies. Treasury continues working to analyze the compromise and identify areas of concern.

Regulatory Reform: On March 10, Under Secretary Hawke testified before the Senate Committee on Banking, Housing and Urban Affairs on the Financial Regulatory Relief and Economic Efficiency Act of 1997. Under Secretary Hawke highlighted the absence of CRA-weakening provisions in the current legislation as a sign that the Administration and the Congress could work together on regulatory relief that would not endanger consumer protections or communities.

CDFI Fund: On March 5, Secretary Rubin delivered a statement and CDFI Director Lazar testified before the House VA-HUD Appropriations Subcommittee on FY99 appropriations for CDFI. Committee Members asked about the program's unobligated balances and the Fund's justification for its budget request given the level of Fund activity. On March 12, Under Secretary Hawke and Director Lazar will testify on CDFI appropriations before the Senate VA/HUD Appropriations Subcommittee, and on March 17, Director Lazar and Under Secretary Hawke will meet with Senator Sarbanes.

Africa: On March 11, the House voted on and passed the Africa Trade Initiative. The bill now moves to the Senate, where Senator Hollings has led the charge against it due to concerns about its effects on the textile industry. So far, no action has been scheduled for the Senate bill, introduced by Senator Lugar. Treasury anticipates that the Administration will initiate another interagency effort to move the bill through the Senate.

Budget: On March 5, Assistant Secretary Lubick and Deputy Assistant Secretary Talisman met with Reps. Portman and Houghton of the House Ways and Means Committee on revenue raisers in the budget proposal. Rep. Houghton asked why the insurance industry was targeted in the proposal, and seemed pleased with Treasury's explanation of the need to maintain the

status quo and reduce arbitrage opportunities. In addition to the budget, Rep. Portman discussed IRS restructuring, and agreed with Treasury that our goal in the process should be to remain within the confines of the House bill, notwithstanding some fine tuning.

Sunsetting the Tax Code: On March 9, Deputy Secretary Summers and Assistant Secretary Robertson briefed representatives from several mortgage, home builder and non-profit organizations on Republican efforts to sunset the tax code, focusing on the substance and legislative context. Over the next few weeks, Treasury will continue to inform Members and staff, media, and interested groups on sunset. On February 25, Sens. Hutchinson and Brownback introduced legislation to sunset the tax code on December 31, 2001; this bill is a companion to H.R. 3097 introduced by Reps. Largent and Paxon. The measure is being co-sponsored by the entire GOP leadership and is on a floor schedule for the House released earlier this month by Majority Leader Dick Armey.

IRS: On March 12, Commissioner Rossotti and OMB Controller DeSeve will testify before the Senate Governmental Affairs Committee on personnel flexibility at the IRS. Treasury and the IRS are seeking to strengthen the restructuring legislation to make it easier to recruit critical senior management and technical positions. Treasury and the IRS have been working closely with NTEU President Tobias on the issue, and he has indicated that he will fully support those provisions.

Senator Bond has introduced legislation to restructure the IRS, which is cosponsored by Sens. Cochran, Snowe, Shelby and Inhofe, and has been referred to the Senate Finance Committee. Treasury and the IRS are concerned that the bill goes too far and would hurt the ability of the IRS to carry out its mission. Sen. Grassley has also indicated that he wants the Senate to go farther than the House on IRS reform, particularly on taxpayer rights. Treasury will continue working with the Senate Finance Committee to promote quick passage of an acceptable IRS reform bill.

Appropriations Hearings: On March 4, Secretary Rubin testified before the House Treasury Appropriations Subcommittee on the Department's budget request. The hearing went well, as Secretary Rubin answered questions on the disparity between Treasury and Justice Department budgets for enforcement, the soft wood lumber issue, Year 2000 compliance, Treasury building renovation, and Crane paper. On March 12, Secretary Rubin is scheduled to testify before the Senate Treasury Appropriations Subcommittee on the same topic.

On March 5, Financial Management Service Commissioner Gregg testified before the House Appropriations Subcommittee on Treasury, Postal Service and General Government on Y2K, debt collection and EFT '99 implementation; and FMS's work to issue the government's first audited consolidated financial statements. Subcommittee Chairman Kolbe remarked that FMS is one of the top three Federal agencies that absolutely must meet the Year 2000 challenge. He and ranking Democratic member Hoyer commented that the Subcommittee will be monitoring FMS's progress on the Year 2000 program very closely, and questioned if FMS had the funds to meet the Year 2000 deadline.

NADBank: On March 11, Secretary Rubin met with Rep. Torres and discussed the Congressman's concerns about NADBank. Rep. Torres would like to expand use of the Bank's environmental window to address additional projects that would focus on domestic economic adjustment and development. Rep. Torres appeared more satisfied than he has in the past on Treasury's progress, and Treasury will continue to work with him on the issue.

EFT'99: On March 4, Under Secretary Hawke testified before the House Banking and Financial Services, Subcommittee on Financial Institutions and Consumer Credit regarding the implementation of EFT '99. Mr. Hawke addressed the major elements of the work being done on EFT '99: implementation status, waiver provisions, Electronic Transfer Accounts (ETAs), the implementation time frame and the public education campaign. Members of the Subcommittee stated their concern and asked questions regarding the creation of the ETAs to serve the needs of the unbanked, delaying implementation of the EFT '99 requirement until the year 2000 or beyond, and the granting of waivers to recipients of Federal funds for which receiving electronic payment is not appropriate or beneficial.

Debt Collection: On March 2, Acting Fiscal Assistant Secretary Hammond testified before the House Government Reform Subcommittee on Government Management, Information and Technology on legislative proposals in the debt collection area. The hearing went fairly well, although the proposed legislation was not well received. As a result, the subcommittee and full committee markups scheduled for this week have been postponed, and OMB will revisit the legislation in the interim. On March 4, Under Secretary Hawke, Acting Fiscal Assistant Secretary Hammond, and Acting FMS Commissioner Gregg briefed Rep. Maloney on implementation of the Debt Collection Improvement Act. On March 6, Treasury staff met with majority and minority staff of the House Government Reform and Oversight Subcommittee on Government Management, Information, and Technology to discuss our meetings with the five major credit agencies regarding their debt portfolios. The primary objective was to provide a more realistic expectation concerning the amount of the \$50 billion delinquent debt portfolio that will be collectible.

PRESS ACTIVITY

International: On March 2, Assistant Secretary Geithner spoke with The Financial Times about South Korea and with The Washington Post regarding Indonesia. On March 2, Chief of Staff Froman spoke with The Legal Times for a story on the IMF and the role of the business community in working with Congress to convey the importance of continued IMF funding. On March 4, Deputy Secretary Summers met with The Wall Street Journal to discuss Indonesia, and also addressed the Independent Bankers Association's annual meeting on the importance of continued IMF funding. The speech was covered by the wire services. On March 5, Secretary Rubin spoke with USA Today on the Administration's efforts to make the case for continued IMF funding. Deputy Secretary Summers and Assistant Secretary Geithner also spoke with them earlier in the week.

On March 6, Under Secretary Lipton interviewed with The Chosun Ilbo, the largest Korean daily newspaper, on the financial crisis in Korea and the

U.S. role in that crisis. Also on March 6, Deputy Secretary Summers spoke with The Washington Post about the recent developments in Indonesia. On March 9, Deputy Secretary Summers spoke at the International Monetary Fund on the þCase for Capital Account Liberalization.þ The speech was covered by The Wall Street Journal, The Financial Times and the wire services. On March 10, Under Secretary Lipton spoke with Fortune Magazine for a piece on the IMF, and Secretary Rubin appeared on The Lehrer NewsHour to discuss the current situation in Indonesia and the International Monetary Fund. On March 11, Deputy Secretary Summers is scheduled to speak with USA Today about current international issues.

Tax/Budget: On March 5, Deputy Assistant Secretary Talisman spoke with The Wall Street Journal about the Administration's budget proposal on variable annuities. On March 5, Deputy Secretary Summers did a radio interview with KMOX radio station on the Administration's opposition to sunseting the tax code. KMOX has the 11th largest listening audience in the country. On March 7, the IRS held its first day of Saturday office hours, another in a series of reforms that the IRS has implemented to improve customer service. ABC Radio covered the Saturday office hours and there was also local coverage of the office hours. On March 10, Benefits Tax Counsel Iwry interviewed with Dow Jones, Tax Notes, BNA, and CCH on a new IRS revenue procedure which makes it easier for companies to self-correct their retirement plans. On March 11, Deputy Secretary Summers is scheduled to speak with Business Week on Social Security.

Domestic Finance: On March 3, Assistant Secretary Gensler met with Dow Jones to discuss the government's pending debt management decisions, and Deputy Assistant Secretary Anderson spoke with Dow Jones on the government's change in the 13-week and 26-week bills issuance. On March 5, Assistant Secretary Gensler spoke with The Washington Post on debt management in the current environment of budget surplus. On March 6, Under Secretary Hawke spoke with The Baltimore Sun on the Treasury Department's efforts to implement EFT '99.

On March 6, Assistant Secretary Gensler addressed the Bond Market Association's 1998 Annual Meeting. He spoke on þDeclining Deficits and Treasury Security Liquidity.þ The speech was covered by the financial wires and a Reuters story on the speech ran in The Wall Street Journal on March 9. Also on March 6, Secretary Rubin and Assistant Secretary Wilcox appeared before the President's Commission to Study Capital Budgeting. Secretary Rubin's remarks were covered by CNN, Reuters TV, Bloomberg TV and the financial wires. On March 10, Assistant Secretary Gensler hosted a press roundtable discussion to discuss the general issues surrounding Treasury debt management with Bridge News, Bloomberg, Reuters, and AP.

Enforcement: On March 3, Under Secretary Kelly and ATF Deputy Director Buckles spoke about the Treasury taggants study to reporters from CNN, The Washington Post, The Dallas Morning News, AP and USA Today. USA Today, CNN and AP ran stories on March 4. On March 6, John Forbes, a Customs representative, spoke with USA Today for a story on the success of the Geographic Targeting Orders in New York. On March 8, Under Secretary Kelly spoke at the National Center for Missing and Exploited Children's launching of a new Cyber Tipline to combat child predators on the Internet. NBC, CBS, CNN, FOX, Newschannel 8, AP and regional press

covered the event. NBC News plans to run a follow-up story featuring Customs Cyber Smuggling Center on March 9. On March 8, ABC's Nightline ran a story on the Birmingham abortion clinic bombing and the ongoing investigation. The Birmingham and Atlanta ATF Special Agents-in-Charge both taped interviews for the show.

Management: On March 9, Chief Information Officer Flyzik spoke with Government Computer News on the Treasury Department's progress and contingency plans for the Year 2000 computer problem.

U.S. Treasurer: On March 11, Treasurer Withrow will attend the Columbus Area Savings Bonds Kickoff breakfast at the Columbus Museum of Art. Treasurer Withrow will also visit Stewart Traditional Alternative Elementary School in Ohio. On March 12, Treasurer Withrow will attend the Fort Wayne Area Savings Bonds Kickoff luncheon and visit Bunche Elementary School in Fort Wayne, Indiana to discuss the importance of saving. On March 13, Treasurer Withrow will address the Military Campaign Leadership Conference in San Antonio, Texas. Withrow will speak to representatives from military organizations in four states who will run their own local Savings Bonds campaigns. Withrow is also scheduled to address the San Antonio Express-News Editorial Board's Newsmakers luncheon.

IRS: On March 22, IRS Commissioner Rossotti is scheduled to appear on CNN's Late Edition.

SECRETARY'S SCHEDULE

The Week in Review

Monday, March 9

Hosted a dinner to discuss SE Asia issues with representatives from the Federal Reserve, the International Monetary Fund, Treasury and the private sector.

Tuesday, March 10

Met with Ambassador Michael Armacost, Brookings Institution, on Japan.
Met with Rep. Livingston to discuss IMF funding.
Met with Brazilian Finance Minister Pedro Malan.
Interviewed on Lehrer Newshour on financial crisis in Indonesia and the IMF.

Wednesday, March 11

Participated in an off-line discussion with Russian Prime Minister Chernomyrdin and Vice President Gore during the tenth session of the Gore-Chernomyrdin Commission.
Met with Chairman Greenspan.
Met with Rep. Torres to discuss funding for the North American Development Bank (NADBank).
Met with Members of the House Ways and Means Committee with Chairman Greenspan regarding the IMF.
Participated in the Weekly Economic Briefing to the President.

Thursday, March 12

Testified before the Senate Treasury and General Government Subcommittee on FY99 funding.

Met with Rep. Obey to discuss Southeast Asia and the IMF.

Lunch with Secretary of State Albright and Under Secretary Eizenstat.

Met with Rep. Gephardt and George Becker, United Steelworkers, on import surges and the IMF.

Friday, March 13

Met with Thai Prime Minister Chuan.

Attended bilateral meeting with Thai Prime Minister and President Clinton.

The Week Ahead

Monday, March 16

No external meetings.

Tuesday, March 17

No external meetings.

Wednesday, March 18

Will brief Members of the House International Relations Committee on Southeast Asia and the IMF.

Thursday, March 19

Breakfast with Chairman Greenspan.

Will address Congressional Hispanic Caucus on financial crisis in Southeast Asia and the IMF.

Will host CEO Luncheon.

Will address National Community Reinvestment Coalition.

Will meet with Chairman Greenspan to discuss Halifax II.

Friday, March 20

No external meetings.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Philip J. Crowley (CROWLEY_P) (NSC)

CREATION DATE/TIME:20-MAR-1998 09:22:17.83

SUBJECT: NSC News Summary

TO: Gene B. Sperling (SPERLING_G) Autoforward to: Remote Addressee (Gene B.
Sperling@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: S. Lael Brainard (BRAINARD_L) Autoforward to: Remote Addressee (Lael
Brainard@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jake Siewert (Jake Siewert@eop@LNGTWY@EOPMRX)
READ:NOT READ

TEXT:
COMMENT
AUTHOR : National Security Council
OPERATOR : Philip J. Crowley
COMMENT :
PRINTER FONT 12_POINT_ROMAN
NATIONAL SECURITY NEWS SUMMARY
FRIDAY, MARCH 20, 1997

ASIA/PACIFIC

CHINA: Zhu Rongji sets out an ambitious reform plan for every sector of government, from overhauling state industry to cutting the work force. Changes are not expected to be matched in terms of political change. Zhu is trying to replace cradle

-to

-grave health care system with one based on individual responsibility. Religious leaders respond to criticism of trip by underscoring importance of issue to future relations with China. Chinese legislature wraps up session. China considers manned space flight. (NYT1; WP27; LAT2; WSJ11; WT6, 11, 12)
INDONESIA: Both Indonesia and the IMF signal new flexibility as talks resume in Jakarta. Police break up protest in Jakarta. Indonesia has come full circle and is now reconsidering currency band to stabilize rupiah. Australia fears Indonesia bailout will fail. (NYT8; WP28; WSJ13; WT13)
JAPAN: Many Japanese born in Latin America who moved to Japan are now considering moving back. Ambassador Saito asks U.S. to stop giving economic advice. (WT12)
AFRICA

AFRICA TRIP: President and First Lady leave Sunday for 12

-day, six

-nation

tour. Paul Allaire and Bob Johnson will accompany the President on Air Force One. There are no major trade initiatives or business deals expected on the trip. (USA4; WSJ1, 13)

NIGERIA: Maryland considers a bill boycotting goods from any company with direct or indirect interests in Nigeria. Government lashes out at critics in U.S. and Europe. (WT/B9; WT13)

RWANDA: Rwanda begins mass genocide trials. (WT13)

SOUTH AFRICA: Mandela testifies in rugby union case. (WP29)

EUROPE/NIS/CANADA

KOSOVO/FRY: Russia voices opposition within UN for an arms embargo resolution, saying sufficient progress is being made in Yugoslavia.

Gelbard accuses Milosevic of 'state terrorism' in Kosovo crackdown. People rally in Kosovo as Contact Group deadline passes. Milosevic makes last minute bid, pulling special police back. (NYT3; WP30; LAT3; WSJ1; WT11)

ARMENIA: Kocharian and Demirchyan will participate in runoff election on March 30. (WP28)

CANADA: Seal hunt starts next week. Halifax has ties to Titanic. (WP28; WT13)

FRANCE: Prosecution recommends 20

-year sentence for Papon. (WP28)

GREECE: FM Pangalos arrives today, will have talks with MKA and SRB during visit. (WT12)

HUNGARY: Hungarian scientists have had a tremendous impact on the 20th century. (NYT4)

IRELAND: Ireland promotes tourism. (WT14)

NORTHERN IRELAND: Trimble reiterates Adams' membership in terrorist organization, while Adams calls Trimble's charges 'bizarre.' (WP30)

RUSSIA: Drop in oil prices provides new threat to Russian economy. Lebed is using campaign for governor of Siberia and stepping

-stone to Kremlin.

Citizens of Murmansk worry more about economic survival than radioactive pollution. Russia may limit foreign adoptions. Chubais plans a spring reform attack to boost economic growth. (NYT5; WP30; LAT3, 4; WSJ13)

TURKEY: Turkey sentences five officers to jail terms for beating a journalist to death. Human rights critics say seven and a half

-year

sentences are too light. (NYT4; WP28)

MIDDLE EAST/SOUTH ASIA

INDIA/PAKISTAN: Vajpayee appears more somber as he assumes control of government, probably because this is not the government he hoped for. Government will likely survive vote of confidence, but is clearly constrained by coalition and will have to steer a more moderate course. Pakistan says it will review nuclear policy in light of new Indian government. (NYT3; WP1, 31; WSJ12; WT11)

ALGERIA: Government allows more journalists to enter, but blocks human rights experts. (WT13)

IRAQ: Ryan Crocker will be among diplomats accompanying inspectors through presidential sires. Iraqi cooperation is a mixed blessing that may reduce support for UNSCOM in the long run. (NYT11; WP27; WSJ1)

ISRAEL/MEPP: Netanyahu says that only Israel can make decisions on its security after failing to convince U.S. to shelve West Bank withdrawal plan. Jordan looks for protective cover for recent support of U.S. against Iraq. PM calls teenage hacker clever, but dangerous. (USA5; WSJ1; WT11, 13)

LIBYA: Libya will push for end of sanctions today in UNSC. (WT13)

LATIN AMERICA/CARIBBEAN

CUBA: At the urging of Pope John Paul II, the Administration will ease restrictions on direct flights, money sent to relatives and religious and humanitarian assistance. Fears mount that four members of the Cuban national baseball team have perished in effort to defect. (NYT1; WP1; LAT1; USA1, 3; WSJ/A3; WT1)

ARGENTINA: Former President Alfonsin calls for Argentines to take up arms to protect constitution against a third Menem term. (WP28; WT13)

BRAZIL: Wildfires threaten primitive Yanomami Indians. (WP29)

COSTA RICA: Ministers agree to start negotiations on free trade zone later in the year. (WP28)

MEXICO: Governor of Morelos is under fire for allowing, knowingly or not, a drug trafficker to set up a base of operations in his state. NAFTA brings constant traffic jam along border, as infrastructure can't keep pace with booming trade. Mexico's dual citizenship law will allow people to invest in Mexico, but not restore voting rights. (NYT10, 12; LAT1, 2; WT1)

PERU: Police trade gunfire with 15 assailants who might have been trying to kidnap German ambassador. (USA5)

GLOBAL/DEFENSE/ECON

DEFENSE: Court fight appears likely as Justice and Lockheed trade threats of legal action over Northrop merger. Family of homeless man killed near Pentagon consider lawsuit. By choice, the man lived on the streets for 20 years since his Army discharge. Five teens in California suspected of hacking Pentagon computers. (WP16, C1, F1; LAT/B4; WTB9)

CIA: Harvey Point, N.C. is a base where the CIA conducts its paramilitary and counter

-terrorism courses, most recently for the Palestinian Authority. (NYT1)

DEA: Employee admits theft of \$500,000 in electronic equipment. (WP10)

ENCRYPTION: San Francisco company, Network Associates, will sell its encryption software through a Dutch subsidiary without a back door for law enforcement, this circumventing U.S. export controls. (NYT/C1; LAT/B4; WSJ/B7)

IMF: Lott says Michel Camdessus should be fired. (USA4; WSJ6; WT4)

IWO JIMA: J. Carter Brown strikes back at Iwo Jima defenders as "petty and vindictive" (WT3)

SPACE: Astronomers agree to consult next time before suggesting the sky is falling. (NYT21)

STATE SECURITY: Security is tightened following document theft. (WP23)

TERRORISM: Six organizations and two individuals file suit against the government over the prohibition to aid terrorist groups. (WP22; LAT9)
TRADE DEFICIT: January trade deficit expands to \$12B, clear evidence that the Asia financial situation is having an effect on the U.S. economy. (NYT/C1; WP/F1; LAT/B4; USA/1B; WT/B9; WSJ/2)
WHO: WHO can't control the spread of tuberculosis. (WT11)
ADMINISTRATION

NATO EXPANSION: NATO expansion has gone from a big political risk to a sure thing. Moynihan says U.S. has no idea what it's getting itself into, given historical enmities in CEE. Lebed says that all Russia can do is make believe she is enjoying something she doesn't like. (NYT1, 10; WP12; USA5)
KAMEN: Crowd forms outside restaurant where MKA was dining in Rome because of rumor Spice Girls were there. Louis Caldera appears to be leading candidate to be Secretary of the Army. Kevin O'Keefe and Thomas Donahue are the early contenders to be the ambassador to Ireland. (23)
IRELAND: Mark Gearan, Tom Quinn and Education Secretary Riley are also on the list. (WSJ1)
LUXEMBOURG: Hormel's nomination remains stalled in Senate, along with nominee to be deputy administrator of the SBA. (WT7)
MEXICO: President faces criticism over Davidow appointment. (WT12)
OPINION

WP: Editorial on Kosovo says the American claim to be taken seriously on this and other similar threats to peace is now on the line and we have to demonstrate our determination to follow through. Rosenfeld column on the Africa trip is mostly positive but asks why we are spending less on aid than three years ago. Abu

-Hamad op

-ed says sanctions on Iraq are the wrong way to deal with Saddam. (24

-25)

NYT: Editorial on the Africa trip praises Clinton for going but says the President has to show he is serious about democracy, human rights and development and make clear our rejection of anti

-democratic actions by

Kabila, Museveni and others. Rosenthal columns assails China's "useful idiots," including Rupert Murdoch and the clergymen who went to China. (26

-27)

LAT: Editorial on Africa trip praises the President for focusing on business and economic opportunities for American firms in Africa, and urges Congress to pass the Africa trade bill. Editorial urges an end to Comsat's monopoly. Editorial on murders of journalists abroad cites cases in Colombia, Mexico and Brazil as especially troubling. Letters on the Vatican's Holocaust statement. Sauvage op

-ed says the Vatican statement falls short of the necessary acceptance of a significant measure of

Christian responsibility for the Holocaust. Op

-ed debate between Gary

Bauer and Jonathan Power on how best to pursue improved observance of human rights in China. Ben Zuckerman op

-ed urges cutting legal immigration for environmental reasons. (2,10

-11)

WSJ: Editorial strongly supports NATO enlargement ratification not only as "penance for Yalta" but as vital to "preserve the very large investment the U.S. has made in European security over the past 50 years." Hong Kong minister's letter on trade controls. Cardenas op

-ed is hopeful on the future of the Colombian economy. (14

-15)

WT: Editorial is pessimistic about prospects for a lasting settlement in Northern Ireland, saying the problem is not with the majority but with extremists on both sides; it praises Mitchell's role but slams Jean Kennedy Smith for partisanship. Odom op

-ed urges prompt ratification of NATO enlargement. Meyer column urges use of force against Serbia if Milosevic persists in oppressing the Kosovars. Tonelson op

-ed opposes the Caribbean Basin and Africa trade bills. (16

-19)

ARMS Email SystemRECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Margaret M. Suntum (SUNTUM_M) (WHO)

CREATION DATE/TIME:13-APR-1998 17:46:41.70

SUBJECT: 1998-04-13 Trip Briefing by Berger, McLarty, and Barshefsky

TO: MEDIA AFFAIRS:
READ:NOT READ

TO: Kara Gerhardt (GERHARDT_K) (WHO)
READ:NOT READ

TO: Glynn, Mary Ellen (meglynn@usia.gov@INET@EOPMRX)
READ:NOT READ

TO: SUNTUM_M (SUNTUM_M@A1@CD) (WHO)
READ:NOT READ

TO: Sharolyn A. Rosier (Sharolyn A. Rosier@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Remote Addressee (princej@panet.us-state.gov@INET)
READ:NOT READ

TO: Remote Addressee (backup@wilson.ai.mit.edu@INET)
READ:NOT READ

TO: Remote Addressee (wh-outbox-distr@clinton.ai.mit.edu@INET)
READ:NOT READ

TO: lori E. Abrams (ABRAMS_L) Autoforward to: Remote Addressee (Lori E.
Abrams@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jeannetta P. Allen (ALLEN_JP) Autoforward to: Remote Addressee (Jeannetta P.
Allen@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Lori L. Anderson (ANDERSON_L) Autoforward to: Remote Addressee (
Lori_Anderson@OA.EOP.GOV@INET) (WHO)
READ:NOT READ

TO: Brenda M. Anders (ANDERS_B) Autoforward to: Remote Addressee (Brenda M.
Anders@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Eli G. Attie (ATTIE_E) Autoforward to: Remote Addressee (Eli G.
Attie@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: Patrick Aylward (AYLWARD_P) Autoforward to: Remote Addressee (Patrick

Aylward@eop@lngtwy@eopmrx) (PIR)
READ:NOT READ

TO: Robin J. Bachman (BACHMAN_R) Autoforward to: Remote Addressee (Robin J.
Bachman@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Kyle M. Baker (BAKER_K) Autoforward to: Remote Addressee (Kyle M.
Baker@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Karen L. Barbuschak (BARBUSCHAK_K) Autoforward to: Remote Addressee (Karen L.
Barbuschak@EOP@LNGTWY@EOPMRX) (OA)
READ:NOT READ

TO: Beverly J. Barnes (BARNES_BJ) Autoforward to: Remote Addressee (Beverly J.
Barnes@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brian A. Barreto (BARRETO_B) Autoforward to: Remote Addressee (Brian A.
Barreto@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Mark H. Bartholomew (BARTHOLOME_M) Autoforward to: Remote Addressee (Mark
H. Bartholomew@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Todd A. Bartholow (BARTHLOW_T) (OA)
READ:NOT READ

TO: David S. Beaubaire (BEAUBAIRE_D) Autoforward to: Remote Addressee (David S.
Beaubaire@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Mark J. Bernstein (BERNSTEIN_MJ) Autoforward to: Remote Addressee (Mark J.
Bernstein@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Marsha E. Berry (BERRY_ME) Autoforward to: Remote Addressee (Marsha E.
Berry@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Antony J. Blinken (BLINKEN_A) Autoforward to: Remote Addressee (antony j.
blinken@eop@lngtwy@eopmrx) (NSC)
READ:NOT READ

TO: Alexander L. Boyle (BOYLE_A) Autoforward to: Remote Addressee (Alexander L.
Boyle@eop@lngtwy@eopmrx) (PIR)
READ:NOT READ

TO: Lanny A. Breuer (BREUER_L) Autoforward to: Remote Addressee (Lanny A.
Breuer@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Patrick E. Briggs (BRIGGS_P) Autoforward to: Remote Addressee (Patrick E.
 Briggs@eop@lngtwy@eopmrx) (WHO)
 READ:NOT READ

TO: Katharine M. Button (BUTTON_K) Autoforward to: Remote Addressee (Katharine
 Button@EOP@LNGTWY@EOPMRX) (WHO)
 READ:NOT READ

TO: Robin Bachman (Bachman_R) Autoforward to: Remote Addressee (Robin J.
 Bachman@eop@lngtwy@eopmrx) (WHO)
 READ:NOT READ

TO: Barbara D. Woolley (Barbara D. Woolley@eop@LNGTWY@EOPMRX)
 READ:NOT READ

TO: Bradley M. Campbell (Bradley M. Campbell@EOP@LNGTWY@EOPMRX)
 READ:NOT READ

TO: Phillip M. Caplan (CAPLAN_P) Autoforward to: Remote Addressee (Phillip
 Caplan@eop@lngtwy@eopmrx) (WHO)
 READ:NOT READ

TO: Laura Capps (CAPPS_L) Autoforward to: Remote Addressee (Laura
 Capps@eop@lngtwy@eopmrx) (WHO)
 READ:NOT READ

TO: Elizabeth A. Castellani (CASTELLANI_E) Autoforward to: Remote Addressee (Elizabeth
 A. Castellani@eop@lngtwy@eopm (WHO)
 READ:NOT READ

TO: Joseph W. Cerrell (CERREL_J) Autoforward to: Remote Addressee (Joseph W.
 Cerrell@OVP@EOP@LNGTWY@EOPMRX (VPO)
 READ:NOT READ

TO: David K. Chai (CHAI_D) Autoforward to: Remote Addressee (David K.
 Chai@eop@lngtwy@eopmrx) (PIR)
 READ:NOT READ

TO: Andrei H. Cherny (CHERNY_A) Autoforward to: Remote Addressee (Andrei H.
 Cherny@ovp@eop@lngtwy@eopmrx (VPO)
 READ:NOT READ

TO: Nanda Chitre (CHITRE_N) Autoforward to: Remote Addressee (Nanda
 Chitre@eop@lngtwy@eopmrx) (WHO)
 READ:NOT READ

TO: S~even A. Cohen (COHEN_SA) Autoforward to: Remote Addressee (Steven A.
 Cohen@eop@lngtwy@eopmrx) (WHO)
 READ:NOT READ

TO: Julianne B. Corbett (CORBETT_J) Autoforward to: Remote Addressee (Julianne B.
 Corbett@eop@lngtwy@eopmrx) (WHO)
 READ:NOT READ

TO: Michelle Crisci (CRISCI_M) (WHO)
READ:NOT READ

TO: Philip J. Crowley (CROWLEY_P) (NSC)
READ:NOT READ

TO: Anna E. Cushing (CUSHING_A)
READ:NOT READ

TO: Lynn G. Cutler (CUTLER_L) ()
READ:NOT READ

TO: Lana Dickey (DICKEY_L) (WHO)
READ:NOT READ

TO: Elliot J. Diringer (DIRINGER_E) Autoforward to: Remote Addressee (Elliot J.
Diringer@eop@lngtwy@eopmrx) (CEQ)
READ:NOT READ

TO: Melinda L. Dupont (DUPONT_M) Autoforward to: Remote Addressee (Melinda L.
Dupont@eop@lngtwy@eopmrx)
READ:NOT READ

TO: Daniel W. Burkhardt (Daniel W. Burkhardt@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Diane Ikemiyashiro (Diane Ikemiyashiro@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Dorian V. Weaver (Dorian V. Weaver@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Dorinda A. Salcido (Dorinda A. Salcido@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Douglas Matties (Douglas Matties@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Anne M. Edwards (EDWARDS_A) Autoforward to: Remote Addressee (Anne M.
Edwards@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Rahm Emanuel (EMANUEL_R) Autoforward to: Remote Addressee (Rahm
Emanuel@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Karen C. Fahle (FAHLE_K) Autoforward to: Remote Addressee (Karen C.
Fahle@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jennifer Ferguson (FERGUSON_J) Autoforward to: Remote Addressee (Jennifer
Ferguson@eop@lngtwy@eopmrx) (OMB)
READ:NOT READ

TO: Julie A. Fernandes (FERNANDES_J) Autoforward to: Remote Addressee (Julie A.
Fernandes@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Karen E. Finney (FINNEY_K) Autoforward to: Remote Addressee (Karen E.
Finney@eop@lngtwy@eopmrx)
READ:NOT READ

TO: Martha Foley (FOLEY_M) Autoforward to: Remote Addressee (Martha
Foley@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Carmen B. Fowler (FOWLER_C) Autoforward to: Remote Addressee (Carmen B.
Fowler@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Ben Freeland (FREELAND_B) Autoforward to: Remote Addressee (Ben A.
Freeland@eop@lngtwy@eopmrx)
READ:NOT READ

TO: Grace A. Garcia (GARCIA_GA) Autoforward to: Remote Addressee (Grace A.
Garcia@eop@lngtwy@eopmrx) (PIR)
READ:NOT READ

TO: Jessica L. Gibson (GIBSON_JL) Autoforward to: Remote Addressee (Jessica L.
Gibson@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Adam W. Goldberg (GOLDBERG_A) Autoforward to: Remote Addressee (Adam W.
Goldberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jason S. Goldberg (GOLDBERG_JS) Autoforward to: Remote Addressee (Jason S.
Goldberg@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Dario J. Gomez (GOMEZ_D) Autoforward to: Remote Addressee (Dario J.
Gomez@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Wendy E. Gray (GRAY_W) (NSC)
READ:NOT READ

TO: Peter D. Greenberger (GREENBERGE_P) Autoforward to: Remote Addressee (Peter D.
Greenberger@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: John Gribben (GRIBBEN_J) (OMB)
READ:13-APR-1998 20:06:00.93

TO: Donald Goldberg (Goldberg_D) Autoforward to: Remote Addressee (Donald
Goldberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Richard Hayes (HAYES_R) Autoforward to: Remote Addressee (Richard
Hayes@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Russell W. Horwitz (HORWITZ_R) Autoforward to: Remote Addressee (Russell W.
Horwitz@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Maureen A. Hudson (HUDSON_M) Autoforward to: Remote Addressee (Maureen A.
Hudson@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Thomas D. Janenda (JANENDA_T) Autoforward to: Remote Addressee (Thomas D.
Janenda@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: David T. Johnson (JOHNSON_DT) Autoforward to: Remote Addressee (david t.
johnson@eop@lngtwy@eopmrx) (NSC)
READ:NOT READ

TO: Leanne I. Johnson (JOHNSON_L) Autoforward to: Remote Addressee (Leanne I.
Johnson@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Wayne C. Johnson (JOHNSON_WC) Autoforward to: Remote Addressee (Wayne C.
Johnson@EOP@LNGTWY@EOPMRX) (OA)
READ:NOT READ

TO: Michele Jolin (JOLIN_M) Autoforward to: Remote Addressee (Michele
Jolin@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: James M. Teague (James M. Teague@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Jon P. Jennings (Jon P. Jennings@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Julie E. Mason (Julie E. Mason@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: David E. Kalbaugh (KALBAUGH_D) Autoforward to: Remote Addressee (David E.
Kalbaugh@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jonathan A. Kaplan (KAPLAN_JA) Autoforward to: Remote Addressee (Jonathan A.
Kaplan@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Allison J. King (KING_A) Autoforward to: Remote Addressee (Allison J.
King@eop@lngtwy@eopmrx) (PIR)
READ:NOT READ

TO: Mark A. Kitchens (KITCHENS_M) Autoforward to: Remote Addressee (Mark A.

Kitchens@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Catherine T. Kitchen (KITCHEN_C) Autoforward to: Remote Addressee (Catherine T.
Kitchen@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Sarah S. Knight (KNIGHT_S) Autoforward to: Remote Addressee (Sarah S.
Freeman@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: James Kohlenberger (KOHLEN_J) Autoforward to: Remote Addressee (Jim
Kohlenberger@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: Sara Latham (LATHAM_S) Autoforward to: Remote Addressee (Sara M.
Latham@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Christopher J. Lavery (LAVERY_C) Autoforward to: Remote Addressee (Christopher J.
Lavery@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Anne H. Lewis (LEWIS_AH)
READ:NOT READ

TO: Joseph P. Lockhart (LOCKHART_J) Autoforward to: Remote Addressee (Joseph P.
Lockhart@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Laura D. Schwartz (Laura D. Schwartz@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Laura Capps (Laura K. Capps@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Lisa J. Levin (Lisa J. Levin@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Christine N. Macy (MACY_C) Autoforward to: Remote Addressee (Christine N.
Macy@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Michael D. Malone (MALONE_M) (WHO)
READ:NOT READ

TO: Laura S. Marcus (MARCUS_LS) Autoforward to: Remote Addressee (Laura S.
Marcus@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Tanya E. Martin (MARTIN_T) Autoforward to: Remote Addressee (Tanya E.
Martin@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Doris O. Matsui (MATSUI_D) Autoforward to: Remote Addressee (Doris O.
Matsui@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Douglas R. Matties (MATTIES_D) Autoforward to: Remote Addressee (Douglas R.
Matties@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Andrew Mayock (MAYOCK_A) Autoforward to: Remote Addressee (Andrew J.
Mayock@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Anne E. McGuire (MCGUIRE_A) Autoforward to: Remote Addressee (Anne E.
McGuire@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brooke E. McManus (MCMANUS_B) Autoforward to: Remote Addressee (Brooke E.
McManus@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Estela Mendoza (MENDOZA_E) Autoforward to: Remote Addressee (Estela
Mendoza@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: R. Scott Michaud (MICHAUD_R) Autoforward to: Remote Addressee (R. Scott
Michaud@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Elisa Millsap (MILLSAP_E) Autoforward to: Remote Addressee (Elisa
Millsap@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Cheryl D. Mills (MILLS_C) Autoforward to: Remote Addressee (Cheryl D.
Mills@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Julia Moffett (MOFFETT_J) (WHO)
READ:NOT READ

TO: Megan C. Moloney (MOLONEY_M) Autoforward to: Remote Addressee (megan
moloney@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Tamara Monosoff (MONOSOFF_T) Autoforward to: Remote Addressee (Tamara
Monosoff@EOP@LNGTWY@EOPMRX) (PIR)
READ:NOT READ

TO: Kevin Moran (MORAN_K1) Autoforward to: Remote Addressee (Kevin
Moran@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jonathan Murchinson (MURCHINSON_J) Autoforward to: Remote Addressee (Jonathan
Murchinson@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Melissa M. Murray (MURRAY_MM) Autoforward to: Remote Addressee (Melissa M.
Murray@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Reuben L. Musgrave Jr. (MUSGRAVE_R) Autoforward to: Remote Addressee (Reuben L.
Musgrave Jr.@eop@lngtwy@eopmr (WHO)
READ:NOT READ

TO: Sean Maloney (Maloney_S) Autoforward to: Remote Addressee (Sean P.
Maloney@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Michael Terrell (Michael V. Terrell@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Steven J. Naplan (NAPLAN_S) Autoforward to: Remote Addressee (Steven J.
Naplan@eop@lngtwy@eopmr) (NSC)
READ:NOT READ

TO: Mark D. Neschis (NESCHIS_M) Autoforward to: Remote Addressee (Mark D.
Neschis@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Elizabeth R. Newman (NEWMAN_E) Autoforward to: Remote Addressee (Elizabeth R.
Newman@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Neera Tanden (Neera Tanden@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Michael A. O'Mary (OMARY_M) Autoforward to: Remote Addressee (Michael A.
O'Mary@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Jonathan Orszag (ORSZAG_J) Autoforward to: Remote Addressee (Jonathan
Orszag@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Peter Orszag (ORSZAG_P) Autoforward to: Remote Addressee (Peter R.
Orszag@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Kristen E. Panerali (PANERALI_K)
READ:NOT READ

TO: Carol Parmelee (PARMELEE_C) Autoforward to: Remote Addressee (Carole A.
Parmelee@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Sally P. Paxton (PAXTON_S) Autoforward to: Remote Addressee (Sally P.
Paxton@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Julia Payne (PAYNE_J) Autoforward to: Remote Addressee (Julia M.
Payne@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Timothy Dixon (PR_U=TDIXON@PR_L=AVUOEOb@MRP@OPUS)
READ:NOT READ

TO: Peter O'Keefe (Peter O'Keefe@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Nicole R. Rabner (RABNER_N) Autoforward to: Remote Addressee (Nicole R.
Rabner@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Nelson Reyneri (REYNERI_N) Autoforward to: Remote Addressee (Nelson
Reyneri@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Linda Ricci (RICCI_L) Autoforward to: Remote Addressee (Linda
Ricci@eop@lngtwy@eopmrx) (OMB)
READ:NOT READ

TO: Renee C. Riley (RILEY_R) Autoforward to: Remote Addressee (Renee C.
Riley@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Cecilia E. Rouse (ROUSE_C) Autoforward to: Remote Addressee (Cecilia E.
Rouse@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Charles Ruff (RUFF_C) Autoforward to: Remote Addressee (Charles F.
Ruff@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Peter Rundlet (RUNDLET_P) Autoforward to: Remote Addressee (Peter
Rundlet@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Virginia N. Rustique (RUSTIQUE_V) Autoforward to: Remote Addressee (Virginia N.
Rustique@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Evan Ryan (RYAN_E) Autoforward to: Remote Addressee (Evan
Ryan@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jodi R. Sakol (SAKOL_J) Autoforward to: Remote Addressee (Jodi R.
Sakol@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: G. Timothy Saunders (SAUNDERS_GT) Autoforward to: Remote Addressee (G. Timothy
Saunders@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jason H. Schechter (SCHECHTER_J) Autoforward to: Remote Addressee (Jason H.
Schechter@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jill A. Schuker (SCHUKER_J) Autoforward to: Steven J. Naplan (NAPLAN_S) (NSC)
READ:NOT READ

TO: Judithanne V. Scourfield (SCOURFIELD_J) Autoforward to: Remote Addressee (Judithanne
V. Scourfield@eop@lngtwy@eop (WHO)
READ:NOT READ

TO: Brooks E. Scoville (SCOVILLE_B) Autoforward to: Remote Addressee (BROOKS
SCOVILLE@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Ruby Shamir (SHAMIR_R) Autoforward to: Remote Addressee (Ruby
Shamir@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jeffrey A. Shesol (SHESOL_J) Autoforward to: Remote Addressee (Jeffrey A.
Shesol@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: June Shih (SHIH_J) Autoforward to: Remote Addressee (June
Shih@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Robert M. Shireman (SHIREMAN_R) Autoforward to: Remote Addressee (Robert M.
Shireman@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Jake Siewert (SIEWERT_J) Autoforward to: Remote Addressee (Jake
Siewert@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Joshua Silverman (SILVERMAN_J) Autoforward to: Remote Addressee (Joshua
Silverman@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Brian D. Smith (SMITH_B2) Autoforward to: Remote Addressee (Brian D.
Smith@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brian D. Smith (SMITH_BD) (OMB)
READ:NOT READ

TO: Craig T. Smith (SMITH_CT) Autoforward to: Remote Addressee (Craig T.
Smith@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Richard Socarides (SOCARIDES_R) Autoforward to: Remote Addressee (Richard
Socarides@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Douglas B. Sosnik (SOSNIK_D) Autoforward to: Remote Addressee (Douglas B.
Sosnik@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Maria E. Soto (SOTO_M) Autoforward to: Remote Addressee (Maria E.
Soto@eop@lngtwy@eopmrx) (PIR)
READ:NOT READ

TO: Elisabeth Steele (STEELE_E) Autoforward to: Remote Addressee (Elisabeth
Steele@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Aviva Steinberg (STEINBERG_A) Autoforward to: Remote Addressee (Aviva
Steinberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Todd Stern (STERN_T) Autoforward to: Remote Addressee (Todd
Stern@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Darby E. Stott (STOTT_D) Autoforward to: Remote Addressee (
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Office of the Press Secretary

For Immediate Release April 13, 1998
PRESS BRIEFING BY
NATIONAL SECURITY ADVISER SANDY BERGER,
SPECIAL ENVOY FOR THE AMERICAS MACK MCLARTY,
UNITED STATES TRADE REPRESENTATIVE CHARLENE BARSHEFSKY

The Briefing Room

3:43 P.M. EDT

MR. RUBIN: Okay. It's a briefing on the President's trip to Santiago by the National Security Adviser, Samuel Berger; the United States Trade Representative, Charlene Barshefsky; and the Counselor to the President and Special Envoy for the Americas, Mack McLarty. Thank you.

MR. BERGER: Thank you, Eric. I'm pleased to be joined by Charlene Barshefsky and Mack McLarty. Together we want to preview for you the President's to Chile this week, both for a state visit and for the Santiago Summit of the Americas.

I'd like to spend a few minutes describing what we hope to accomplish during this trip and how it fits into the President's focus on the Western Hemisphere. I'll also run through the schedule of key events. Mack will speak about the summit in more detail, the road traveled from Miami, and what we'll be focusing on in Santiago. And then Charlene will talk about our vital trade agenda in the Americas and update you on where we are with respect to the free trade area of the Americas.

Let me start, first of all, on the focus that the President has placed on our hemisphere over the past year. The state visit to Chile and the Santiago Summit are the culmination of a yearlong engagement with the Americas, arising from -- originating back, actually, three and a half years ago with the first Summit of the Americas, which the President convened in Miami in 1994. As you know, the President then last year went to Mexico, Central America, and the Caribbean in May, and in October went to Venezuela, Brazil, and Argentina.

The objective of these trips, of these visits is to build upon an extraordinary convergence of our hemisphere around values and interests we share -- in democracy, open market economies, and cooperation against common threats. There has been a quiet revolution in this hemisphere, and the President is determined to build upon it.

As the chart that is not behind me illustrates, but the one that's behind the one that's behind me -- 34 of the 35 nations today in the hemisphere embrace democracy and free markets, as you can see, compared to the time of the '67 and '56 summits. Now, lest you add up the numbers and say that our crack graphics squad cannot add, there obviously have been an additional number of countries in the hemisphere during this period.

Decades of civil war and coups have given way generally in the hemisphere to peace and stability. Despite the peso crisis in BOTTOM EVEN MORE

Mexico and the effects of the Asian financial problems, economic reforms in the hemisphere have resulted in the lowest inflation and highest growth in two decades. Forty

-two percent of all US exports

-- Ross Perot does this somehow easier, I don't know quite how he does it -- forty

-two percent of all U.S. exports, \$286 billion go to

TOP EVEN

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MORE

hemispheric countries in 1997. That represents a 17 percent increase in exports in 1997.

Q From when?

MR. BERGER: From the year before. Versus a 5.6 rise worldwide. And if you look at this chart, you see the extent of our overall exports that go to the western hemisphere. And quite a bit of that is to Latin America, but when you take out Latin America, Canada, and the Caribbean, it's \$308 billion. The result is -- in a sense these two charts capture the two important trends of democratization and economic growth and economic market opening which resulted in the hemisphere being united as never before as we enter the 21st century.

Now, Mack will talk more about the road from Miami to Santiago, but it certainly has been a road that has been marked by a number of concrete realizations of commitments that were made in Miami. In Miami we agreed to expedite ratification of a protocol providing that any state that ceased to become a democracy would be expelled from the OAS. That was done in October '97. We agreed to initiate a process of regional confidence building. Since then we have established an OAS committee on hemispheric security. On the economic integration side, you can see from these charts, what is happening is not only economic growth but economic integration between us as and the hemisphere and within the hemisphere, within regional groups within the hemisphere.

We talked at the summit about eradicating poverty and trying to combat disease. In 1995, for example, the First Lady launched a measles elimination program. Those cases today have been reduced from 23,000 in 1994 to roughly 2,000 in the hemisphere today. In Miami we agreed to recommend that multilateral development emphasize microenterprises, microlending. The Inter

-American
Development Bank has adopted a five

-year \$500 million strategy to
promote microenterprises.

In the area of the environment, there were a number of commitments made in Miami, national action plans to take the lead out of gasoline. In 1996 12 countries had eliminated leaded gas, and by 2001 there will be 20.

Those are simply illustrative of a series of the roughly 100 commitments that were made in Miami and the progress that has been made on most of them.

Now, the people in Latin America have chosen democracy

and open markets, but for democracy and markets to endure they must deliver for their people. That is, their people need to understand that democracy delivers, that democracy works. They need to move beyond the basic building blocks of elections and market economics to the second generation of issues faced by all democracies, but particularly new democracies: education, rule of law, health care, worker rights, press freedom, anti

-corruption. And this is precisely what the agenda and the focus of the summit in Santiago will be -- the second

-generation issues that these countries face together, and where cooperation can help give democracy deeper roots. And Mack will have more to say about this in a few minutes.

On the economic integration side, the Miami Summit set forth a vision of bringing the Americas together around open markets through a Free Trade of the Americas Agreement by the year 2005. In Santiago the leaders will launch negotiations with timetables and a work plan. They will direct their trade ministers to begin negotiations with the objective of concrete progress by the year 2000. Charlene will talk more about that.

They will establish a mechanism to allow labor, the TOP ODD
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environment, and other civil groups to contribute to this FTAA process. And they will also pursue commitments to strengthen bank regulation and market oversight to promote stability in financial markets, something that since Miami we have come to learn is far more important.

Now, let me talk a bit about Chile itself, because the first two days of the trip is a state visit to Chile, and it will really give the President an opportunity to spotlight Chile's quite impressive achievements. Chile is a country that has succeeded in achieving both an increase in economic growth and a decrease in its poverty rate. Its annual growth since 1990 has averaged 6.9 percent, while its poverty rate has dropped from 40 percent in 1990 to 23 percent in 1997.

President Frei is committed to providing access to computer networks, for example, for all 1,500 secondary schools and 50 percent of primary schools by the year 2000.

The Chile of today has emerged from the turbulent and dark past that we are all too familiar with to become a vibrant democracy working to ensure that all of its citizens share in the fruits of an open market economy.

Now let me briefly just run through the schedule so you can know where you're going to be at various points. We will leave Wednesday at about 8:30 p.m. and arrive in Santiago at 6:30 a.m. in the morning -- a delightful red

-eye, all

-night flight.

On Thursday the President will meet with President Frei. They will finalize and then sign a U.S.

-Chile communique on which we've been working. They will tour a neighborhood of Santiago and have a roundtable conversation with community leaders, which will provide an opportunity to discuss Chile's record of economic growth and poverty reduction. And then finally -- not finally, next to finally -- the President will address business leaders, which together with the event in a poor neighborhood, will provide I think the two sides of the coin that we've talked about so much; that is, economic growth to provide opportunity, a social safety net in order to make sure that that opportunity is spread widely. And then that evening there will be a state dinner.

On Friday we will helicopter to Valparaiso, where the President will address a joint session of the Congress, in which he undoubtedly will highlight Chile's success in reclaiming its democracy and spreading the benefits of its prosperity to more of its people. We'll tour a rural area near Valparaiso, and return to Santiago.

Saturday begins the summit. In the morning most of the events will take place in the Sheraton Hotel. In the opening session the President and President Frei will make opening remarks which will be open to the press. Then they will have sessions during the day from 10:00 a.m. to 6:00 p.m., three discussions: one on democracy, one on education, one on poverty alleviation. And then that evening there will be a summit gala for leaders and spouses.

And then on Sunday the summit resumes at 9:00 a.m. at the Sheraton. There will be two leader discussion sessions, one on trade, and the final one, which really has no specific agenda will be essentially an open

-ended discussion. At about 12:30 the summit will conclude at the former Congress building with statements from several leaders, including President Clinton, President Frei, Prime Minister Chretien, since Canada is likely to be the host of the next Summit of the Americas.

The President will then go speak to the staff and families at the embassy, as he always does when he travels. And we will depart for Washington about 3:45 p.m. and a mere 10 hours later we will be back in Washington.

Let me ask Charlene and then Mack to speak and then we'll take -- Mack, then Charlene.

MR. MCLARTY: Sandy, thank you. The President and our administration has had a policy of sustained engagement and the intense Presidential focus that was noted in Sandy's comments for the past several years, in fact, beginning from the first days of the administration.

We are well aware, the President is acutely aware, of

our history in the region from time to time, which has been marked by intervention or neglect. I think he is also keenly aware of this quiet revolution that Sandy noted, a profound change, in many ways as profound as the fall of the Berlin Wall. We have both, from time to time, used the phrase "this is not your father's Latin America," which is, I think, a good way of describing some of the changes -- remarkable changes of 34 out of 35 countries are now democratic. In Central America we don't have the United States and the Soviet Union in a Cold War battlefield or civil wars there. And in fact the export market for U.S. goods in Central America is larger than all of the former Soviet states put together.

The real story from an economic standpoint has been the taming of hyperinflation, which, of course, was the cruelest burden to those below the poverty line. Some example of that is Argentina in 1989 had an inflation rate of 5,000 percent; today it's .3 percent with a 7 percent annualized growth rate. As the minister of finance told us in Brazil when we traveled there, our inflation rate, Mr. President, is 5 percent; the difference is, that is an annual figure not a weekly one. So a remarkable economic change.

In terms of the sustained engagement, our goal is to create what we have phrased as a Greater Americas, based on mutual trust, respect, and reward. And we have certainly discussed with the American people about our views regarding Latin America. After all, we are the fifth largest Hispanic nation in the world, the United States, and in turn, to sharpen and improve their views of us.

Sandy has already noted the first

-term record of the convening of the summit -- restoring peace in Guatemala, as friends of that process; restoring democracy in Haiti; the support of the Mexico peso crisis; and the passage of the NAFTA; as well as the two presidential trips to the region, including two summits with the Central American leaders and the Caribbean leaders.

The Vice President has traveled to the region five times, emphasizing economic growth and environmental stewardship. The First Lady has traveled to the region four times, emphasizing issues of health care, poverty, and including all aspects of women's inclusion in society as well as indigenous people.

Now, the Miami Summit affirmed what is called the first generation of reform, which are free and fair elections, stable and open economies. And I think it's fair to say an architecture was put in place to further that progress, and one of the centerpieces -- not the only, but one of the centerpieces was the Free Trade Area of the Americas by the year 2005.

We have made real progress on that road from Miami to the promise of Santiago, but the key point here is that progress is not assured and not guaranteed. It is critical in my view, as someone from the private sector, to have a second generation of reform in order to sustain the first generation, the macroeconomic reform.

I think most of us would agree the bright line between

foreign policy and domestic policy has blurred. You'll see that at this summit. From a U.S. perspective, whether it's jobs, the economy, energy prices, gasoline prices with summer vacations coming up, education, fighting the drug trade, alleviating poverty, or protecting the air we breathe, the issues we will discuss at this summit are the issues that affect our citizens and families here at home. They are issues that our people care about and care about deeply.

The summit agenda will very much follow the Miami agenda: first, strengthening our respective democracies; secondly, trade and economics, including financial coordination, which I think should be emphasized and highlighted; thirdly, addressing poverty; and fourth, of course, emphasizing education. We'll certainly try to marshal resources, particularly where we have leverage in the multilateral organizations -- the Inter

-American Development Bank,
the World Bank, the Pan

-American Health Organization -- particularly
focusing those resources on education.

I think in terms of education the emphasis to strengthen the resources devoted in Latin America to primary and secondary education is particularly important to strengthen their democracies and their economies. There are clearly dramatic changes in terms of distance learning taking place throughout the hemisphere and indeed the world and our own country. And some of the same issues, including resources, teachers in the classroom, size of the classroom, and so forth, will be very much discussed at the summit.

I think it's a fair question to ask, how is improving education in Latin America going to help people here in the United States? I think the answer is, good schools make good neighbors. Education advances our economic and security interest in the region. First, it expands the middle class that buys U.S. goods and services that are noted on this chart. Secondly, it reduces the opportunity to buy or sell illegal drugs to be part of that undercurrent and undertow. It reduces illegal immigration by encouraging people to stay at home with their families, and it makes for more stable democracies, and with partners who are ready and willing and able, as they have demonstrated, to stand by us not only in the hemisphere, but in terms of our peacekeeping efforts in Bosnia and our efforts in the Persian Gulf.

You have a number of presidents who have spent a number of years devoting their efforts to education, including President Clinton. President Cardoso has been a lifelong teacher and academician, as has his wife; President Zedillo a former Minister of Education; President Frei, President Figueres and others have talked about and been dedicated to educational reform for at least a decade, if not longer.

I think all of us would agree in this global economy, which Ambassador Barshefsky will talk about, the key to inclusive growth both here in this hemisphere and worldwide, is education. And

in many ways I think that will be the legacy of this summit.

In terms of democracy, I think we will see an emphasis on broader democratic participation, certainly the strengthening of the judicial system in Latin America -- a fair, open professional judiciary is key to any modern contemporary working democracy. Attorney General Reno, Justice Breyer have worked very diligently on this effort.

Press freedom -- something important specifically to all of you in this room, is an issue we have pushed, encouraged, and the President raised it when he went to Argentina on our last trip, and the hemisphere embraced it. And through the inter

-American human rights part of the OAS, no new bureaucracy, we will establish, I think, at this summit a special rapporteur to advocate for freedom of expression.

Now, that may be perhaps even more important than just the fundamental tenant of freedom of expression, because over the past 10 years 200 journalists have been killed in Latin America and some in the United States in pursuit of a story, doing their job professionally and responsibly. And I think this effort will clearly help address these crimes of impunity.

I think, finally, corruption is certainly a very important issue in the hemisphere. The hemisphere is leading the way with the signing of the Corruption Convention over a year ago, and that measure, as I think was announced here, has been sent to our Congress for ratification.

The region clearly still has too much poverty -- over 150 million below the poverty line, despite the progress that Sandy noted. And these targeted issues, while they can be viewed as rather mundane, are critical for including everyone in an open

-market democracy in terms of microcredit to small business -- which I certainly can identify with coming from a small business, a family

-owned business -- land titling; and certainly women's issues and inclusion in the economy and the democracy.

In terms of the economic issues, Charlene will speak to the trade issues specifically. I'd just like to note a couple of things very briefly. First of all, we should look at not only trade, economic integration, which is obviously occurring in a rather dramatic way, but we should look also at investment and we should look at financial coordination, that is. the stability of the banking system and the financial markets. We've seen what can happen seriously in Mexico, in this hemisphere, when that does not take place in the right way, and certainly in Asia. And I think Latin

America in many ways has become a model to emulate there, as opposed to avoid, and has shown a remarkable resilience in the face of Asia contagion because they've had the capacity and the will to act in relatively modern financial systems.

In terms of energy on the economy, three of our four top energy suppliers are from this hemisphere. And I think all of us understand the relation to energy prices, inflation, and our overall economy.

In terms of the FTAA launch, there is a true consensus we'll have a comprehensive and a credible launch, and that should not be taken for granted and it should not be minimized. The importance of it I think is very clear, with 40 percent of our exports going to this hemisphere, with our exports growing twice the rate to this hemisphere as any other region in the world.

One fact, as a business person, about half of the population in Latin America is under 21 years of age. So if you project that market potential out in a natural market, the numbers obviously become very compelling and very important. We export more to Brazil than we do to China, more to Chile where we are visiting than we do to India.

In terms of the summit process, I think the region has found its voice on the world stage. We have a much more mature dialogue in the region than in any times, I think, in the past. I think it is time to put our consultations on a more regular basis and I think this Santiago summit will accomplish that. We'll schedule the next time and place for the next summit meeting. I think the agenda has been one reached by consensus and I think, in that regard, we have a common agenda. The issues that we address in Santiago are issues that matter to the American people and to the people throughout the Americas.

I think the real opportunity of Santiago is to change the very shape and nature of the character of our relationship in the hemisphere, and to have truly a foundation for both security and prosperity as we move toward the 21st century.

AMBASSADOR BARSHEFSKY: I'll try and be brief. We've talked about the political declaration that the leaders made in 1994 at Miami, that there should be a free trade area of the Americas. As important as that political declaration was in 1994, the formal launch of these negotiations following three and a half years of preparatory work, ensures the realization of the Miami vision. There will be a free trade area of the Americas. A comprehensive launch will be initiated in Santiago, along with all that that implies.

And let me tell you what has been agreed. First off, the entire negotiating structure from here to 2005 has been agreed. The first three years of the process will be hosted by Miami. The final two and a half years of the process will be co

-chaired by the United States and Brazil. We in the United States were very concerned about this launch that is in the start and the conclusion, because there are two parts of a negotiation that matter, and only two: the setup in the beginning, and the end.

The middle will always go as the middle goes -- up and down, sometimes fast, sometimes slow, the trajectory is usually positive. But the setup is very, very important, and that's Miami. And the conclusion, by co

-chairing with our other major hemispheric partner, ensures that we will indeed conclude the agreement on time.

We have also agreed on concrete progress by 2000. I think this will largely be reflected in the negotiation and adoption of a series of business facilitation measures. Let me give you some illustrative examples of what that might encompass: customs, meaning customs coordination, meaning paperless entry with respect to customs; a series of provisions related to government procurement and transparency in government procurement -- there is very little transparency of the process in our hemisphere now; services trade, I think we'll see some progress there of a very concrete nature. I also think we'll see some progress with respect to telecommunications trade and some other areas.

We have also for the first time established a committee within the FTAA itself to receive the views of labor, environmental NGOs, and other groups who obviously have a stake in the outcome of the process. The setting up of this committee is really rather a milestone in the history of the FTAA thus far. Our hemisphere has been reluctant to establish a committee within the FTAA to listen to the views of civil society broadly and to take those views into account in the course of the negotiation.

This year there has been rather -- I should say over the last several years -- there has been rather a change of attitude, and I think a growing recognition in our hemisphere that people -- all segments of society -- need to feel empowered by this process of hemispheric integration, not disempowered by it. And so we have for the first time now established a committee within the FTAA to be chaired by the ministers themselves, that is to say, by those most responsible directly to their political constituencies, to take into account these views and to translate these views, where appropriate, into negotiating objectives.

In addition to, as Mack said, a credible launch, the launch will be very comprehensive, covering all areas of trade and covering areas of trade we can project into the future -- so global electronic commerce now figures prominently on the agenda, as it should, since Internet usage in our hemisphere has the highest rate of usage, the highest growth rate in the world, including in Asia, interesting.

Economically, as you know, the markets of Latin America are the most dynamic, and the most dynamic export markets for us. And let me just add for your use a couple of extra numbers. As Sandy Berger said, in 1997, our exports for Latin America and the Caribbean grew more than three times as fast as our exports to the rest of the

world. During the second half of 1997, we exported more to our hemisphere than to the entirety of the European Union.

In 1997, Mexico surpassed Japan as our second largest trading partner. Think about that a minute. Mexico has an economy one

-twelfth the size of Japan. We sell more to Mexico than we do to Japan, and they have now surpassed Japan as our second largest trading partner.

And last, our export increases to the Western Hemisphere accounted for 63 percent of our export growth worldwide in 1997. That is to say, 63 percent of the growth in our exports globally stayed in our hemisphere, went to our hemisphere. And much of that is accounted for indeed by Canada and Mexico.

Let me just say in closing that because of the economic transformation in Latin America, including, as Mack pointed out, reigning in hyperinflation, you have 500 million consumers, a burgeoning middle class, and extraordinary opportunity for American exports. And this is exports in all of the categories that we see, and in all of these categories we've experienced substantial growth already -- and that is in goods, in services, in agriculture as well.

You also have a wave of privatization in our hemisphere, and as we look at areas like power generation, energy, telecommunications, the United States is well poised to capture those opportunities as well. And this range of opportunity will be enhanced substantially as Latin American barriers come down. Their tariff barriers alone average four times what ours are to their products, and non

-tariff barriers in Latin America remain a persistent problem. So we see a substantial expansion of opportunity for the United States as we pursue the FTAA.

And by opportunity, of course, I mean U.S. jobs, because that's what the bottom line is here from our point of view. We already have an economy in which, of new jobs created, one in five depend on exports. One in five new jobs are in manufacturing and dependent on exports. And we know that exports pay on average 15 percent more than non

-export related jobs.

Our future in terms of increasing U.S. economic growth is in exports; it is in opening markets abroad where the other 96 percent of the world's population lives, and most particularly, in our hemisphere, which we ought to view as our neighborhood. We need to remain well

-positioned to capture that opportunity, and that is what the FTAA will do.

MR. BERGER: Questions. Have we worn you down?

Q -- have you been able to convince the labor unions that this is such a good thing for them?

MR. BERGER: We will obviously be consulting as we go along in these negotiations with labor and business, with Congress and all other affected segments of society, to convey what I think is clear, and that is that the future of America's economic growth and a greater production of jobs is going to come in greater trade.

Q How far can you negotiate until you need fast track? How many months or years until you absolutely --

MR. BERGER: Let me answer and then I'll ask Charlene to answer. We launched the Uruguay Round of the GATT negotiations -- in Uruguay, by the way -- (laughter) -- without fast track authority, and did not have fast track authority for over two years in those negotiations. Obviously, as we come to the conclusion -- or before we get to the conclusion of these negotiations, that is something that we will need to have, and it's something the President is deeply committed to obtain, and we will continue to work towards that objective. But I don't think it is necessary for the launch of these negotiations.

Charlene.

AMBASSADOR BARSHEFSKY: Yes, if I might say, I think the fast track question points up to a kind of split dynamic that's occurring in our hemisphere. The launch of these negotiations is as well positioned as it could possibly be. That's with or without fast track. We have precisely the launch, the scope, the U.S. at the center of it, that we want it to have, and that we would have had whether we had fast track now or not.

But what you see in our hemisphere, on the other hand, is an acceleration in sub

-regional integration -- that is, in countries integrating with each other around the United States, not with the United States. And so you see an acceleration of ties between Mercosur -- that is, Brazil, Argentina, Paraguay and Uruguay -- and the Central American countries. An acceleration of the ties between Mercosur and the Andeans; an acceleration between Canada and Chile; between Chile and certain of the Central Americans; or between Chile and Mexico; Mexico and Mercosur; the EU and Mercosur; Asia and Mexico.

That acceleration has occurred, I believe, because countries see a potential window of opportunity that they might not have envisioned had the U.S. had fast track right now. That's not from our point of view an overly positive development. We don't object to these sub

-regional arrangements, obviously, where they expand trade, as most tend to do. But we do want to ensure that the United States remains at the center, as the center of a constellation

of trading relationships. The FTAA launch helps us reassert that central role, but the acceleration of sub

-regional integration is something I think we have to look at very carefully.

Q When do you need to have fast track, though? The launch is next week, but obviously, you're going to need -- and it looks now like the administration is not going to even push again until next year.

AMBASSADOR BARSHEFSKY: We have said all along that the timing of fast track depends on two things -- one is the substance, and the second is the chemistry, both of which we continue to consult with Congress on. And, as Sandy has said, fast track remains a priority for this administration.

Q -- going to be embarrassing, really, because this was the goal, wasn't it -- to have Chile on board for a NAFTA thing? It sounds like everything you've said is a rationale of trying to get around the fact that you failed in --

MR. BERGER: I'll say a couple of things, Helen. First of all, what we set out to do in Miami in 1994 was to launch a free trade area for the Americas, a negotiation at this summit; we're going to do that. And those negotiations will proceed vigorously.

There is, in addition to that, obviously more to this summit, as there was more to Miami, than trade. And I think one of the things that I've talked about, Mack has talked about, are the other issues that increasingly are important to the quality of democracy and the quality of society in these countries. Obviously, to take full advantage of the growth in this hemisphere and to reach fruition in a free trade agreement we will need to have fast track authority. But I believe we will have it.

MR. MCLARTY: Sandy, let me just reenforce a couple of points there. First of all, I think the Miami summit, it should be restated -- if the centerpiece, as many suggested, was the establishment of the FTAA with Chile having a comprehensive trade agreement, the heart of the Miami summit was democracy -- the 34 countries that had moved toward democracy; indeed, established political liberty and democracy. And they are two sides of the same coin.

Secondly, I think we should keep agreements in perspective. What is driving this process and these numbers are not trade agreements. What is driving this process is the interconnective global economy and the private sector, both businesses large and small, and ultimately the consumers' knowledge of and desire for lower priced, competitively priced goods and services.

So I think Helen, had the President and the

administration -- and I have heard this on my some 40 or so trips to Latin America -- not made a concerted effort to achieve fast track, then I think you would have some concerns and problems. I think it is well recognized in these democratically elected governments that, as we discussed earlier, our batting average on legislation and trade legislation is very good. They have their own Congresses, and they're not always successful in a perfectly straight line either.

So I think what is important is to move forward with momentum on this agenda, as Ambassador Barshefsky has noted. And finally, I would suggest the actual summit agenda, which was reached by consensus, was actually essentially agreed upon in large measure over a year ago, well before the fast track vote even took place.

Q Ambassador Barshefsky, you said that the United States is at the center of this process. In Santiago, Brazil will be signing a number of trade agreements, and the President won't be signing any. I wonder, most commentators seem to think that Brazil is now at the center of this process. How do you avoid having the President look like he's become superfluous?

AMBASSADOR BARSHEFSKY: Well, should I start with the fact that we're a \$7 trillion economy? The United States will always be at the center. But your question goes exactly to the point I made before, which is you see an acceleration in the coming together of sub

-regional arrangements to the exclusion of the United States. And this is really where fast track becomes important -- not for the launch; the Uruguay Round was launched without fast track and we're well positioned here, excellently positioned here with respect to the launch of the FTAA negotiations.

Where the rubber hits the road is where you see other countries integrating around us, and for that we're going to need fast track authority.

I do think, now that there will be this comprehensive launch of negotiations, we will soon see countries focus their resources on that. And I think that will begin to subsume a lot of this other sub

-regional activity, but for right now what you see, in this last six months especially since the fast track vote was postponed, is an acceleration with respect to the level of sub

-regional negotiation. But in terms of the United States, the United States is a 7 trillion pound gorilla.

MR. MCLARTY: One quick thing, I think the negotiations are not win

-lose. I think the FTAA is clearly a win

-win proposition,
and I think the markets are indeed very complementary of each other.
I think we see that in terms of resources -- I spoke of energy -- and
of investments in the region, which Charlene spoke of, infrastructure
projects -- so I want to make sure when we talk about the center of
what we do need to have is the position in the launch, which we have,
to shape the agreements, particularly on issues that are important to
us and the American people.

Q Is Pinochet going to attend the Congress, the
National Congress event on Friday? Do you know what to expect?

MR. BERGER: We don't know whether he will.

Q Have there been conversations with Chilean
officials about whether he's going to come?

MR. BERGER: I know it's been a subject of some
discussions at the advance level, but I have no idea whether he's
going to be there or not.

Q Will that affect what the President says if he's in
the audience?

MR. BERGER: No, he will say the same thing whether
he's in the audience or not. Chile is a democracy with a glorious
recent history of having reclaimed its democracy, and I can assure
you that what the President says will not be affected by whether
General Pinochet is in the audience or not.

Q And what bilaterals is he going to have on the
sidelines of this summit?

MR. BERGER: Not absolutely clear because of the nature
of this. This is a little bit more like -- for those of you who were
on the Africa trip -- Entebbe in a sense than a situation where there
will be formal bilats. There will be opportunities in the breaks for
the President to sit down with President Zedillo, Prime Minister
Chretien, and a number of others. It will be somewhat more informal.

Q What about -- will he have a special message about
Paraguay's recent turmoil over the elections there?

MR. BERGER: Our message will be the same as the
message of all of the countries that are in the region -- Argentina,
Brazil, Chile, and others -- which is that we hope and expect that
constitutional democracy will be upheld in Paraguay.

Q Sandy, two of the subjects of the summit are
education and combatting poverty. What is the United States going to
do concretely on those issues? Are there going to be commitments of
money or --

MR. BERGER: Well, on education there will be

commitments, not only in terms of multilateral funding but also bilateral commitments as well. I'll let Mack, perhaps, speak more specifically about it. Go ahead, Mack.

MR. MCLARTY: John, I'll get you the precise figure. I think your question is on point in terms of marshaling resources and leveling and leveraging the multilateral agencies, particularly the Inter

-American Development Bank and the World Bank and both President Iglesias and President Wolfensohn will be in attendance at the summit. I think the AID has had an active program in the hemisphere; as you know, they will continue that with somewhat reduced funding over the last several years, but targeting that funding, particularly in terms of the poverty efforts.

But I think what you will see is a continued, concerted, focused, and effective effort on the part of the governments, both at the federal, state, and local levels in Latin America, take full advantage of these expanded resources. And I think you will see their efforts in terms of poverty alleviation to be quite effective and to be sustained efforts. We obviously want to be fully supportive of that.

In terms of education, there will be a number of memoranda of education agreements signed with Chile, with Brazil. And Secretary Riley, of course, will be on the trip and can answer, I think, in specific detail the educational aspects that will take place at the summit and with Chile.

Q I apologize if it's been asked before -- are there American business leaders going with the President.

MR. BERGER: There are not American business leaders going with the President. There of course are many American companies that have subsidiaries in Chile. The President will be speaking to the American Chamber of Commerce in Chile, as he does in a number of countries. But there -- as far as I know, none going on the trip.

Q So there's no delegation as there was to Africa.

MR. BERGER: There will be a Congressional delegation that will be going with us, as there has been in all of our trips in the second term. And we look forward to that. But I don't -- there will be no private delegation.

Q Many members of the Hispanic caucus in the delegation?

MR. BERGER: Yes.

Q Mack, you mentioned that on the economic agenda, international financial stability will be a big point in Santiago. Right after the peso crisis, the United States took the lead in

international fora, particularly the G

-7, to address this problem through the IMF, with greater transparency and surveillance of international banking, et cetera. And for about a couple of years, there was an awful lot of self

-congratulations, that a lot progress had been made -- it's even in the Halifax and Leone communiques -- and boom, we got the Asian crisis when there had been every indication that enough prevention had taken place.

What are you going to be doing in Santiago to reassure investors and consumers and everybody else in the world that something is finally taking hold to prevent this kind of crisis?

MR. MCLARTY: Well, I think, increasingly, as I noted, Latin America has been looked at as a model to emulate, not avoid, in terms of financial institutions, central banking functions and reform of the banking system. I saw that both at the APEC conference in Vancouver, where you had Asian leaders and members of the private sector from those countries attending APEC talk to President Zedillo, discuss with President Frei, what they had done in that regard. I saw it again at the Davos Conference World Economic Forum.

While it is not perfect, clearly the leaders in Latin America have had the capacity and the will to act in terms of fiscal discipline. That's why their inflation rates have stayed under control, that's why their budget deficits are much, much smaller, I think, overall, than even many countries in Europe. And I think we will want to support an increasing and deepening of that kind of transparency and openness that the financial markets clearly judge. And I think that's why you have seen to date stable financial markets in Latin America despite a sharp decline in oil prices, where many of the economies are very dependent on oil prices.

I think you're correct in terms of the efforts the President has made to provide leadership in overall financial architectures -- Secretary Rubin and Secretary Bentsen before him and actually started at the G

-7 in Naples. I think it's clear more needs to be done, and particularly reform, in a local basis in the individual countries affected, which is at the very heart of the IMF program. I think the difference is Latin America has taken those reforms and has taken very positive steps, and in some of the areas they have not.

MR. BERGER: And if you meant to ask by that question whether we would welcome Congress passing the supplemental, which would provide IMF funding and funding for the NAB, which grows directly out of Halifax and is specifically designed to provide for these kind of circumstances -- the answer is yes.

Q Sandy, also what I was wondering about was having put their house in order, as you put it -- the Latin American countries -- are you going to try and enlist them in Santiago to help

you globally, have them put some pressure on Asian finance ministries and banking supervisor groups and so on.

MR. BERGER: I think this is happening informally already. In Vancouver, when APEC met at the end of last year, I think President Zedillo had an enormous impact there. In a sense, he's walked through the valley of the shadow of death, and he's come out on the other side. And he said to the leaders, there are certain rules that you've got to follow: you've got to tell the truth, you've got to take the hard knocks as quickly as you can, and you've got to restore the confidence of the markets.

I think there is beginning to be, as I've said before, a differentiation in this global financial marketplace. Not all emerging markets are alike; not all Asian markets are alike; not all Latin Americans are alike; some are more disciplined than others; some are better run than others. And I think that the time that's passed since the Asian problems began, in some ways established that degree of differentiation on the part of international investors to be a little bit more discriminating and a little less spontaneous in terms of the movement of capital.

Q While we're on international stabilization issues, Japan a few weeks ago announced a package of stimulation measures to revive the Japanese economy. But despite that, the IMF global world economic outlook today forecasts zero growth for Japan for 1998. Does that mean that they have taken insufficient steps? Are you looking for them to do anything else?

MR. BERGER: Well, I don't know what factors they took into account when they made that judgment. We have said that the steps that the Japanese government undertook last week were good steps forward but that, as we've said before, it is extremely important that that economy be stimulated and increase at a faster rate of growth -- not only for its own health but also for the overall health of the Asian economies.

Q Sandy, you just touched on drug trafficking briefly -- what progress do you expect on the idea of multilateral drug certification and on the possibility of a Latin counter

-narcotics
center in Panama?

MR. BERGER: Well, let me answer and then ask Mack to add. We will make progress at this summit in expanding the multilateral alliance against drugs that we began to talk about when we were in Mexico and Brazil and elsewhere. The purposes of these efforts are to increase cooperation throughout the hemisphere, both a demand reduction and supply reduction. And to the extent that we can -- and they will include an element of evaluation of the performance of individual countries. And we think this is an important step forward.

Q Could this be a replacement of certification with time?

MR. BERGER: Well, certification is an act of Congress; it's the law of the land. We obviously intend to comply with it. Both of these are directed toward the goal of enhancing cooperation in fighting drugs in the hemisphere. If at some future point the alliance were strong enough and viable enough that it were advancing that goal, obviously one might take a look at that. But I think at this point I would say they complement each other.

Q Yes, but if this certification is U.S. -- I mean, unilateral measure from the United States, and as you are trying to build a partnership with Latin America, this alternative would be the only politically correct solution on the long run, wouldn't it?

MR. BERGER: Well, we certainly want to be politically correct. As I said, both of these -- the motivation of both of these regimes is to enhance the cooperation throughout the hemisphere on fighting drugs, which is a deadly threat to each country in this hemisphere. Whether it's the United States that purchases \$57 billion worth of drugs, which poisons our children, or other countries where the narco

-traffickers are eating away at the very foundations of democracy, there is no greater threat we have in common. And so it is extremely important that we work on this problem together through whatever means we can. We think the alliance against drugs will be one more instrument to advance that cooperation.

MR. MCLARTY: Well, the only -- I think Sandy really has covered the subject very well. The only additional point I would make in terms of the cooperation is that from a Latin standpoint or a Caribbean standpoint, they view this deadly threat, as Sandy noted, as seriously as the families of our countries do. This is not something we are imposing are having to try to change any views. The truth is, it is a very formidable foe. So I think it calls for increased cooperation. I think that will be achieved at Santiago. The goal of cooperation, the multilateral drug alliance, and certification are the same. Certification is the law, as Sandy noted, and we'll continue certainly to abide by and enforce that law.

In terms of the Panama multilateral drug counter

-narcotics center, it is an idea that has been well received, but there are a lot of issues still outstanding, and I would not anticipate that it would come to fruition at this summit. I think it could obviously be a part of a multilateral effort.

MR. LOCKHART: I just wanted to let you all know about a change in the schedule on the trip we're taking tomorrow. The President will now overnight in Houston and travel Wednesday morning

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to Alabama to view the tornado damage and the work that FEMA and the local authorities are doing to help with the cleanup.

The trip presents some logistical challenges to us, not the least of which is some of the people who are going on that trip are also going on the Chile trip, besides some other ones we're working through. So we will let you all know as soon as we can, possibly by tonight, on the coverage details, but I think it's important that people going on the trip tomorrow pack for two days.

Q Will he then come back here?

MR. LOCKHART: He will come back. There is a possibility that we will bring the press plane back tomorrow night and just take an expanded pool for the trip over to Alabama. We are working through those things now, but for your own comfort you should assume you're staying for an extra day.

Q Will the press charter leave at the same time from Andrews?

MR. LOCKHART: The press charter is still leaving at the same time, and that's what we're trying to work through now, how we reconcile the two things. But the press charter is still leaving early Wednesday morning.

END

4:40 P.M. EDT

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Jolin@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: James M. Teague (James M. Teague@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Jon P. Jennings (Jon P. Jennings@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Julie E. Mason (Julie E. Mason@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: David E. Kalbaugh (KALBAUGH_D) Autoforward to: Remote Addressee (David E.
Kalbaugh@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jonathan A. Kaplan (KAPLAN_JA) Autoforward to: Remote Addressee (Jonathan A.
Kaplan@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Allison J. King (KING_A) Autoforward to: Remote Addressee (Allison J.
King@eop@lngtwy@eopmrx) (PIR)
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TO: Mark A. Kitchens (KITCHENS_M) Autoforward to: Remote Addressee (Mark A.

Kitchens@eop@lngtwy@eopmrx) (WHO)
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TO: Catherine T. Kitchen (KITCHEN_C) Autoforward to: Remote Addressee (Catherine T.
Kitchen@eop@lngtwy@eopmrx) (WHO)
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TO: Sarah S. Knight (KNIGHT_S) Autoforward to: Remote Addressee (Sarah S.
Freeman@eop@lngtwy@eopmrx) (WHO)
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TO: James Kohlenberger (KOHLEN_J) Autoforward to: Remote Addressee (Jim
Kohlenberger@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: Sara Latham (LATHAM_S) Autoforward to: Remote Addressee (Sara M.
Latham@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Christopher J. Lavery (LAVERY_C) Autoforward to: Remote Addressee (Christopher J.
Lavery@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Anne H. Lewis (LEWIS_AH)
READ:NOT READ

TO: Joseph P. Lockhart (LOCKHART_J) Autoforward to: Remote Addressee (Joseph P.
Lockhart@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Laura D. Schwartz (Laura D. Schwartz@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Laura Capps (Laura K. Capps@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Lisa J. Levin (Lisa J. Levin@eop@LNGTWY@EOPMRX)
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TO: Christine N. Macy (MACY_C) Autoforward to: Remote Addressee (Christine N.
Macy@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Michael D. Malone (MALONE_M) (WHO)
READ:NOT READ

TO: Laura S. Marcus (MARCUS_LS) Autoforward to: Remote Addressee (Laura S.
Marcus@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Tanya E. Martin (MARTIN_T) Autoforward to: Remote Addressee (Tanya E.
Martin@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Doris O. Matsui (MATSUI_D) Autoforward to: Remote Addressee (Doris O.
Matsui@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Douglas R. Matties (MATTIES_D) Autoforward to: Remote Addressee (Douglas R.
Matties@eop@lngtwy@eopmr) (OA)
READ:NOT READ

TO: Andrew Mayock (MAYOCK_A) Autoforward to: Remote Addressee (Andrew J.
Mayock@eop@lngtwy@eopmr) (WHO)
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TO: Anne E. McGuire (MCGUIRE_A) Autoforward to: Remote Addressee (Anne E.
McGuire@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Brooke E. McManus (MCMANUS_B) Autoforward to: Remote Addressee (Brooke E.
McManus@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Estela Mendoza (MENDOZA_E) Autoforward to: Remote Addressee (Estela
Mendoza@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: R. Scott Michaud (MICHAUD_R) Autoforward to: Remote Addressee (R. Scott
Michaud@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Elisa Millsap (MILLSAP_E) Autoforward to: Remote Addressee (Elisa
Millsap@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Cheryl D. Mills (MILLS_C) Autoforward to: Remote Addressee (Cheryl D.
Mills@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Julia Moffett (MOFFETT_J) (WHO)
READ:NOT READ

TO: Megan C. Moloney (MOLONEY_M) Autoforward to: Remote Addressee (megan
moloney@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Tamara Monosoff (MONOSOFF_T) Autoforward to: Remote Addressee (Tamara
Monosoff@EOP@LNGTWY@EOPMRX) (PIR)
READ:NOT READ

TO: Kevin Moran (MORAN_K1) Autoforward to: Remote Addressee (Kevin
Moran@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Jonathan Murchinson (MURCHINSON_J) Autoforward to: Remote Addressee (Jonathan
Murchinson@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Melissa M. Murray (MURRAY_MM) Autoforward to: Remote Addressee (Melissa M.
Murray@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Reuben L. Musgrave Jr. (MUSGRAVE_R) Autoforward to: Remote Addressee (Reuben L.
Musgrave Jr.@eop@lngtwy@eopmr (WHO)
READ:NOT READ

TO: Sean Maloney (Maloney_S) Autoforward to: Remote Addressee (Sean P.
Maloney@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Michael Terrell (Michael V. Terrell@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Steven J. Naplan (NAPLAN_S) Autoforward to: Remote Addressee (Steven J.
Naplan@eop@lngtwy@eopmr) (NSC)
READ:NOT READ

TO: Mark D. Neschis (NESCHIS_M) Autoforward to: Remote Addressee (Mark D.
Neschis@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Elizabeth R. Newman (NEWMAN_E) Autoforward to: Remote Addressee (Elizabeth R.
Newman@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Neera Tanden (Neera Tanden@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Michael A. O'Mary (OMARY_M) Autoforward to: Remote Addressee (Michael A.
O'Mary@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Jonathan Orszag (ORSZAG_J) Autoforward to: Remote Addressee (Jonathan
Orszag@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Peter Orszag (ORSZAG_P) Autoforward to: Remote Addressee (Peter R.
Orszag@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Kristen E. Panerali (PANERALI_K)
READ:NOT READ

TO: Carol Parmelee (PARMELEE_C) Autoforward to: Remote Addressee (Carole A.
Parmelee@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Sally P. Paxton (PAXTON_S) Autoforward to: Remote Addressee (Sally P.
Paxton@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Julia Payne (PAYNE_J) Autoforward to: Remote Addressee (Julia M.
Payne@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Timothy Dixon (PR_U=TDIXON@PR_L=AVUOEOB@MRP@OPUS)
READ:NOT READ

TO: Peter O'Keefe (Peter O'Keefe@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Nicole R. Rabner (RABNER_N) Autoforward to: Remote Addressee (Nicole R.
Rabner@eop@lngtwy@eopmrx) (WHO)
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TO: Nelson Reyneri (REYNERI_N) Autoforward to: Remote Addressee (Nelson
Reyneri@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Linda Ricci (RICCI_L) Autoforward to: Remote Addressee (Linda
Ricci@eop@lngtwy@eopmrx) (OMB)
READ:NOT READ

TO: Renee C. Riley (RILEY_R) Autoforward to: Remote Addressee (Renee C.
Riley@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Cecilia E. Rouse (ROUSE_C) Autoforward to: Remote Addressee (Cecilia E.
Rouse@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Charles Ruff (RUFF_C) Autoforward to: Remote Addressee (Charles F.
Ruff@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Peter Rundlet (RUNDLET_P) Autoforward to: Remote Addressee (Peter
Rundlet@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Virginia N. Rustique (RUSTIQUE_V) Autoforward to: Remote Addressee (Virginia N.
Rustique@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Evan Ryan (RYAN_E) Autoforward to: Remote Addressee (Evan
Ryan@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jodi R. Sakol (SAKOL_J) Autoforward to: Remote Addressee (Jodi R.
Sakol@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: G. Timothy Saunders (SAUNDERS_GT) Autoforward to: Remote Addressee (G. Timothy
Saunders@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jason H. Schechter (SCHECHTER_J) Autoforward to: Remote Addressee (Jason H.
Schechter@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jill A. Schuker (SCHUKER_J) Autoforward to: Steven J. Naplan (NAPLAN_S) (NSC)
READ:NOT READ

TO: Judithanne V. Scourfield (SCOURFIELD_J) Autoforward to: Remote Addressee (Judithanne
V. Scourfield@eop@lngtwy@eop (WHO)
READ:NOT READ

TO: Brooks E. Scoville (SCOVILLE_B) Autoforward to: Remote Addressee (BROOKS
SCOVILLE@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Ruby Shamir (SHAMIR_R) Autoforward to: Remote Addressee (Ruby
Shamir@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jeffrey A. Shesol (SHESOL_J) Autoforward to: Remote Addressee (Jeffrey A.
Shesol@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: June Shih (SHIH_J) Autoforward to: Remote Addressee (June
Shih@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Robert M. Shireman (SHIREMAN_R) Autoforward to: Remote Addressee (Robert M.
Shireman@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Jake Siewert (SIEWERT_J) Autoforward to: Remote Addressee (Jake
Siewert@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Joshua Silverman (SILVERMAN_J) Autoforward to: Remote Addressee (Joshua
Silverman@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Brian D. Smith (SMITH_B2) Autoforward to: Remote Addressee (Brian D.
Smith@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brian D. Smith (SMITH_BD) (OMB)
READ:NOT READ

TO: Craig T. Smith (SMITH_CT) Autoforward to: Remote Addressee (Craig T.
Smith@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Richard Socarides (SOCARIDES_R) Autoforward to: Remote Addressee (Richard
Socarides@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Douglas B. Sosnik (SOSNIK_D) Autoforward to: Remote Addressee (Douglas B.
Sosnik@eop@lngtwy@eopmrx) (WHO)
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TO: Maria E. Soto (SOTO_M) Autoforward to: Remote Addressee (Maria E.
Soto@eop@lngtwy@eopmrx) (PIR)
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TO: Elisabeth Steele (STEELE_E) Autoforward to: Remote Addressee (Elisabeth
Steele@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Aviva Steinberg (STEINBERG_A) Autoforward to: Remote Addressee (Aviva
Steinberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Todd Stern (STERN_T) Autoforward to: Remote Addressee (Todd
Stern@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Darby E. Stott (STOTT_D) Autoforward to: Remote Addressee (
darby_E._stott@oa.eop.gov@inet) (WHO)
READ:NOT READ

TO: Diane A. Stumpf (STUMPF_D) Autoforward to: Remote Addressee (Diane A.
Stumpf@eop@lngtwy@eopmrx) (DON)
READ:NOT READ

TO: Mike Sullivan (SULLIVAN_M) Autoforward to: Remote Addressee (Michael J.
Sullivan@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jonathan Schnur (Schnur_J) Autoforward to: Remote Addressee (Jonathan H.
Schnur@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Tracy F. Sisser (Sisser_T) Autoforward to: Remote Addressee (Tracy F.
Sisser@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Suzanne Dale (Suzanne Dale@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Sylvia M. Mathews (Sylvia M. Mathews@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Lisa Jordan Tamagni (TAMAGNI_L) Autoforward to: Remote Addressee (Jordan
Tamagni@eop@lngtwy@eopmrx) (WHO)
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TO: Remote Addressee (TCSmith@dol.gov@INET@EOPMRX)
READ:NOT READ

TO: Terri I. Tingen (TINGEN_T) Autoforward to: Remote Addressee (terri

tingen@eop@lngtwy@eopmrx) (WHO)
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TO: Amy W. Tobe (TOBE_A) Autoforward to: Remote Addressee (Amy W.
Tobe@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Barry J. Toiv (TOIV_B) Autoforward to: Barry Toiv (Barry J.
Toiv@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Serena C. Torrey (TORREY_S) Autoforward to: Remote Addressee (Serena C.
Torrey@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: June G. Turner (TURNER_J) Autoforward to: Remote Addressee (June G.
Turner@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Thurgood Marshall (Thurgood Marshall Jr@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Dag Vega (VEGA_D) (WHO)
READ:NOT READ

TO: Virginia Apuzzo (Virginia Apuzzo@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Michael Waldman (WALDMAN_M) Autoforward to: Remote Addressee (Michael
Waldman@eop@lngtwy@eopmrx) (WHO)
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TO: Angelina Walker (WALKER_L) Autoforward to: Remote Addressee (Angelina
Walker@ovp@eop@lngtwy@eopmrx) (VPO)
READ:NOT READ

TO: Glen M. Weiner (WEINER_G) Autoforward to: Remote Addressee (Glen M.
Weiner@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Robert S. Weiner (WEINER_R) Autoforward to: Remote Addressee (Robert S.
Weiner@eop@lngtwy@eopmrx) (DON)
READ:NOT READ

TO: Peter A. Weissman (WEISSMAN_P) Autoforward to: Remote Addressee (Peter A.
Weissman@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Lowell Weiss (WEISS_L) Autoforward to: Remote Addressee (Lowell A.
Weiss@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Woyneab M. Wondwossen (WONDWOSSEN_W) Autoforward to: Remote Addressee (Woyneab M. Wondwossen@eop@lngtwy@eopmrx) (WHO)

READ:NOT READ

TO: Debra S. Wood (WOOD_D) Autoforward to: Remote Addressee (Debra S.
Wood@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Natalie S. Wozniak (WOZNIAK_N) (NSC)
READ:13-APR-1998 17:59:23.75

TO: Remote Addressee (William H. White Jr.@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Remote Addressee (julie_green@ed.gov@INET)
READ:NOT READ

TO: Remote Addressee (usia01@access.digex.com@INET)
READ:NOT READ

TO: Remote Addressee (1=US@2=WESTERN
UNION@3=@5=ATT.COM@*ELN\62955104@MRX@EOPMRX)
READ:NOT READ

TO: Remote Addressee (62955104@eln.attmail.com@INET)
READ:NOT READ

TO: Manager Infomgt (INFOMGT) (SYS)
READ:NOT READ

TO: Remote Addressee (newsdesk@usnewswire.com@INET)
READ:NOT READ

TO: Remote Addressee (usnwire@access.digex.com@INET)
READ:NOT READ

TEXT:
PRINTER FONT 10_POINT_COURIER
BOTTOM ODD
MORE

PRINTER FONT 12_POINT_COURIER
THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release April 13, 1998
PRESS BRIEFING BY
NATIONAL SECURITY ADVISER SANDY BERGER,
SPECIAL ENVOY FOR THE AMERICAS MACK MCLARTY,
UNITED STATES TRADE REPRESENTATIVE CHARLENE BARSHEFSKY

The Briefing Room

3:43 P.M. EDT

MR. RUBIN: Okay. It's a briefing on the President's trip to Santiago by the National Security Adviser, Samuel Berger; the United States Trade Representative, Charlene Barshefsky; and the Counselor to the President and Special Envoy for the Americas, Mack McLarty. Thank you.

MR. BERGER: Thank you, Eric. I'm pleased to be joined by Charlene Barshefsky and Mack McLarty. Together we want to preview for you the President's to Chile this week, both for a state visit and for the Santiago Summit of the Americas.

I'd like to spend a few minutes describing what we hope to accomplish during this trip and how it fits into the President's focus on the Western Hemisphere. I'll also run through the schedule of key events. Mack will speak about the summit in more detail, the road traveled from Miami, and what we'll be focusing on in Santiago. And then Charlene will talk about our vital trade agenda in the Americas and update you on where we are with respect to the free trade area of the Americas.

Let me start, first of all, on the focus that the President has placed on our hemisphere over the past year. The state visit to Chile and the Santiago Summit are the culmination of a yearlong engagement with the Americas, arising from -- originating back, actually, three and a half years ago with the first Summit of the Americas, which the President convened in Miami in 1994. As you know, the President then last year went to Mexico, Central America, and the Caribbean in May, and in October went to Venezuela, Brazil, and Argentina.

The objective of these trips, of these visits is to build upon an extraordinary convergence of our hemisphere around values and interests we share -- in democracy, open market economies, and cooperation against common threats. There has been a quiet revolution in this hemisphere, and the President is determined to build upon it.

As the chart that is not behind me illustrates, but the one that's behind the one that's behind me -- 34 of the 35 nations today in the hemisphere embrace democracy and free markets, as you can see, compared to the time of the '67 and '56 summits. Now, lest you add up the numbers and say that our crack graphics squad cannot add, there obviously have been an additional number of countries in the hemisphere during this period.

Decades of civil war and coups have given way generally in the hemisphere to peace and stability. Despite the peso crisis in BOTTOM EVEN MORE

Mexico and the effects of the Asian financial problems, economic reforms in the hemisphere have resulted in the lowest inflation and highest growth in two decades. Forty

-two percent of all US exports
-- Ross Perot does this somehow easier, I don't know quite how he does it -- forty

-two percent of all U.S. exports, \$286 billion go to

TOP EVEN

- \p -

BOTTOM EVEN MORE

hemispheric countries in 1997. That represents a 17 percent increase in exports in 1997.

Q From when?

MR. BERGER: From the year before. Versus a 5.6 rise worldwide. And if you look at this chart, you see the extent of our overall exports that go to the western hemisphere. And quite a bit of that is to Latin America, but when you take out Latin America, Canada, and the Caribbean, it's \$308 billion. The result is -- in a sense these two charts capture the two important trends of democratization and economic growth and economic market opening which resulted in the hemisphere being united as never before as we enter the 21st century.

Now, Mack will talk more about the road from Miami to Santiago, but it certainly has been a road that has been marked by a number of concrete realizations of commitments that were made in Miami. In Miami we agreed to expedite ratification of a protocol providing that any state that ceased to become a democracy would be expelled from the OAS. That was done in October '97. We agreed to initiate a process of regional confidence building. Since then we have established an OAS committee on hemispheric security. On the economic integration side, you can see from these charts, what is happening is not only economic growth but economic integration between us as and the hemisphere and within the hemisphere, within regional groups within the hemisphere.

We talked at the summit about eradicating poverty and trying to combat disease. In 1995, for example, the First Lady launched a measles elimination program. Those cases today have been reduced from 23,000 in 1994 to roughly 2,000 in the hemisphere today. In Miami we agreed to recommend that multilateral development emphasize microenterprises, microlending. The Inter

-American
Development Bank has adopted a five

-year \$500 million strategy to
promote microenterprises.

In the area of the environment, there were a number of commitments made in Miami, national action plans to take the lead out of gasoline. In 1996 12 countries had eliminated leaded gas, and by 2001 there will be 20.

Those are simply illustrative of a series of the roughly 100 commitments that were made in Miami and the progress that has been made on most of them.

Now, the people in Latin America have chosen democracy

and open markets, but for democracy and markets to endure they must deliver for their people. That is, their people need to understand that democracy delivers, that democracy works. They need to move beyond the basic building blocks of elections and market economics to the second generation of issues faced by all democracies, but particularly new democracies: education, rule of law, health care, worker rights, press freedom, anti

-corruption. And this is precisely what the agenda and the focus of the summit in Santiago will be -- the second

-generation issues that these countries face together, and where cooperation can help give democracy deeper roots. And Mack will have more to say about this in a few minutes.

On the economic integration side, the Miami Summit set forth a vision of bringing the Americas together around open markets through a Free Trade of the Americas Agreement by the year 2005. In Santiago the leaders will launch negotiations with timetables and a work plan. They will direct their trade ministers to begin negotiations with the objective of concrete progress by the year 2000. Charlene will talk more about that.

They will establish a mechanism to allow labor, the TOP ODD
- \p -

BOTTOM ODD

MORE

environment, and other civil groups to contribute to this FTAA process. And they will also pursue commitments to strengthen bank regulation and market oversight to promote stability in financial markets, something that since Miami we have come to learn is far more important.

Now, let me talk a bit about Chile itself, because the first two days of the trip is a state visit to Chile, and it will really give the President an opportunity to spotlight Chile's quite impressive achievements. Chile is a country that has succeeded in achieving both an increase in economic growth and a decrease in its poverty rate. Its annual growth since 1990 has averaged 6.9 percent, while its poverty rate has dropped from 40 percent in 1990 to 23 percent in 1997.

President Frei is committed to providing access to computer networks, for example, for all 1,500 secondary schools and 50 percent of primary schools by the year 2000.

The Chile of today has emerged from the turbulent and dark past that we are all too familiar with to become a vibrant democracy working to ensure that all of its citizens share in the fruits of an open market economy.

Now let me briefly just run through the schedule so you can know where you're going to be at various points. We will leave Wednesday at about 8:30 p.m. and arrive in Santiago at 6:30 a.m. in the morning -- a delightful red

-eye, all

-night flight.

On Thursday the President will meet with President Frei. They will finalize and then sign a U.S.

-Chile communique on which we've been working. They will tour a neighborhood of Santiago and have a roundtable conversation with community leaders, which will provide an opportunity to discuss Chile's record of economic growth and poverty reduction. And then finally -- not finally, next to finally -- the President will address business leaders, which together with the event in a poor neighborhood, will provide I think the two sides of the coin that we've talked about so much; that is, economic growth to provide opportunity, a social safety net in order to make sure that that opportunity is spread widely. And then that evening there will be a state dinner.

On Friday we will helicopter to Valparaiso, where the President will address a joint session of the Congress, in which he undoubtedly will highlight Chile's success in reclaiming its democracy and spreading the benefits of its prosperity to more of its people. We'll tour a rural area near Valparaiso, and return to Santiago.

Saturday begins the summit. In the morning most of the events will take place in the Sheraton Hotel. In the opening session the President and President Frei will make opening remarks which will be open to the press. Then they will have sessions during the day from 10:00 a.m. to 6:00 p.m., three discussions: one on democracy, one on education, one on poverty alleviation. And then that evening there will be a summit gala for leaders and spouses.

And then on Sunday the summit resumes at 9:00 a.m. at the Sheraton. There will be two leader discussion sessions, one on trade, and the final one, which really has no specific agenda will be essentially an open

-ended discussion. At about 12:30 the summit will conclude at the former Congress building with statements from several leaders, including President Clinton, President Frei, Prime Minister Chretien, since Canada is likely to be the host of the next Summit of the Americas.

The President will then go speak to the staff and families at the embassy, as he always does when he travels. And we will depart for Washington about 3:45 p.m. and a mere 10 hours later we will be back in Washington.

Let me ask Charlene and then Mack to speak and then we'll take -- Mack, then Charlene.

MR. MCLARTY: Sandy, thank you. The President and our administration has had a policy of sustained engagement and the intense Presidential focus that was noted in Sandy's comments for the past several years, in fact, beginning from the first days of the administration.

We are well aware, the President is acutely aware, of

our history in the region from time to time, which has been marked by intervention or neglect. I think he is also keenly aware of this quiet revolution that Sandy noted, a profound change, in many ways as profound as the fall of the Berlin Wall. We have both, from time to time, used the phrase "this is not your father's Latin America," which is, I think, a good way of describing some of the changes -- remarkable changes of 34 out of 35 countries are now democratic. In Central America we don't have the United States and the Soviet Union in a Cold War battlefield or civil wars there. And in fact the export market for U.S. goods in Central America is larger than all of the former Soviet states put together.

The real story from an economic standpoint has been the taming of hyperinflation, which, of course, was the cruelest burden to those below the poverty line. Some example of that is Argentina in 1989 had an inflation rate of 5,000 percent; today it's .3 percent with a 7 percent annualized growth rate. As the minister of finance told us in Brazil when we traveled there, our inflation rate, Mr. President, is 5 percent; the difference is, that is an annual figure not a weekly one. So a remarkable economic change.

In terms of the sustained engagement, our goal is to create what we have phrased as a Greater Americas, based on mutual trust, respect, and reward. And we have certainly discussed with the American people about our views regarding Latin America. After all, we are the fifth largest Hispanic nation in the world, the United States, and in turn, to sharpen and improve their views of us.

Sandy has already noted the first

-term record of the convening of the summit -- restoring peace in Guatemala, as friends of that process; restoring democracy in Haiti; the support of the Mexico peso crisis; and the passage of the NAFTA; as well as the two presidential trips to the region, including two summits with the Central American leaders and the Caribbean leaders.

The Vice President has traveled to the region five times, emphasizing economic growth and environmental stewardship. The First Lady has traveled to the region four times, emphasizing issues of health care, poverty, and including all aspects of women's inclusion in society as well as indigenous people.

Now, the Miami Summit affirmed what is called the first generation of reform, which are free and fair elections, stable and open economies. And I think it's fair to say an architecture was put in place to further that progress, and one of the centerpieces -- not the only, but one of the centerpieces was the Free Trade Area of the Americas by the year 2005.

We have made real progress on that road from Miami to the promise of Santiago, but the key point here is that progress is not assured and not guaranteed. It is critical in my view, as someone from the private sector, to have a second generation of reform in order to sustain the first generation, the macroeconomic reform.

I think most of us would agree the bright line between

foreign policy and domestic policy has blurred. You'll see that at this summit. From a U.S. perspective, whether it's jobs, the economy, energy prices, gasoline prices with summer vacations coming up, education, fighting the drug trade, alleviating poverty, or protecting the air we breathe, the issues we will discuss at this summit are the issues that affect our citizens and families here at home. They are issues that our people care about and care about deeply.

The summit agenda will very much follow the Miami agenda: first, strengthening our respective democracies; secondly, trade and economics, including financial coordination, which I think should be emphasized and highlights; thirdly, addressing poverty; and fourth, of course, emphasizing education. We'll certainly try to marshal resources, particularly where we have leverage in the multilateral organizations -- the Inter

-American Development Bank,
the World Bank, the Pan

-American Health Organization -- particularly
focusing those resources on education.

I think in terms of education the emphasis to strengthen the resources devoted in Latin America to primary and secondary education is particularly important to strengthen their democracies and their economies. There are clearly dramatic changes in terms of distance learning taking place throughout the hemisphere and indeed the world and our own country. And some of the same issues, including resources, teachers in the classroom, size of the classroom, and so forth, will be very much discussed at the summit.

I think it's a fair question to ask, how is improving education in Latin America going to help people here in the United States? I think the answer is, good schools make good neighbors. Education advances our economic and security interest in the region. First, it expands the middle class that buys U.S. goods and services that are noted on this chart. Secondly, it reduces the opportunity to buy or sell illegal drugs to be part of that undercurrent and undertow. It reduces illegal immigration by encouraging people to stay at home with their families, and it makes for more stable democracies, and with partners who are ready and willing and able, as they have demonstrated, to stand by us not only in the hemisphere, but in terms of our peacekeeping efforts in Bosnia and our efforts in the Persian Gulf.

You have a number of presidents who have spent a number of years devoting their efforts to education, including President Clinton. President Cardoso has been a lifelong teacher and academician, as has his wife; President Zedillo a former Minister of Education; President Frei, President Figueres and others have talked about and been dedicated to educational reform for at least a decade, if not longer.

I think all of us would agree in this global economy, which Ambassador Barshefsky will talk about, the key to inclusive growth both here in this hemisphere and worldwide, is education. And

in many ways I think that will be the legacy of this summit.

In terms of democracy, I think we will see an emphasis on broader democratic participation, certainly the strengthening of the judicial system in Latin America -- a fair, open professional judiciary is key to any modern contemporary working democracy. Attorney General Reno, Justice Breyer have worked very diligently on this effort.

Press freedom -- something important specifically to all of you in this room, is an issue we have pushed, encouraged, and the President raised it when he went to Argentina on our last trip, and the hemisphere embraced it. And through the inter

-American human rights part of the OAS, no new bureaucracy, we will establish, I think, at this summit a special rapporteur to advocate for freedom of expression.

Now, that may be perhaps even more important than just the fundamental tenant of freedom of expression, because over the past 10 years 200 journalists have been killed in Latin America and some in the United States in pursuit of a story, doing their job professionally and responsibly. And I think this effort will clearly help address these crimes of impunity.

I think, finally, corruption is certainly a very important issue in the hemisphere. The hemisphere is leading the way with the signing of the Corruption Convention over a year ago, and that measure, as I think was announced here, has been sent to our Congress for ratification.

The region clearly still has too much poverty -- over 150 million below the poverty line, despite the progress that Sandy noted. And these targeted issues, while they can be viewed as rather mundane, are critical for including everyone in an open

-market democracy in terms of microcredit to small business -- which I certainly can identify with coming from a small business, a family

-owned business -- land titling; and certainly women's issues and inclusion in the economy and the democracy.

In terms of the economic issues, Charlene will speak to the trade issues specifically. I'd just like to note a couple of things very briefly. First of all, we should look at not only trade, economic integration, which is obviously occurring in a rather dramatic way, but we should look also at investment and we should look at financial coordination, that is. the stability of the banking system and the financial markets. We've seen what can happen seriously in Mexico, in this hemisphere, when that does not take place in the right way, and certainly in Asia. And I think Latin

America in many ways has become a model to emulate there, as opposed to avoid, and has shown a remarkable resilience in the face of Asia contagion because they've had the capacity and the will to act in relatively modern financial systems.

In terms of energy on the economy, three of our four top energy suppliers are from this hemisphere. And I think all of us understand the relation to energy prices, inflation, and our overall economy.

In terms of the FTAA launch, there is a true consensus we'll have a comprehensive and a credible launch, and that should not be taken for granted and it should not be minimized. The importance of it I think is very clear, with 40 percent of our exports going to this hemisphere, with our exports growing twice the rate to this hemisphere as any other region in the world.

One fact, as a business person, about half of the population in Latin America is under 21 years of age. So if you project that market potential out in a natural market, the numbers obviously become very compelling and very important. We export more to Brazil than we do to China, more to Chile where we are visiting than we do to India.

In terms of the summit process, I think the region has found its voice on the world stage. We have a much more mature dialogue in the region than in any times, I think, in the past. I think it is time to put our consultations on a more regular basis and I think this Santiago summit will accomplish that. We'll schedule the next time and place for the next summit meeting. I think the agenda has been one reached by consensus and I think, in that regard, we have a common agenda. The issues that we address in Santiago are issues that matter to the American people and to the people throughout the Americas.

I think the real opportunity of Santiago is to change the very shape and nature of the character of our relationship in the hemisphere, and to have truly a foundation for both security and prosperity as we move toward the 21st century.

AMBASSADOR BARSHEFSKY: I'll try and be brief. We've talked about the political declaration that the leaders made in 1994 at Miami, that there should be a free trade area of the Americas. As important as that political declaration was in 1994, the formal launch of these negotiations following three and a half years of preparatory work, ensures the realization of the Miami vision. There will be a free trade area of the Americas. A comprehensive launch will be initiated in Santiago, along with all that that implies.

And let me tell you what has been agreed. First off, the entire negotiating structure from here to 2005 has been agreed. The first three years of the process will be hosted by Miami. The final two and a half years of the process will be co

-chaired by the United States and Brazil. We in the United States were very concerned about this launch that is in the start and the conclusion, because there are two parts of a negotiation that matter, and only two: the setup in the beginning, and the end.

The middle will always go as the middle goes -- up and down, sometimes fast, sometimes slow, the trajectory is usually positive. But the setup is very, very important, and that's Miami. And the conclusion, by co

-chairing with our other major hemispheric partner, ensures that we will indeed conclude the agreement on time.

We have also agreed on concrete progress by 2000. I think this will largely be reflected in the negotiation and adoption of a series of business facilitation measures. Let me give you some illustrative examples of what that might encompass: customs, meaning customs coordination, meaning paperless entry with respect to customs; a series of provisions related to government procurement and transparency in government procurement -- there is very little transparency of the process in our hemisphere now; services trade, I think we'll see some progress there of a very concrete nature. I also think we'll see some progress with respect to telecommunications trade and some other areas.

We have also for the first time established a committee within the FTAA itself to receive the views of labor, environmental NGOs, and other groups who obviously have a stake in the outcome of the process. The setting up of this committee is really rather a milestone in the history of the FTAA thus far. Our hemisphere has been reluctant to establish a committee within the FTAA to listen to the views of civil society broadly and to take those views into account in the course of the negotiation.

This year there has been rather -- I should say over the last several years -- there has been rather a change of attitude, and I think a growing recognition in our hemisphere that people -- all segments of society -- need to feel empowered by this process of hemispheric integration, not disempowered by it. And so we have for the first time now established a committee within the FTAA to be chaired by the ministers themselves, that is to say, by those most responsible directly to their political constituencies, to take into account these views and to translate these views, where appropriate, into negotiating objectives.

In addition to, as Mack said, a credible launch, the launch will be very comprehensive, covering all areas of trade and covering areas of trade we can project into the future -- so global electronic commerce now figures prominently on the agenda, as it should, since Internet usage in our hemisphere has the highest rate of usage, the highest growth rate in the world, including in Asia, interesting.

Economically, as you know, the markets of Latin America are the most dynamic, and the most dynamic export markets for us. And let me just add for your use a couple of extra numbers. As Sandy Berger said, in 1997, our exports for Latin America and the Caribbean grew more than three times as fast as our exports to the rest of the

world. During the second half of 1997, we exported more to our hemisphere than to the entirety of the European Union.

In 1997, Mexico surpassed Japan as our second largest trading partner. Think about that a minute. Mexico has an economy one

-twelfth the size of Japan. We sell more to Mexico than we do to Japan, and they have now surpassed Japan as our second largest trading partner.

And last, our export increases to the Western Hemisphere accounted for 63 percent of our export growth worldwide in 1997. That is to say, 63 percent of the growth in our exports globally stayed in our hemisphere, went to our hemisphere. And much of that is accounted for indeed by Canada and Mexico.

Let me just say in closing that because of the economic transformation in Latin America, including, as Mack pointed out, reigning in hyperinflation, you have 500 million consumers, a burgeoning middle class, and extraordinary opportunity for American exports. And this is exports in all of the categories that we see, and in all of these categories we've experienced substantial growth already -- and that is in goods, in services, in agriculture as well.

You also have a wave of privatization in our hemisphere, and as we look at areas like power generation, energy, telecommunications, the United States is well poised to capture those opportunities as well. And this range of opportunity will be enhanced substantially as Latin American barriers come down. Their tariff barriers alone average four times what ours are to their products, and non

-tariff barriers in Latin America remain a persistent problem. So we see a substantial expansion of opportunity for the United States as we pursue the FTAA.

And by opportunity, of course, I mean U.S. jobs, because that's what the bottom line is here from our point of view. We already have an economy in which, of new jobs created, one in five depend on exports. One in five new jobs are in manufacturing and dependent on exports. And we know that exports pay on average 15 percent more than non

-export related jobs.

Our future in terms of increasing U.S. economic growth is in exports; it is in opening markets abroad where the other 96 percent of the world's population lives, and most particularly, in our hemisphere, which we ought to view as our neighborhood. We need to remain well

-positioned to capture that opportunity, and that is what the FTAA will do.

MR. BERGER: Questions. Have we worn you down?

Q -- have you been able to convince the labor unions that this is such a good thing for them?

MR. BERGER: We will obviously be consulting as we go along in these negotiations with labor and business, with Congress and all other affected segments of society, to convey what I think is clear, and that is that the future of America's economic growth and a greater production of jobs is going to come in greater trade.

Q How far can you negotiate until you need fast track? How many months or years until you absolutely --

MR. BERGER: Let me answer and then I'll ask Charlene to answer. We launched the Uruguay Round of the GATT negotiations -- in Uruguay, by the way -- (laughter) -- without fast track authority, and did not have fast track authority for over two years in those negotiations. Obviously, as we come to the conclusion -- or before we get to the conclusion of these negotiations, that is something that we will need to have, and it's something the President is deeply committed to obtain, and we will continue to work towards that objective. But I don't think it is necessary for the launch of these negotiations.

Charlene.

AMBASSADOR BARSHEFSKY: Yes, if I might say, I think the fast track question points up to a kind of split dynamic that's occurring in our hemisphere. The launch of these negotiations is as well positioned as it could possibly be. That's with or without fast track. We have precisely the launch, the scope, the U.S. at the center of it, that we want it to have, and that we would have had whether we had fast track now or not.

But what you see in our hemisphere, on the other hand, is an acceleration in sub

-regional integration -- that is, in countries integrating with each other around the United States, not with the United States. And so you see an acceleration of ties between Mercosur -- that is, Brazil, Argentina, Paraguay and Uruguay -- and the Central American countries. An acceleration of the ties between Mercosur and the Andeans; an acceleration between Canada and Chile; between Chile and certain of the Central Americans; or between Chile and Mexico; Mexico and Mercosur; the EU and Mercosur; Asia and Mexico.

That acceleration has occurred, I believe, because countries see a potential window of opportunity that they might not have envisioned had the U.S. had fast track right now. That's not from our point of view an overly positive development. We don't object to these sub

-regional arrangements, obviously, where they expand trade, as most tend to do. But we do want to ensure that the United States remains at the center, as the center of a constellation

of trading relationships. The FTAA launch helps us reassert that central role, but the acceleration of sub

-regional integration is something I think we have to look at very carefully.

Q When do you need to have fast track, though? The launch is next week, but obviously, you're going to need -- and it looks now like the administration is not going to even push again until next year.

AMBASSADOR BARSHEFSKY: We have said all along that the timing of fast track depends on two things -- one is the substance, and the second is the chemistry, both of which we continue to consult with Congress on. And, as Sandy has said, fast track remains a priority for this administration.

Q -- going to be embarrassing, really, because this was the goal, wasn't it -- to have Chile on board for a NAFTA thing? It sounds like everything you've said is a rationale of trying to get around the fact that you failed in --

MR. BERGER: I'll say a couple of things, Helen. First of all, what we set out to do in Miami in 1994 was to launch a free trade area for the Americas, a negotiation at this summit; we're going to do that. And those negotiations will proceed vigorously.

There is, in addition to that, obviously more to this summit, as there was more to Miami, than trade. And I think one of the things that I've talked about, Mack has talked about, are the other issues that increasingly are important to the quality of democracy and the quality of society in these countries. Obviously, to take full advantage of the growth in this hemisphere and to reach fruition in a free trade agreement we will need to have fast track authority. But I believe we will have it.

MR. MCLARTY: Sandy, let me just reenforce a couple of points there. First of all, I think the Miami summit, it should be restated -- if the centerpiece, as many suggested, was the establishment of the FTAA with Chile having a comprehensive trade agreement, the heart of the Miami summit was democracy -- the 34 countries that had moved toward democracy; indeed, established political liberty and democracy. And they are two sides of the same coin.

Secondly, I think we should keep agreements in perspective. What is driving this process and these numbers are not trade agreements. What is driving this process is the interconnective global economy and the private sector, both businesses large and small, and ultimately the consumers' knowledge of and desire for lower priced, competitively priced goods and services.

So I think Helen, had the President and the

administration -- and I have heard this on my some 40 or so trips to Latin America -- not made a concerted effort to achieve fast track, then I think you would have some concerns and problems. I think it is well recognized in these democratically elected governments that, as we discussed earlier, our batting average on legislation and trade legislation is very good. They have their own Congresses, and they're not always successful in a perfectly straight line either.

So I think what is important is to move forward with momentum on this agenda, as Ambassador Barshefsky has noted. And finally, I would suggest the actual summit agenda, which was reached by consensus, was actually essentially agreed upon in large measure over a year ago, well before the fast track vote even took place.

Q Ambassador Barshefsky, you said that the United States is at the center of this process. In Santiago, Brazil will be signing a number of trade agreements, and the President won't be signing any. I wonder, most commentators seem to think that Brazil is now at the center of this process. How do you avoid having the President look like he's become superfluous?

AMBASSADOR BARSHEFSKY: Well, should I start with the fact that we're a \$7 trillion economy? The United States will always be at the center. But your question goes exactly to the point I made before, which is you see an acceleration in the coming together of sub

-regional arrangements to the exclusion of the United States. And this is really where fast track becomes important -- not for the launch; the Uruguay Round was launched without fast track and we're well positioned here, excellently positioned here with respect to the launch of the FTAA negotiations.

Where the rubber hits the road is where you see other countries integrating around us, and for that we're going to need fast track authority.

I do think, now that there will be this comprehensive launch of negotiations, we will soon see countries focus their resources on that. And I think that will begin to subsume a lot of this other sub

-regional activity, but for right now what you see, in this last six months especially since the fast track vote was postponed, is an acceleration with respect to the level of sub

-regional negotiation. But in terms of the United States, the United States is a 7 trillion pound gorilla.

MR. MCLARTY: One quick thing, I think the negotiations are not win

-lose. I think the FTAA is clearly a win

-win proposition,
and I think the markets are indeed very complementary of each other. I think we see that in terms of resources -- I spoke of energy -- and of investments in the region, which Charlene spoke of, infrastructure projects -- so I want to make sure when we talk about the center of what we do need to have is the position in the launch, which we have, to shape the agreements, particularly on issues that are important to us and the American people.

Q Is Pinochet going to attend the Congress, the National Congress event on Friday? Do you know what to expect?

MR. BERGER: We don't know whether he will.

Q Have there been conversations with Chilean officials about whether he's going to come?

MR. BERGER: I know it's been a subject of some discussions at the advance level, but I have no idea whether he's going to be there or not.

Q Will that affect what the President says if he's in the audience?

MR. BERGER: No, he will say the same thing whether he's in the audience or not. Chile is a democracy with a glorious recent history of having reclaimed its democracy, and I can assure you that what the President says will not be affected by whether General Pinochet is in the audience or not.

Q And what bilaterals is he going to have on the sidelines of this summit?

MR. BERGER: Not absolutely clear because of the nature of this. This is a little bit more like -- for those of you who were on the Africa trip -- Entebbe in a sense than a situation where there will be formal bilats. There will be opportunities in the breaks for the President to sit down with President Zedillo, Prime Minister Chretien, and a number of others. It will be somewhat more informal.

Q What about -- will he have a special message about Paraguay's recent turmoil over the elections there?

MR. BERGER: Our message will be the same as the message of all of the countries that are in the region -- Argentina, Brazil, Chile, and others -- which is that we hope and expect that constitutional democracy will be upheld in Paraguay.

Q Sandy, two of the subjects of the summit are education and combatting poverty. What is the United States going to do concretely on those issues? Are there going to be commitments of money or --

MR. BERGER: Well, on education there will be

commitments, not only in terms of multilateral funding but also bilateral commitments as well. I'll let Mack, perhaps, speak more specifically about it. Go ahead, Mack.

MR. MCLARTY: John, I'll get you the precise figure. I think your question is on point in terms of marshaling resources and leveling and leveraging the multilateral agencies, particularly the Inter

-American Development Bank and the World Bank and both President Iglesias and President Wolfensohn will be in attendance at the summit. I think the AID has had an active program in the hemisphere; as you know, they will continue that with somewhat reduced funding over the last several years, but targeting that funding, particularly in terms of the poverty efforts.

But I think what you will see is a continued, concerted, focused, and effective effort on the part of the governments, both at the federal, state, and local levels in Latin America, take full advantage of these expanded resources. And I think you will see their efforts in terms of poverty alleviation to be quite effective and to be sustained efforts. We obviously want to be fully supportive of that.

In terms of education, there will be a number of memoranda of education agreements signed with Chile, with Brazil. And Secretary Riley, of course, will be on the trip and can answer, I think, in specific detail the educational aspects that will take place at the summit and with Chile.

Q I apologize if it's been asked before -- are there American business leaders going with the President.

MR. BERGER: There are not American business leaders going with the President. There of course are many American companies that have subsidiaries in Chile. The President will be speaking to the American Chamber of Commerce in Chile, as he does in a number of countries. But there -- as far as I know, none going on the trip.

Q So there's no delegation as there was to Africa.

MR. BERGER: There will be a Congressional delegation that will be going with us, as there has been in all of our trips in the second term. And we look forward to that. But I don't -- there will be no private delegation.

Q Many members of the Hispanic caucus in the delegation?

MR. BERGER: Yes.

Q Mack, you mentioned that on the economic agenda, international financial stability will be a big point in Santiago. Right after the peso crisis, the United States took the lead in

international fora, particularly the G

-7, to address this problem through the IMF, with greater transparency and surveillance of international banking, et cetera. And for about a couple of years, there was an awful lot of self

-congratulations, that a lot progress had been made -- it's even in the Halifax and Leone communiques -- and boom, we got the Asian crisis when there had been every indication that enough prevention had taken place.

What are you going to be doing in Santiago to reassure investors and consumers and everybody else in the world that something is finally taking hold to prevent this kind of crisis?

MR. MCLARTY: Well, I think, increasingly, as I noted, Latin America has been looked at as a model to emulate, not avoid, in terms of financial institutions, central banking functions and reform of the banking system. I saw that both at the APEC conference in Vancouver, where you had Asian leaders and members of the private sector from those countries attending APEC talk to President Zedillo, discuss with President Frei, what they had done in that regard. I saw it again at the Davos Conference World Economic Forum.

While it is not perfect, clearly the leaders in Latin America have had the capacity and the will to act in terms of fiscal discipline. That's why their inflation rates have stayed under control, that's why their budget deficits are much, much smaller, I think, overall, than even many countries in Europe. And I think we will want to support an increasing and deepening of that kind of transparency and openness that the financial markets clearly judge. And I think that's why you have seen to date stable financial markets in Latin America despite a sharp decline in oil prices, where many of the economies are very dependent on oil prices.

I think you're correct in terms of the efforts the President has made to provide leadership in overall financial architectures -- Secretary Rubin and Secretary Bentsen before him and actually started at the G

-7 in Naples. I think it's clear more needs to be done, and particularly reform, in a local basis in the individual countries affected, which is at the very heart of the IMF program. I think the difference is Latin America has taken those reforms and has taken very positive steps, and in some of the areas they have not.

MR. BERGER: And if you meant to ask by that question whether we would welcome Congress passing the supplemental, which would provide IMF funding and funding for the NAB, which grows directly out of Halifax and is specifically designed to provide for these kind of circumstances -- the answer is yes.

Q Sandy, also what I was wondering about was having put their house in order, as you put it -- the Latin American countries -- are you going to try and enlist them in Santiago to help

you globally, have them put some pressure on Asian finance ministries and banking supervisor groups and so on.

MR. BERGER: I think this is happening informally already. In Vancouver, when APEC met at the end of last year, I think President Zedillo had an enormous impact there. In a sense, he's walked through the valley of the shadow of death, and he's come out on the other side. And he said to the leaders, there are certain rules that you've got to follow: you've got to tell the truth, you've got to take the hard knocks as quickly as you can, and you've got to restore the confidence of the markets.

I think there is beginning to be, as I've said before, a differentiation in this global financial marketplace. Not all emerging markets are alike; not all Asian markets are alike; not all Latin Americans are alike; some are more disciplined than others; some are better run than others. And I think that the time that's passed since the Asian problems began, in some ways established that degree of differentiation on the part of international investors to be a little bit more discriminating and a little less spontaneous in terms of the movement of capital.

Q While we're on international stabilization issues, Japan a few weeks ago announced a package of stimulation measures to revive the Japanese economy. But despite that, the IMF global world economic outlook today forecasts zero growth for Japan for 1998. Does that mean that they have taken insufficient steps? Are you looking for them to do anything else?

MR. BERGER: Well, I don't know what factors they took into account when they made that judgment. We have said that the steps that the Japanese government undertook last week were good steps forward but that, as we've said before, it is extremely important that that economy be stimulated and increase at a faster rate of growth -- not only for its own health but also for the overall health of the Asian economies.

Q Sandy, you just touched on drug trafficking briefly -- what progress do you expect on the idea of multilateral drug certification and on the possibility of a Latin counter

-narcotics
center in Panama?

MR. BERGER: Well, let me answer and then ask Mack to add. We will make progress at this summit in expanding the multilateral alliance against drugs that we began to talk about when we were in Mexico and Brazil and elsewhere. The purposes of these efforts are to increase cooperation throughout the hemisphere, both a demand reduction and supply reduction. And to the extent that we can -- and they will include an element of evaluation of the performance of individual countries. And we think this is an important step forward.

Q Could this be a replacement of certification with time?

MR. BERGER: Well, certification is an act of Congress; it's the law of the land. We obviously intend to comply with it. Both of these are directed toward the goal of enhancing cooperation in fighting drugs in the hemisphere. If at some future point the alliance were strong enough and viable enough that it were advancing that goal, obviously one might take a look at that. But I think at this point I would say they complement each other.

Q Yes, but if this certification is U.S. -- I mean, unilateral measure from the United States, and as you are trying to build a partnership with Latin America, this alternative would be the only politically correct solution on the long run, wouldn't it?

MR. BERGER: Well, we certainly want to be politically correct. As I said, both of these -- the motivation of both of these regimes is to enhance the cooperation throughout the hemisphere on fighting drugs, which is a deadly threat to each country in this hemisphere. Whether it's the United States that purchases \$57 billion worth of drugs, which poisons our children, or other countries where the narco

-traffickers are eating away at the very foundations of democracy, there is no greater threat we have in common. And so it is extremely important that we work on this problem together through whatever means we can. We think the alliance against drugs will be one more instrument to advance that cooperation.

MR. MCLARTY: Well, the only -- I think Sandy really has covered the subject very well. The only additional point I would make in terms of the cooperation is that from a Latin standpoint or a Caribbean standpoint, they view this deadly threat, as Sandy noted, as seriously as the families of our countries do. This is not something we are imposing are having to try to change any views. The truth is, it is a very formidable foe. So I think it calls for increased cooperation. I think that will be achieved at Santiago. The goal of cooperation, the multilateral drug alliance, and certification are the same. Certification is the law, as Sandy noted, and we'll continue certainly to abide by and enforce that law.

In terms of the Panama multilateral drug counter

-narcotics center, it is an idea that has been well received, but there are a lot of issues still outstanding, and I would not anticipate that it would come to fruition at this summit. I think it could obviously be a part of a multilateral effort.

MR. LOCKHART: I just wanted to let you all know about a change in the schedule on the trip we're taking tomorrow. The President will now overnight in Houston and travel Wednesday morning

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to Alabama to view the tornado damage and the work that FEMA and the local authorities are doing to help with the cleanup.

The trip presents some logistical challenges to us, not the least of which is some of the people who are going on that trip are also going on the Chile trip, besides some other ones we're working through. So we will let you all know as soon as we can, possibly by tonight, on the coverage details, but I think it's important that people going on the trip tomorrow pack for two days.

Q Will he then come back here?

MR. LOCKHART: He will come back. There is a possibility that we will bring the press plane back tomorrow night and just take an expanded pool for the trip over to Alabama. We are working through those things now, but for your own comfort you should assume you're staying for an extra day.

Q Will the press charter leave at the same time from Andrews?

MR. LOCKHART: The press charter is still leaving at the same time, and that's what we're trying to work through now, how we reconcile the two things. But the press charter is still leaving early Wednesday morning.

END 4:40 P.M. EDT

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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TEXT:
THE WHITE HOUSE

Office of the Press Secretary

For Immediate
Release
April 13, 1998

PRESS BRIEFING BY
NATIONAL SECURITY ADVISER SANDY BERGER,
SPECIAL ENVOY FOR THE AMERICAS MACK McLARTY,
UNITED STATES TRADE REPRESENTATIVE CHARLENE BARSHEFSKY

The Briefing Room

3:43 P.M. EDT

MR. RUBIN: Okay. It's a briefing on the President's trip to Santiago by the National Security Adviser, Samuel Berger; the United States Trade Representative, Charlene Barshefsky; and the Counselor to the President and Special Envoy for the Americas, Mack McLarty. Thank you.

MR. BERGER: Thank you, Eric. I'm pleased to be joined by Charlene Barshefsky and Mack McLarty. Together we want to preview for you the President's to Chile this week, both for a state visit and for the Santiago Summit of the Americas.

I'd like to spend a few minutes describing what we hope to accomplish during this trip and how it fits into the President's

focus on the Western Hemisphere. I'll also run through the schedule of key events. Mack will speak about the summit in more detail, the road traveled from Miami, and what we'll be focusing on in Santiago. And then Charlene will talk about our vital trade agenda in the Americas and update you on where we are with respect to the free trade area of the Americas.

Let me start, first of all, on the focus that the President has placed on our hemisphere over the past year. The state visit to Chile and the Santiago Summit are the culmination of a yearlong engagement with the Americas, arising from -- originating back, actually, three and a half years ago with the first Summit of the Americas, which the President convened in Miami in 1994. As you know, the President then last year went to Mexico, Central America, and the Caribbean in May, and in October went to Venezuela, Brazil, and Argentina.

The objective of these trips, of these visits is to build upon an extraordinary convergence of our hemisphere around values and interests we share -- in democracy, open market economies, and cooperation against common threats. There has been a quiet revolution in this hemisphere, and the President is determined to build upon it.

As the chart that is not behind me illustrates, but the one that's behind the one that's behind me -- 34 of the 35 nations today in the hemisphere embrace democracy and free markets, as you can see, compared to the time of the '67 and '56 summits. Now, lest you add up the numbers and say that our crack graphics squad cannot add, there obviously have been an additional number of countries in the hemisphere during this period.

Decades of civil war and coups have given way generally in the hemisphere to peace and stability. Despite the peso crisis in Mexico and the effects of the Asian financial problems, economic reforms in the hemisphere have resulted in the lowest inflation and highest growth in two decades. Forty-two percent of all US exports -- Ross Perot does this somehow easier, I don't know quite how he does it -- forty-two percent of all U.S. exports, \$286 billion go to

hemispheric countries in 1997. That represents a 17 percent increase in exports in 1997.

Q From when?

MR. BERGER: From the year before. Versus a 5.6 rise worldwide. And if you look at this chart, you see the extent of our overall exports that go to the western hemisphere. And quite a bit of that is to Latin America, but when you take out Latin America, Canada, and the Caribbean, it's \$308 billion. The result is -- in a sense these two charts capture the two important trends of democratization and economic growth and economic market opening which resulted in the hemisphere being united as never before as we enter

the 21st century.

Now, Mack will talk more about the road from Miami to Santiago, but it certainly has been a road that has been marked by a number of concrete realizations of commitments that were made in Miami. In Miami we agreed to expedite ratification of a protocol providing that any state that ceased to become a democracy would be expelled from the OAS. That was done in October '97. We agreed to initiate a process of regional confidence building. Since then we have established an OAS committee on hemispheric security. On the economic integration side, you can see from these charts, what is happening is not only economic growth but economic integration between us as and the hemisphere and within the hemisphere, within regional groups within the hemisphere.

We talked at the summit about eradicating poverty and trying to combat disease. In 1995, for example, the First Lady launched a measles elimination program. Those cases today have been reduced from 23,000 in 1994 to roughly 2,000 in the hemisphere today. In Miami we agreed to recommend that multilateral development emphasize microenterprises, microlending. The Inter-American Development Bank has adopted a five-year \$500 million strategy to promote microenterprises.

In the area of the environment, there were a number of commitments made in Miami, national action plans to take the lead out of gasoline. In 1996 12 countries had eliminated leaded gas, and by 2001 there will be 20.

Those are simply illustrative of a series of the roughly 100 commitments that were made in Miami and the progress that has been made on most of them.

Now, the people in Latin America have chosen democracy and open markets, but for democracy and markets to endure they must deliver for their people. That is, their people need to understand that democracy delivers, that democracy works. They need to move beyond the basic building blocks of elections and market economics to the second generation of issues faced by all democracies, but particularly new democracies: education, rule of law, health care, worker rights, press freedom, anti-corruption. And this is precisely what the agenda and the focus of the summit in Santiago will be -- the second-generation issues that these countries face together, and where cooperation can help give democracy deeper roots. And Mack will have more to say about this in a few minutes.

On the economic integration side, the Miami Summit set forth a vision of bringing the Americas together around open markets through a Free Trade of the Americas Agreement by the year 2005. In Santiago the leaders will launch negotiations with timetables and a work plan. They will direct their trade ministers to begin negotiations with the objective of concrete progress by the year 2000. Charlene will talk more about that.

They will establish a mechanism to allow labor, the environment, and other civil groups to contribute to this FTAA process. And they will also pursue commitments to strengthen bank regulation and market oversight to promote stability in financial markets, something that since Miami we have come to learn is far more important.

Now, let me talk a bit about Chile itself, because the first two days of the trip is a state visit to Chile, and it will really give the President an opportunity to spotlight Chile's quite impressive achievements. Chile is a country that has succeeded in achieving both an increase in economic growth and a decrease in its poverty rate. Its annual growth since 1990 has averaged 6.9 percent, while its poverty rate has dropped from 40 percent in 1990 to 23 percent in 1997.

President Frei is committed to providing access to computer networks, for example, for all 1,500 secondary schools and 50 percent of primary schools by the year 2000.

The Chile of today has emerged from the turbulent and dark past that we are all too familiar with to become a vibrant democracy working to ensure that all of its citizens share in the fruits of an open market economy.

Now let me briefly just run through the schedule so you can know where you're going to be at various points. We will leave Wednesday at about 8:30 p.m. and arrive in Santiago at 6:30 a.m. in the morning -- a delightful red-eye, all-night flight.

On Thursday the President will meet with President Frei. They will finalize and then sign a U.S.-Chile communique on which we've been working. They will tour a neighborhood of Santiago and have a roundtable conversation with community leaders, which will provide an opportunity to discuss Chile's record of economic growth and poverty reduction. And then finally -- not finally, next to finally -- the President will address business leaders, which together with the event in a poor neighborhood, will provide I think the two sides of the coin that we've talked about so much; that is, economic growth to provide opportunity, a social safety net in order to make sure that that opportunity is spread widely. And then that evening there will be a state dinner.

On Friday we will helicopter to Valparaiso, where the President will address a joint session of the Congress, in which he undoubtedly will highlight Chile's success in reclaiming its democracy and spreading the benefits of its prosperity to more of its people. We'll tour a rural area near Valparaiso, and return to Santiago.

Saturday begins the summit. In the morning most of the events will take place in the Sheraton Hotel. In the opening session the President and President Frei will make opening remarks which will be open to the press. Then they will have sessions during the day

from 10:00 a.m. to 6:00 p.m., three discussions: one on democracy, one on education, one on poverty alleviation. And then that evening there will be a summit gala for leaders and spouses.

And then on Sunday the summit resumes at 9:00 a.m. at the Sheraton. There will be two leader discussion sessions, one on trade, and the final one, which really has no specific agenda will be essentially an open-ended discussion. At about 12:30 the summit will conclude at the former Congress building with statements from several leaders, including President Clinton, President Frei, Prime Minister Chretien, since Canada is likely to be the host of the next Summit of the Americas.

The President will then go speak to the staff and families at the embassy, as he always does when he travels. And we will depart for Washington about 3:45 p.m. and a mere 10 hours later we will be back in Washington.

Let me ask Charlene and then Mack to speak and then we'll take -- Mack, then Charlene.

MR. MCLARTY: Sandy, thank you. The President and our administration has had a policy of sustained engagement and the intense Presidential focus that was noted in Sandy's comments for the past several years, in fact, beginning from the first days of the administration.

We are well aware, the President is acutely aware, of our history in the region from time to time, which has been marked by intervention or neglect. I think he is also keenly aware of this quiet revolution that Sandy noted, a profound change, in many ways as profound as the fall of the Berlin Wall. We have both, from time to time, used the phrase "this is not your father's Latin America," which is, I think, a good way of describing some of the changes -- remarkable changes of 34 out of 35 countries are now democratic. In Central America we don't have the United States and the Soviet Union in a Cold War battlefield or civil wars there. And in fact the export market for U.S. goods in Central America is larger than all of the former Soviet states put together.

The real story from an economic standpoint has been the taming of hyperinflation, which, of course, was the cruelest burden to those below the poverty line. Some example of that is Argentina in 1989 had an inflation rate of 5,000 percent; today it's .3 percent with a 7 percent annualized growth rate. As the minister of finance told us in Brazil when we traveled there, our inflation rate, Mr. President, is 5 percent; the difference is, that is an annual figure not a weekly one. So a remarkable economic change.

In terms of the sustained engagement, our goal is to create what we have phrased as a Greater Americas, based on mutual trust, respect, and reward. And we have certainly discussed with the American people about our views regarding Latin America. After all, we are the fifth largest Hispanic nation in the world, the United

States, and in turn, to sharpen and improve their views of us.

Sandy has already noted the first-term record of the convening of the summit -- restoring peace in Guatemala, as friends of that process; restoring democracy in Haiti; the support of the Mexico peso crisis; and the passage of the NAFTA; as well as the two presidential trips to the region, including two summits with the Central American leaders and the Caribbean leaders.

The Vice President has traveled to the region five times, emphasizing economic growth and environmental stewardship. The First Lady has traveled to the region four times, emphasizing issues of health care, poverty, and including all aspects of women's inclusion in society as well as indigenous people.

Now, the Miami Summit affirmed what is called the first generation of reform, which are free and fair elections, stable and open economies. And I think it's fair to say an architecture was put in place to further that progress, and one of the centerpieces -- not the only, but one of the centerpieces was the Free Trade Area of the Americas by the year 2005.

We have made real progress on that road from Miami to the promise of Santiago, but the key point here is that progress is not assured and not guaranteed. It is critical in my view, as someone from the private sector, to have a second generation of reform in order to sustain the first generation, the macroeconomic reform.

I think most of us would agree the bright line between foreign policy and domestic policy has blurred. You'll see that at this summit. From a U.S. perspective, whether it's jobs, the economy, energy prices, gasoline prices with summer vacations coming up, education, fighting the drug trade, alleviating poverty, or protecting the air we breathe, the issues we will discuss at this summit are the issues that affect our citizens and families here at home. They are issues that our people care about and care about deeply.

The summit agenda will very much follow the Miami agenda: first, strengthening our respective democracies; secondly, trade and economics, including financial coordination, which I think should be emphasized and highlights; thirdly, addressing poverty; and fourth, of course, emphasizing education. We'll certainly try to marshal resources, particularly where we have leverage in the multilateral organizations -- the Inter-American Development Bank, the World Bank, the Pan-American Health Organization -- particularly focusing those resources on education.

I think in terms of education the emphasis to strengthen the resources devoted in Latin America to primary and secondary education is particularly important to strengthen their democracies

and their economies. There are clearly dramatic changes in terms of distance learning taking place throughout the hemisphere and indeed the world and our own country. And some of the same issues, including resources, teachers in the classroom, size of the classroom, and so forth, will be very much discussed at the summit.

I think it's a fair question to ask, how is improving education in Latin America going to help people here in the United States? I think the answer is, good schools make good neighbors. Education advances our economic and security interest in the region. First, it expands the middle class that buys U.S. goods and services that are noted on this chart. Secondly, it reduces the opportunity to buy or sell illegal drugs to be part of that undercurrent and undertow. It reduces illegal immigration by encouraging people to stay at home with their families, and it makes for more stable democracies, and with partners who are ready and willing and able, as they have demonstrated, to stand by us not only in the hemisphere, but in terms of our peacekeeping efforts in Bosnia and our efforts in the Persian Gulf.

You have a number of presidents who have spent a number of years devoting their efforts to education, including President Clinton. President Cardoso has been a lifelong teacher and academician, as has his wife; President Zedillo a former Minister of Education; President Frei, President Figueres and others have talked about and been dedicated to educational reform for at least a decade, if not longer.

I think all of us would agree in this global economy, which Ambassador Barshefsky will talk about, the key to inclusive growth both here in this hemisphere and worldwide, is education. And in many ways I think that will be the legacy of this summit.

In terms of democracy, I think we will see an emphasis on broader democratic participation, certainly the strengthening of the judicial system in Latin America -- a fair, open professional judiciary is key to any modern contemporary working democracy. Attorney General Reno, Justice Breyer have worked very diligently on this effort.

Press freedom -- something important specifically to all of you in this room, is an issue we have pushed, encouraged, and the President raised it when he went to Argentina on our last trip, and the hemisphere embraced it. And through the inter-American human rights part of the OAS, no new bureaucracy, we will establish, I think, at this summit a special rapporteur to advocate for freedom of expression.

Now, that may be perhaps even more important than just the fundamental tenant of freedom of expression, because over the past 10 years 200 journalists have been killed in Latin America and some in the United States in pursuit of a story, doing their job professionally and responsibly. And I think this effort will clearly help address these crimes of impunity.

I think, finally, corruption is certainly a very important issue in the hemisphere. The hemisphere is leading the way with the signing of the Corruption Convention over a year ago, and that measure, as I think was announced here, has been sent to our Congress for ratification.

The region clearly still has too much poverty -- over 150 million below the poverty line, despite the progress that Sandy noted. And these targeted issues, while they can be viewed as rather mundane, are critical for including everyone in an open-market democracy in terms of microcredit to small business -- which I certainly can identify with coming from a small business, a family-owned business -- land titling; and certainly women's issues and inclusion in the economy and the democracy.

In terms of the economic issues, Charlene will speak to the trade issues specifically. I'd just like to note a couple of things very briefly. First of all, we should look at not only trade, economic integration, which is obviously occurring in a rather dramatic way, but we should look also at investment and we should look at financial coordination, that is, the stability of the banking system and the financial markets. We've seen what can happen seriously in Mexico, in this hemisphere, when that does not take place in the right way, and certainly in Asia. And I think Latin America in many ways has become a model to emulate there, as opposed to avoid, and has shown a remarkable resilience in the face of Asia contagion because they've had the capacity and the will to act in relatively modern financial systems.

In terms of energy on the economy, three of our four top energy suppliers are from this hemisphere. And I think all of us understand the relation to energy prices, inflation, and our overall economy.

In terms of the FTAA launch, there is a true consensus we'll have a comprehensive and a credible launch, and that should not be taken for granted and it should not be minimized. The importance of it I think is very clear, with 40 percent of our exports going to this hemisphere, with our exports growing twice the rate to this hemisphere as any other region in the world.

One fact, as a business person, about half of the population in Latin America is under 21 years of age. So if you project that market potential out in a natural market, the numbers obviously become very compelling and very important. We export more to Brazil than we do to China, more to Chile where we are visiting than we do to India.

In terms of the summit process, I think the region has found its voice on the world stage. We have a much more mature dialogue in the region than in any times, I think, in the past. I think it is time to put our consultations on a more regular basis and I think this Santiago summit will accomplish that. We'll schedule

the next time and place for the next summit meeting. I think the agenda has been one reached by consensus and I think, in that regard, we have a common agenda. The issues that we address in Santiago are issues that matter to the American people and to the people throughout the Americas.

I think the real opportunity of Santiago is to change the very shape and nature of the character of our relationship in the hemisphere, and to have truly a foundation for both security and prosperity as we move toward the 21st century.

AMBASSADOR BARSHEFSKY: I'll try and be brief. We've talked about the political declaration that the leaders made in 1994 at Miami, that there should be a free trade area of the Americas. As important as that political declaration was in 1994, the formal launch of these negotiations following three and a half years of preparatory work, ensures the realization of the Miami vision. There will be a free trade area of the Americas. A comprehensive launch will be initiated in Santiago, along with all that that implies.

And let me tell you what has been agreed. First off, the entire negotiating structure from here to 2005 has been agreed. The first three years of the process will be hosted by Miami. The final two and a half years of the process will be co-chaired by the United States and Brazil. We in the United States were very concerned about this launch that is in the start and the conclusion, because there are two parts of a negotiation that matter, and only two: the setup in the beginning, and the end.

The middle will always go as the middle goes -- up and down, sometimes fast, sometimes slow, the trajectory is usually positive. But the setup is very, very important, and that's Miami. And the conclusion, by co-chairing with our other major hemispheric partner, ensures that we will indeed conclude the agreement on time.

We have also agreed on concrete progress by 2000. I think this will largely be reflected in the negotiation and adoption of a series of business facilitation measures. Let me give you some illustrative examples of what that might encompass: customs, meaning customs coordination, meaning paperless entry with respect to customs; a series of provisions related to government procurement and transparency in government procurement -- there is very little transparency of the process in our hemisphere now; services trade, I think we'll see some progress there of a very concrete nature. I also think we'll see some progress with respect to telecommunications trade and some other areas.

We have also for the first time established a committee within the FTAA itself to receive the views of labor, environmental NGOs, and other groups who obviously have a stake in the outcome of the process. The setting up of this committee is really rather a milestone in the history of the FTAA thus far. Our hemisphere has

been reluctant to establish a committee within the FTAA to listen to the views of civil society broadly and to take those views into account in the course of the negotiation.

This year there has been rather -- I should say over the last several years -- there has been rather a change of attitude, and I think a growing recognition in our hemisphere that people -- all segments of society -- need to feel empowered by this process of hemispheric integration, not disempowered by it. And so we have for the first time now established a committee within the FTAA to be chaired by the ministers themselves, that is to say, by those most responsible directly to their political constituencies, to take into account these views and to translate these views, where appropriate, into negotiating objectives.

In addition to, as Mack said, a credible launch, the launch will be very comprehensive, covering all areas of trade and covering areas of trade we can project into the future -- so global electronic commerce now figures prominently on the agenda, as it should, since Internet usage in our hemisphere has the highest rate of usage, the highest growth rate in the world, including in Asia, interesting.

Economically, as you know, the markets of Latin America are the most dynamic, and the most dynamic export markets for us. And let me just add for your use a couple of extra numbers. As Sandy Berger said, in 1997, our exports for Latin America and the Caribbean grew more than three times as fast as our exports to the rest of the world. During the second half of 1997, we exported more to our hemisphere than to the entirety of the European Union.

In 1997, Mexico surpassed Japan as our second largest trading partner. Think about that a minute. Mexico has an economy one-twelfth the size of Japan. We sell more to Mexico than we do to Japan, and they have now surpassed Japan as our second largest trading partner.

And last, our export increases to the Western Hemisphere accounted for 63 percent of our export growth worldwide in 1997. That is to say, 63 percent of the growth in our exports globally stayed in our hemisphere, went to our hemisphere. And much of that is accounted for indeed by Canada and Mexico.

Let me just say in closing that because of the economic transformation in Latin America, including, as Mack pointed out, reigning in hyperinflation, you have 500 million consumers, a burgeoning middle class, and extraordinary opportunity for American exports. And this is exports in all of the categories that we see, and in all of these categories we've experienced substantial growth already -- and that is in goods, in services, in agriculture as well.

You also have a wave of privatization in our hemisphere, and as we look at areas like power generation, energy, telecommunications, the United States is well poised to capture those

opportunities as well. And this range of opportunity will be enhanced substantially as Latin American barriers come down. Their tariff barriers alone average four times what ours are to their products, and non-tariff barriers in Latin America remain a persistent problem. So we see a substantial expansion of opportunity for the United States as we pursue the FTAA.

And by opportunity, of course, I mean U.S. jobs, because that's what the bottom line is here from our point of view. We already have an economy in which, of new jobs created, one in five depend on exports. One in five new jobs are in manufacturing and dependent on exports. And we know that exports pay on average 15 percent more than non-export related jobs.

Our future in terms of increasing U.S. economic growth is in exports; it is in opening markets abroad where the other 96 percent of the world's population lives, and most particularly, in our hemisphere, which we ought to view as our neighborhood. We need to remain well-positioned to capture that opportunity, and that is what the FTAA will do.

MR. BERGER: Questions. Have we worn you down?

Q -- have you been able to convince the labor unions that this is such a good thing for them?

MR. BERGER: We will obviously be consulting as we go along in these negotiations with labor and business, with Congress and all other affected segments of society, to convey what I think is clear, and that is that the future of America's economic growth and a greater production of jobs is going to come in greater trade.

Q How far can you negotiate until you need fast track? How many months or years until you absolutely --

MR. BERGER: Let me answer and then I'll ask Charlene to answer. We launched the Uruguay Round of the GATT negotiations -- in Uruguay, by the way -- (laughter) -- without fast track authority, and did not have fast track authority for over two years in those negotiations. Obviously, as we come to the conclusion -- or before we get to the conclusion of these negotiations, that is something that we will need to have, and it's something the President is deeply committed to obtain, and we will continue to work towards that objective. But I don't think it is necessary for the launch of these negotiations.

Charlene.

AMBASSADOR BARSHEFSKY: Yes, if I might say, I think the fast track question points up to a kind of split dynamic that's occurring in our hemisphere. The launch of these negotiations is as well positioned as it could possibly be. That's with or without fast

track. We have precisely the launch, the scope, the U.S. at the center of it, that we want it to have, and that we would have had whether we had fast track now or not.

But what you see in our hemisphere, on the other hand, is an acceleration in sub-regional integration -- that is, in countries integrating with each other around the United States, not with the United States. And so you see an acceleration of ties between Mercosur -- that is, Brazil, Argentina, Paraguay and Uruguay -- and the Central American countries. An acceleration of the ties between Mercosur and the Andeans; an acceleration between Canada and Chile; between Chile and certain of the Central Americans; or between Chile and Mexico; Mexico and Mercosur; the EU and Mercosur; Asia and Mexico.

That acceleration has occurred, I believe, because countries see a potential window of opportunity that they might not have envisioned had the U.S. had fast track right now. That's not from our point of view an overly positive development. We don't object to these sub-regional arrangements, obviously, where they expand trade, as most tend to do. But we do want to ensure that the United States remains at the center, as the center of a constellation of trading relationships. The FTAA launch helps us reassert that central role, but the acceleration of sub-regional integration is something I think we have to look at very carefully.

Q When do you need to have fast track, though? The launch is next week, but obviously, you're going to need -- and it looks now like the administration is not going to even push again until next year.

AMBASSADOR BARSHEFSKY: We have said all along that the timing of fast track depends on two things -- one is the substance, and the second is the chemistry, both of which we continue to consult with Congress on. And, as Sandy has said, fast track remains a priority for this administration.

Q -- going to be embarrassing, really, because this was the goal, wasn't it -- to have Chile on board for a NAFTA thing? It sounds like everything you've said is a rationale of trying to get around the fact that you failed in --

MR. BERGER: I'll say a couple of things, Helen. First of all, what we set out to do in Miami in 1994 was to launch a free trade area for the Americas, a negotiation at this summit; we're going to do that. And those negotiations will proceed vigorously.

There is, in addition to that, obviously more to this summit, as there was more to Miami, than trade. And I think one of the things that I've talked about, Mack has talked about, are the other issues that increasingly are important to the quality of democracy and the quality of society in these countries. Obviously, to take full advantage of the growth in this hemisphere and to reach fruition in a free trade agreement we will need to have fast track

authority. But I believe we will have it.

MR. MCLARTY: Sandy, let me just reenforce a couple of points there. First of all, I think the Miami summit, it should be restated -- if the centerpiece, as many suggested, was the establishment of the FTAA with Chile having a comprehensive trade agreement, the heart of the Miami summit was democracy -- the 34 countries that had moved toward democracy; indeed, established political liberty and democracy. And they are two sides of the same coin.

Secondly, I think we should keep agreements in perspective. What is driving this process and these numbers are not trade agreements. What is driving this process is the interconnective global economy and the private sector, both businesses large and small, and ultimately the consumers' knowledge of and desire for lower priced, competitively priced goods and services.

So I think Helen, had the President and the administration -- and I have heard this on my some 40 or so trips to Latin America -- not made a concerted effort to achieve fast track, then I think you would have some concerns and problems. I think it is well recognized in these democratically elected governments that, as we discussed earlier, our batting average on legislation and trade legislation is very good. They have their own Congresses, and they're not always successful in a perfectly straight line either.

So I think what is important is to move forward with momentum on this agenda, as Ambassador Barshefsky has noted. And finally, I would suggest the actual summit agenda, which was reached by consensus, was actually essentially agreed upon in large measure over a year ago, well before the fast track vote even took place.

Q Ambassador Barshefsky, you said that the United States is at the center of this process. In Santiago, Brazil will be signing a number of trade agreements, and the President won't be signing any. I wonder, most commentators seem to think that Brazil is now at the center of this process. How do you avoid having the President look like he's become superfluous?

AMBASSADOR BARSHEFSKY: Well, should I start with the fact that we're a \$7 trillion economy? The United States will always be at the center. But your question goes exactly to the point I made before, which is you see an acceleration in the coming together of sub-regional arrangements to the exclusion of the United States. And this is really where fast track becomes important -- not for the launch; the Uruguay Round was launched without fast track and we're well positioned here, excellently positioned here with respect to the launch of the FTAA negotiations.

Where the rubber hits the road is where you see other countries integrating around us, and for that we're going to need fast track authority.

I do think, now that there will be this comprehensive launch of negotiations, we will soon see countries focus their resources on that. And I think that will begin to subsume a lot of this other sub-regional activity, but for right now what you see, in this last six months especially since the fast track vote was postponed, is an acceleration with respect to the level of sub-regional negotiation. But in terms of the United States, the United States is a 7 trillion pound gorilla.

MR. MCLARTY: One quick thing, I think the negotiations are not win-lose. I think the FTAA is clearly a win-win proposition, and I think the markets are indeed very complementary of each other. I think we see that in terms of resources -- I spoke of energy -- and of investments in the region, which Charlene spoke of, infrastructure projects -- so I want to make sure when we talk about the center of what we do need to have is the position in the launch, which we have, to shape the agreements, particularly on issues that are important to us and the American people.

Q Is Pinochet going to attend the Congress, the National Congress event on Friday? Do you know what to expect?

MR. BERGER: We don't know whether he will.

Q Have there been conversations with Chilean officials about whether he's going to come?

MR. BERGER: I know it's been a subject of some discussions at the advance level, but I have no idea whether he's going to be there or not.

Q Will that affect what the President says if he's in the audience?

MR. BERGER: No, he will say the same thing whether he's in the audience or not. Chile is a democracy with a glorious recent history of having reclaimed its democracy, and I can assure you that what the President says will not be affected by whether General Pinochet is in the audience or not.

Q And what bilaterals is he going to have on the sidelines of this summit?

MR. BERGER: Not absolutely clear because of the nature of this. This is a little bit more like -- for those of you who were on the Africa trip -- Entebbe in a sense than a situation where there will be formal bilats. There will be opportunities in the breaks for the President to sit down with President Zedillo, Prime Minister Chretien, and a number of others. It will be somewhat more informal.

Q What about -- will he have a special message about Paraguay's recent turmoil over the elections there?

MR. BERGER: Our message will be the same as the message of all of the countries that are in the region -- Argentina, Brazil, Chile, and others -- which is that we hope and expect that constitutional democracy will be upheld in Paraguay.

Q Sandy, two of the subjects of the summit are education and combatting poverty. What is the United States going to do concretely on those issues? Are there going to be commitments of money or --

MR. BERGER: Well, on education there will be commitments, not only in terms of multilateral funding but also bilateral commitments as well. I'll let Mack, perhaps, speak more specifically about it. Go ahead, Mack.

MR. MCLARTY: John, I'll get you the precise figure. I think your question is on point in terms of marshaling resources and leveling and leveraging the multilateral agencies, particularly the Inter-American Development Bank and the World Bank and both President Iglesias and President Wolfensohn will be in attendance at the summit. I think the AID has had an active program in the hemisphere; as you know, they will continue that with somewhat reduced funding over the last several years, but targeting that funding, particularly in terms of the poverty efforts.

But I think what you will see is a continued, concerted, focused, and effective effort on the part of the governments, both at the federal, state, and local levels in Latin America, take full advantage of these expanded resources. And I think you will see their efforts in terms of poverty alleviation to be quite effective and to be sustained efforts. We obviously want to be fully supportive of that.

In terms of education, there will be a number of memoranda of education agreements signed with Chile, with Brazil. And Secretary Riley, of course, will be on the trip and can answer, I think, in specific detail the educational aspects that will take place at the summit and with Chile.

Q I apologize if it's been asked before -- are there American business leaders going with the President.

MR. BERGER: There are not American business leaders going with the President. There of course are many American companies that have subsidiaries in Chile. The President will be speaking to the American Chamber of Commerce in Chile, as he does in a number of countries. But there -- as far as I know, none going on the trip.

Q So there's no delegation as there was to Africa.

MR. BERGER: There will be a Congressional delegation that will be going with us, as there has been in all of our trips in the second term. And we look forward to that. But I don't -- there

will be no private delegation.

Q Many members of the Hispanic caucus in the delegation?

MR. BERGER: Yes.

Q Mack, you mentioned that on the economic agenda, international financial stability will be a big point in Santiago. Right after the peso crisis, the United States took the lead in international fora, particularly the G-7, to address this problem through the IMF, with greater transparency and surveillance of international banking, et cetera. And for about a couple of years, there was an awful lot of self-congratulations, that a lot progress had been made -- it's even in the Halifax and Leone communiques -- and boom, we got the Asian crisis when there had been every indication that enough prevention had taken place.

What are you going to be doing in Santiago to reassure investors and consumers and everybody else in the world that something is finally taking hold to prevent this kind of crisis?

MR. MCLARTY: Well, I think, increasingly, as I noted, Latin America has been looked at as a model to emulate, not avoid, in terms of financial institutions, central banking functions and reform of the banking system. I saw that both at the APEC conference in Vancouver, where you had Asian leaders and members of the private sector from those countries attending APEC talk to President Zedillo, discuss with President Frei, what they had done in that regard. I saw it again at the Davos Conference World Economic Forum.

While it is not perfect, clearly the leaders in Latin America have had the capacity and the will to act in terms of fiscal discipline. That's why their inflation rates have stayed under control, that's why their budget deficits are much, much smaller, I think, overall, than even many countries in Europe. And I think we will want to support an increasing and deepening of that kind of transparency and openness that the financial markets clearly judge. And I think that's why you have seen to date stable financial markets in Latin America despite a sharp decline in oil prices, where many of the economies are very dependent on oil prices.

I think you're correct in terms of the efforts the President has made to provide leadership in overall financial architectures -- Secretary Rubin and Secretary Bentsen before him and actually started at the G-7 in Naples. I think it's clear more needs to be done, and particularly reform, in a local basis in the individual countries affected, which is at the very heart of the IMF program. I think the difference is Latin America has taken those reforms and has taken very positive steps, and in some of the areas they have not.

MR. BERGER: And if you meant to ask by that question whether we would welcome Congress passing the supplemental, which

would provide IMF funding and funding for the NAB, which grows directly out of Halifax and is specifically designed to provide for these kind of circumstances -- the answer is yes.

Q Sandy, also what I was wondering about was having put their house in order, as you put it -- the Latin American countries -- are you going to try and enlist them in Santiago to help you globally, have them put some pressure on Asian finance ministries and banking supervisor groups and so on.

MR. BERGER: I think this is happening informally already. In Vancouver, when APEC met at the end of last year, I think President Zedillo had an enormous impact there. In a sense, he's walked through the valley of the shadow of death, and he's come out on the other side. And he said to the leaders, there are certain rules that you've got to follow: you've got to tell the truth, you've got to take the hard knocks as quickly as you can, and you've got to restore the confidence of the markets.

I think there is beginning to be, as I've said before, a differentiation in this global financial marketplace. Not all emerging markets are alike; not all Asian markets are alike; not all Latin Americans are alike; some are more disciplined than others; some are better run than others. And I think that the time that's passed since the Asian problems began, in some ways established that degree of differentiation on the part of international investors to be a little bit more discriminating and a little less spontaneous in terms of the movement of capital.

Q While we're on international stabilization issues, Japan a few weeks ago announced a package of stimulation measures to revive the Japanese economy. But despite that, the IMF global world economic outlook today forecasts zero growth for Japan for 1998. Does that mean that they have taken insufficient steps? Are you looking for them to do anything else?

MR. BERGER: Well, I don't know what factors they took into account when they made that judgment. We have said that the steps that the Japanese government undertook last week were good steps forward but that, as we've said before, it is extremely important that that economy be stimulated and increase at a faster rate of growth -- not only for its own health but also for the overall health of the Asian economies.

Q Sandy, you just touched on drug trafficking briefly -- what progress do you expect on the idea of multilateral drug certification and on the possibility of a Latin counter-narcotics center in Panama?

MR. BERGER: Well, let me answer and then ask Mack to add. We will make progress at this summit in expanding the multilateral alliance against drugs that we began to talk about when we were in Mexico and Brazil and elsewhere. The purposes of these efforts are to increase cooperation throughout the hemisphere, both a

demand reduction and supply reduction. And to the extent that we can -- and they will include an element of evaluation of the performance of individual countries. And we think this is an important step forward.

Q Could this be a replacement of certification with time?

MR. BERGER: Well, certification is an act of Congress; it's the law of the land. We obviously intend to comply with it. Both of these are directed toward the goal of enhancing cooperation in fighting drugs in the hemisphere. If at some future point the alliance were strong enough and viable enough that it were advancing that goal, obviously one might take a look at that. But I think at this point I would say they complement each other.

Q Yes, but if this certification is U.S. -- I mean, unilateral measure from the United States, and as you are trying to build a partnership with Latin America, this alternative would be the only politically correct solution on the long run, wouldn't it?

MR. BERGER: Well, we certainly want to be politically correct. As I said, both of these -- the motivation of both of these regimes is to enhance the cooperation throughout the hemisphere on fighting drugs, which is a deadly threat to each country in this hemisphere. Whether it's the United States that purchases \$57 billion worth of drugs, which poisons our children, or other countries where the narco-traffickers are eating away at the very foundations of democracy, there is no greater threat we have in common. And so it is extremely important that we work on this problem together through whatever means we can. We think the alliance against drugs will be one more instrument to advance that cooperation.

MR. MCLARTY: Well, the only -- I think Sandy really has covered the subject very well. The only additional point I would make in terms of the cooperation is that from a Latin standpoint or a Caribbean standpoint, they view this deadly threat, as Sandy noted, as seriously as the families of our countries do. This is not something we are imposing are having to try to change any views. The truth is, it is a very formidable foe. So I think it calls for increased cooperation. I think that will be achieved at Santiago. The goal of cooperation, the multilateral drug alliance, and certification are the same. Certification is the law, as Sandy noted, and we'll continue certainly to abide by and enforce that law.

In terms of the Panama multilateral drug counter-narcotics center, it is an idea that has been well received, but there are a lot of issues still outstanding, and I would not anticipate that it would come to fruition at this summit. I think it could obviously be a part of a multilateral effort.

MR. LOCKHART: I just wanted to let you all know about a change in the schedule on the trip we're taking tomorrow. The

President will now overnight in Houston and travel Wednesday morning

to Alabama to view the tornado damage and the work that FEMA and the local authorities are doing to help with the cleanup.

The trip presents some logistical challenges to us, not the least of which is some of the people who are going on that trip are also going on the Chile trip, besides some other ones we're working through. So we will let you all know as soon as we can, possibly by tonight, on the coverage details, but I think it's important that people going on the trip tomorrow pack for two days.

Q Will he then come back here?

MR. LOCKHART: He will come back. There is a possibility that we will bring the press plane back tomorrow night and just take an expanded pool for the trip over to Alabama. We are working through those things now, but for your own comfort you should assume you're staying for an extra day.

Q Will the press charter leave at the same time from Andrews?

MR. LOCKHART: The press charter is still leaving at the same time, and that's what we're trying to work through now, how we reconcile the two things. But the press charter is still leaving early Wednesday morning.

END

4:40 P.M. EDT

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THE WHITE HOUSE

REMARKS BY THE PRESIDENT
AT U.S. CONFERENCE OF MAYORS BREAKFAST

State Dining Room

9:57 A.M. EST

THE PRESIDENT: Thank you for that wonderful welcome. When Secretary Pena started talking about Mayor Helmke being on Jeopardy, I thought he was going to say -- and I knew we were getting into this law school business -- I thought he was going to say, which two politicians in this room went to the greatest lengths early in their career to cover up the fact that they went to Ivy League schools. (Laughter.) Once you get gray-headed you can fess up to that.

I'm delighted to be here with you, Paul, and I'm very proud of your success and the partnership we've enjoyed. Mayor Webb, good job in the Super Bowl. (Laughter.) I want to say to all of you -- my Mayor, Jim Daley, is here. I want to thank Secretary Cuomo and Secretary Pena, Secretary Riley, Secretary Babbitt, Secretary Slater, OMB Director Frank Raines, OPM Director Janice LaChance, John McCaffrey, Gene Sperling, my National Economic Advisor. And I want to thank our whole team. There are others who are here.

I also want to say a special word of thanks to Mickey Ibarra and Lynn Cutler, who have been working with you on this conference. I think they've done a superb job and I hope you are pleased with it. (Applause.)

And we have a lot of other members of the administration here from other departments in the White House. We all like it when the mayors come to town -- we get to talk about real people, real issues and building a real future for America, because that's what you embody.

Earlier this week in the State of the Union address I asked the American people to continue working with me to strengthen our nation for the 21st century -- just 700 days, more or less, left in this century and in this millennium.

We can be very grateful for the strength that our country enjoys today. We got some new evidence, actually, this morning of that strength with the new economic report. Our economy

continues to grow steadily and strongly. In the fourth quarter of last year, our economy expanded at a vigorous 4.3 percent rate with continued low inflation. (Applause.) Last year, economic growth for the entire year was fueled by strong exports and strong business investment. It was 3.8 percent on an annual basis. That's the highest growth rate for the United States in a decade, after years of economic expansion.

This economic strategy that we have embraced of fiscal discipline, expanded trade, and investment in our people and our future is working. What I want to talk to you about today is that we have to continue that until every American is a part of this success story.

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The next steps we have to make -- in education, in economic development, in crime, in partnerships with our cities, in involving all of our citizens in the work of our cities and nations -- these next steps will be critical -- whether we can empower all of our urban areas and our urban citizens to make the most of their own lives will be critical to determining whether we can, in fact, take all this success that our country has had and reach every neighborhood, every block, every family, every child.

Today, thanks to your leadership, there is truly an urban renaissance taking place all across America -- from New York, where crime has dropped to record lows, to Detroit, where the unemployment rate has been cut in half, to Long Beach, where the downtown is once again bustling with shoppers and students in school uniforms are learning more in safer environments.

The urban revitalization is one of the most extraordinary successes of the past five years. It is a great achievement of America's mayors and the people whom they lead. Our cities are back because so many of you rolled up your sleeves and went to work. I thank you for your leadership and for the extraordinary opportunity that we have had to work together. I can tell you, for me, it's been a lot of fun, and we've done a lot of good. And we're going to do even more in the next three years. I know we can. (Applause.)

The other night in the State of the Union address, I tried to capture for the American people the different direction in government that our administration has pursued for the last five years. I said that one of the reasons I came to Washington as the governor of a small state -- sort of like being the mayor of a big city -- was to break out of this old gridlock between those who said government is the problem and those who said government is the solution. It was obvious that, if for no reason than the deficit, government could not be the solution. Plus the nature of the problems we have and the nature of the changing economy and society that we're living in, and certainly the one toward which we are moving, made it impossible to think about the solutions to today's

problems in sort of 1930s through 1960s terms.

So what we said is there has got to be a third way here. These two extremes won't work. We think government ought to be a catalyst for new ideas to experiment. We think government ought to be a partner with the private sector and community groups. We think the government ought to focus on creating the conditions and giving people the tools so that people can --- their own lives and chart their own futures and build this country from the ground up. That is what you represent for me. You do that all day every day, sometimes without even thinking about it. You do it because it is the only way to proceed, and you do it without regard to party. A long time ago, Mayor LaGuardia said, there's no Republican or Democratic way to pick up the garbage, it either gets picked up or it doesn't. (Laughter.)

Now, I tried to reflect that third way approach in how we have related. A lot of you were terrifically understanding when I came into office and I said, you know, you're my friends and I care about you, but the first thing I've got to do is get this deficit down; otherwise the economy will never come back and you won't have any jobs anyway. And we found a way to find some more investments, to make some innovative partnerships, while we were continuing to follow the discipline necessary that has brought us to the point where we are now -- where the budget deficit was estimated to be \$357 billion for this year when I took office; now the estimate is \$10 billion. That's a pretty big difference -- (applause.)

We know, and I think you can see by the extraordinary presence of Cabinet members here today, we know that every single part of this federal government has a responsibility to work with you and to be a good partner. Secretary Cuomo's reinvented HUD exemplifies the kind of approach we're trying to take to working with the cities all across the federal government. We want to be your partner, and we want to be a good partner and help you be a good partner with the private sector, with community groups, with individual citizens.

Now, on Monday, as a part of my balanced budget, I'll be proposing one of the broadest, strongest, and most innovative urban agendas in a generation that will focus on three keys to closing the opportunity gaps in America and building one America for the 21st century: education, economic development, and crime.

First, as I said the other night, all Americans know I think in the marrow of their bones that we have the finest system of higher education in the world. Therefore, when I was able to announce to the American people the other night all the steps we had taken essentially to open the doors of college to all Americans, I could hear the cheering in living rooms all across this country. You didn't have to say -- people knew we were giving them a good thing.

We have to keep working until people have that same level of confidence that their elementary and secondary schools will

give their children the best education in America. And we can do it. If we can build an international space station in the sky, if we can put all the telephone calls on Mother's Day on a single piece of fiber the width of a human hair -- which will happen just in a couple of years -- if our scientists can unlock the secrets -- the genetic secrets of Parkinson's disease in nine days -- all those things I talked about the other night -- this is not rocket science. This is not rocket science. We can do this. We have never had, in the last 20 years, when we have known we needed to do it, the kind of systematic, disciplined approach to giving our children the education they need that we must bring to bear on this problem now. But we can do it. (Applause.)

One thing I know, there are some cities where the mayors have direct jurisdiction over the schools, and other cities where the mayors seem to have no legal say over the schools, but in every city the mayor should be involved in the schools. I am thrilled that you're going to have a conference on public schools. I thank you for your invitation, and I expect to be there. I want us to continue to work together on this important issue. (Applause.)

I am -- as you know if you heard the speech the other night, I'm very excited about what's going on in Chicago with the schools. I have been there twice. I have spent a lot of time both in the schools and sitting around tables talking to the people who are part of the restructuring of the way they're operated, not only from the district down, but from the school level up, with parental involvement.

I think it is a good thing to do end social promotion, but I think you have to couple that with second chances. And so when they ended social promotion, they also had mandatory summer school to give every child a second chance. You can stand up and say something like, I'm ending social promotion, and it sounds great and everybody will clap and your popularity will go up, but in the end, the only thing that really matters is, are the children learning or not. And the reason we should stop the practice is that it covers up the sins of the system which is not producing an educated citizenry among our children and not preparing them for the future.

So it's a good thing to do to end it, but it's not enough, because you have to put something in its place. And the thing that's exciting to me about Chicago is they have -- if these children don't perform at grade level, then they have a mandatory summer school program and everybody goes. By the way, it cuts down on juvenile disruption problems as well.

But it's an exciting thing. I went to a school there, with a principal and a parent, and the parent had a child in the school as a student and a child in the school as a teacher. And it was an inner city school, and all of these parent groups showed up. None of them felt aggrieved because this school had ended social promotion. They felt empowered because it had, because it was done at the grass-roots level. And they thought it was a fair system

because they were involved in it and because there kids had a positive alternative. So it wasn't just that they were going to be held back. We have to do things like that all across the country.

I am proposing new education opportunity zones to help poor school districts close down failing schools, promote public school choice, remove bad teachers, follow the model of the Chicago system to try to help to stop social promotion, but start learning an opportunity for our kids.

I also proposed the first ever federal help to help our local schools hire 100,000 more school teachers, so that we can have smaller classes in the early grades. We can reduce class sizes in the first, second, and third grade to an average of 18 nationwide if my proposal is adopted. And because that will create enormous problems when we have both more teachers and more students, we have to have more classrooms, I have proposed a school construction tax cut to help communities modernize or build 5,000 schools. And that will help a lot of you in this room. (Applause.)

The second thing we have to do is keep working to extend economic opportunity to every corner of every community. Over the past five years, with the leadership of the Vice President, we've created 125 empowerment zones and enterprise communities, offered tax cuts to clean up and redevelop brownfields, offered a network of community development banks to make loans to people in places where they're not normally made, and we have dramatically strengthened the Community Reinvestment Act.

I don't know if anybody has talked about that here yet, but that act has been on the book since 1977. Over 80 percent of all the lending done in the 20-plus year history of the Community Reinvestment Act has been done in the last five years, since we've been here. And it's made a big difference in communities all across this country to grow the economy and bring opportunity. And I'm very proud of that. (Applause.)

Our balanced budget will propose, as I'm sure Secretary Cuomo has already said, new housing vouchers to help people stay off welfare and move closer to jobs, an expanded low-income housing tax credit, new opportunities for homeownership, tougher efforts to fight housing discrimination.

We have created 14 million new jobs here in the last five years. Just 13 percent of them, though, have been in the central cities. We have to get the message out to our businesses. And that's why I went to Wall Street the other day with Jesse Jackson and people from Wall Street to say, the most important emerging market for a strong American economy, the most important way to continue to grow the economy and keep inflation low, is to move into the markets that are right here within the borders of the United States, into these neighborhoods that have not been developed. (Applause.)

That's why I am announcing today that my balanced budget will create a new \$400 million community empowerment fund to be run by HUD that will help local governments attract more businesses and jobs to poor and underserved neighborhoods. The fund will encourage the standardization of economic development lending, a first step in creating a secondary market for such loans. It will provide capital to businesses who recognize the potential and the possibilities of the inner cities. This is the right way to help our cities. It is not a handout. It will bring new credit, new jobs, and new hope to the people. I thank Secretary Cuomo for developing it, and it's going to bring a lot of economic opportunity to many of you. (Applause.)

Let me also say, though, one of the things I appreciate about the mayors is that you not only want me to help you do the things you have to do, you understand that some of the things we do create the framework within which you proceed. So mayors have been very good about supporting my efforts to balance the budget. Mayors have been very good, across party lines, in supporting my efforts to expand trade. And I was very excited with the focus you put on Africa trade. You know, we've got an Africa trade initiative coming up. And I just wanted to say to you, one of the things that we have to understand about this new world is that the old dividing line in our mind between a domestic issue and a foreign policy issue has come crashing down. And, increasingly, the dividing lines in our mind between what is a national security issue and an economic issue is coming crashing down.

Yesterday, I had my annual meeting with the Joint Chiefs of Staff and our other Commanders in Chief of our regions around the world of various military functions like space and transportation and other things. And, what we do every year is we sit around and basically they go around the table and they make a report to me about their area of responsibility, and I then I make a comment and we talk a little about it. And yesterday at the meeting, a big topic of conversation was the financial crisis in Asia.

Now, you say, well, what are the military people worried about that for? Well, it affects the ability of those Asian countries to modernize their militaries. It affects their capacity to cooperate with us. It affects the internal stability of their government. So, all of a sudden, if you get to wear four stars around on your shoulder and go to the Pacific, you got to become an expert in international finance. And you have to care about whether the Congress will vote to have America do its part in contributing to the International Monetary Fund and rebuilding the economy.

So, if you're a mayor in Indiana or Wyoming or Wisconsin, why should you care about it? Because you know that the overall health of the American economy will determine the parameters within which you must proceed. Now, you may do a better or worse job on any given day, like all of the rest of us, but you know that.

So I would say to you again, thank you for your concern

for and support for trade. But I think the mayors, without regard to party and without regard to the particular conditions in each city, understand that over the long run we are much better off when we continue to expand trade and when we build good, constructive economic partnerships with free countries who share our values around the world.

So I ask you for your support for the international trade agenda I announced, for more open doors to Africa and Latin America, for an extension of the fast track authority, and, most immediately, for the United States doing its part with the International Monetary Fund to stabilize the situation in Asia. Those are very important markets for us, and I ask you for your help in securing that in Congress. (Applause.)

The third thing that we have to do if we really want to bring all the cities back and all the neighborhoods back is make the streets safe. People are not going to invest money, they're not going to open businesses, they're not going to stake their future on the schools of a place where they don't feel safe. The greatest thing that's happened in some ways to all of our cities is the capacity that you have developed to dramatically lower crime rates.

Now, we have worked with you to empower that strategy, to make it work more. The crime bill we passed in '94, with the strong support of many of the mayors here, was written, in effect, by local law enforcement officials, local elected officials like mayors, and local community group leaders who were concerned about making our streets safe. You know, I wasn't Einstein up here coming up with a bunch of ideas; I just took what I knew would work based on the experience that was sweeping the country. And it has been working. More police, tougher punishment, better prevention -- those things work, working at a neighborhood level where everybody works together to try to keep from happening in the first place. Now, crime is down now for five years in a row in this country.

So even though we have to balance the budget, we have to do more to invest in the fight, for two reasons: One, we have to finish what we started in '94 and finish the work of putting all 100,000 police on the street; second, we have to recognize that we still have some issues out there that we have to face. Particularly, as all of you know, the juvenile crime rate has not dropped as much as the overall crime rate has. We have the biggest group of young people in our schools in history. Finally, we've got a group of kids in our schools more numerous than the baby boom generation. And by the time they all start turning 12, 13, 14 years old, we better have found a solution to the juvenile crime problem, or we will not be able to continue to say, we're lowering the crime rate. It will become a new, horrible problem for the cities.

Now, we have seen from what many of you have done that there are ways to dramatically lower the juvenile crime rate. So all we're trying to do here is basically to do a step two in the fight against crime that reflects a national effort to give you the tools

to do with juvenile crime what you have already done with the overall crime rate.

I have proposed a federal effort to help to hire as many as 1,000 neighborhood prosecutors across our country to work closely with police and residents to prevent crime as well as prosecute criminals. They'll try to prevent crime with a lot of tools like injunctions to clear playgrounds of drug dealers, and other legal strategies to rid neighborhoods of troubled spots.

You know, I've seen what has happened when we have more prosecutors and more probation officers and they're working in a systematic way. I've seen -- I see Mayor Menino back there -- the experience of Boston has become legendary, but it is not unique now because so many others are doing this. We have to do this everywhere.

I remember one day I spent with Mayor Menino in Boston, my jaw dropped when the people that were sitting at our roundtable said that they young people on probation -- they had a 70 percent compliance rate with probation orders. And I figured that's probably about double what the national average is for any city of any size in America, because they were going into homes, working in the streets, bringing the neighborhoods back into the real life of the community.

So that's what this juvenile initiative to have more community prosecutors and more probation officers is all about. We also are going to strengthen our efforts against illegal gun-trafficking, helping local police departments and the ATF to trace all guns discovered at crime scenes.

I want to hire over 160 new ATF agents to investigate and arrest gun traffickers who sell guns illegally to gangs and to juveniles. That's our responsibility. We need to do more to help you with that. (Applause.)

Finally, on the domestic front here, in addition to the prosecutors and the probation officers and the gun efforts, I think it's important that the mayors sent a loud and clear, nonpartisan message to the Congress and to the country that most juvenile crime is not committed by people who don't have anybody in their family who cares about them. Most juvenile crime is committed by young people who get in trouble when the school is out and mama or daddy aren't home from work -- between 3:00 and 8:00 p.m. at night is when most juvenile crime is committed. So we've got to do more to have after-school programs either in the schools or in community centers. That would do more than anything else. (Applause.)

Now, we have some money coming through the Justice Department for this; we have some money coming through the Education Department for this for community-based learning centers. I think Secretary Riley initiative is called 21st Century Community Learning Centers, or something like that. We need your help. We really need your help to tell the Congress that this is not a political issue,

this is not a partisan issue, and this is not shoveling some old-fashioned grant to the cities that some of the members of Congress may not want. This is children's lives. And this is whether you can succeed or not in really building the kind of cities you want for the 21st century.

You cannot make it unless we can do something about the problem of juvenile crime. And we're not going to do it, with all those kids, when all their juices are flowing and they're out there vulnerable to get in all kinds of trouble, unless you give them something positive to do when the schoolhouse door is open for the last time in the day until they can go home and be under proper supervision at night. We have got to do this. And we need your help to do it. And we can do it.

Let me also say that there is something else we have to do more of -- and General McCaffrey is here -- I want to mention this. We want to do a better job of keeping drugs from coming into this country in the first place. (Applause.) Not long ago I went to Miami with General McCaffrey, and we saw the work that the Coast Guard is doing there to try to interdict drugs. The problem is that the better job we do in stopping drugs from coming in in the water and through the air, the more pressure it puts on land through Mexico.

I mean, these people didn't get rich being stupid. They are a very powerful, well-organized, violent and phenomenally wealthy enemy of the children and the future of the United States. What we want to try to do is to dramatically increase our capacity to deal with border imports. And we proposed to hire another 1,000 border patrol agents to continue our antidrug media campaign, which is important, to crack down on heroin and methamphetamine trade, to boost drug abuse treatment and prevention -- also very important.

We're also going -- and Secretary Slater is here-- we're also going to try to bring to bear the latest technologies and really spend some money. And we've reauthorized this new transportation bill. And I want all of you to support us, whether you live near the border or not, because it affects you. We need to spend some serious money on the border to have the best available technology to do everything we can to find drugs.

Now, it is not possible yet with technology, but if I could paint a picture of the future and I could have any technological breakthrough, if a genie came down the aisle here and said, in the next three months, you could have any technological breakthrough you want for your country, what would you do, I think that if I could pick one for the next three months I would say I would like to have a border patrol system for picking drugs that is as effective as airport metal detectors are from getting weapons away from people. I mean that should be our model. That's what we should be imagining.

Why? Because it not only is effective, we don't hold up

everybody else very long. You never hear anybody griping about going through an airport metal detector anymore. And every now and then you've got a money clip in your pocket or something, you've got to go back around and go through again, but it's not any kind of a big deal. That should be what we are working for. We should be working and working and working -- we shouldn't stop until we basically have the capacity to check every vehicle that crosses our border in a way that doesn't shut commerce down and unduly burden totally innocent people who are just going about their lives.

And I want you to help us when this transportation bill comes up, and I want you to help us when the drug budget comes up to get that kind of structure, because you have got to have more help in trying to cut off the drugs at the source in the first place. And we're going to do our best to give it to you. (Applause.)

The last point I want to make is I believe that our cities can embody the image that I have for America in the 21st century because they are the most diverse places in America. And as we become more diverse, in a funny way we've got to become more united. As we become more diverse, we have to learn to celebrate what's different about ourselves, but we have to hold even tighter to the things that bind us together at the family and the neighborhood and the community level.

We're going to reauthorize the national service program, AmeriCorps, this year. I hope all of you will support because you have really used it a lot. (Applause.) I know General Powell is going to speak to you before you end your conference, and I hope all of you will support what he's doing. That Presidents' Summit on Service in Philadelphia last April was a remarkable thing. The idea that we ought to mobilize hundreds of thousands of volunteers, maybe millions of them, to give every child a safe street to grow up on, a good school to attend, a good health care system so that the child is healthy, a mentor, and the chance to serve -- those are five laudable goals.

And if you think about it, in terms of what I just said, about the economy and education and crime -- if we have a country in which in every city, across the lines of race, people have an equal chance to work together, to learn together, to serve together, we're going to get along together just fine. You all show that every day. And most of you have a good time doing it. I think it's fun to be a mayor these days, isn't it? (Laughter and applause.) I think you're having a good time doing it.

When I think of one America, I think of all the places I've been in all of your communities, where people are living together, learning together, working together, serving together, closing those opportunity gaps, building one country. The best days of this country are ahead of us. All we have to do is to bear down and do more of what you have been doing these last few years.

Thank you and God bless you all. (Applause.)

END

10:30 A.M. EST

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kyle M. Baker (CN=Kyle M. Baker/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 1-MAY-1998 16:05:23.00

SUBJECT: Remarks by Sandy Berger as Prepared for Delivery

TO: davidt (davidt @ pva.org @ INET @ LNGTWY [UNKNOWN])

READ:UNKNOWN

TEXT:

----- Forwarded by Kyle M. Baker/WHO/EOP on 05/01/98
04:05 PM -----

Elizabeth R. Newman
05/01/98 03:46:24 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: Remarks by Sandy Berger as Prepared for Delivery

THE WHITE HOUSE

Office of the Press Secretary
(Palo Alto, California)

For Immediate
Release
May 1, 1998

As Prepared for Delivery

REMARKS BY SAMUEL R. BERGER
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

THE BROOKINGS INSTITUTION
WASHINGTON, D.C.

MAY 1, 1998

"The Price of American Leadership"

Some Congressional actions bear upon our nation,s most immediate needs.
Others touch off broader debates about how we view the world and our
country,s role within it. In the weeks ahead, Congress faces a choice on
an issue that does both. It can send the message that there still is a

strong bipartisan foundation for an active U.S. role in the world -- as it did last night with the overwhelming vote to admit Poland, Hungary and the Czech Republic to NATO.

It can reaffirm our vision of an America committed to its obligations, confident in its power, courageously leading the world. Or that vision can begin to blur) a victim of complacency and of fear.

In the emergency supplemental that passed yesterday, Congress left out two critical parts of the President's original request -- satisfaction of our long overdue debt to the United Nations; and payment of our share of support to the International Monetary Fund. Each constitutes a necessary investment in our national security -- and each will pay off, many times over.

But these two items are only the more visible tip of a profound debate that must concern all Americans -- whether we will remain engaged abroad and maintain our leadership in the world, or turn our back and retreat within our national borders.

The outcome is by no means certain. Americans, willing to assume global responsibility when their safety is at stake, are equally prone to turn inward once that safety appears to have been assured.

World War I, World War II, the Cold War) in each instance, an existential threat to our vital interests and our fundamental values constituted a clarion call to action. And in each instance, we responded brilliantly.

In the wake of the Cold War, we are not presented with a single, overriding threat. Instead, we face a range of threats) dangerous, but diffuse. Some believe the time therefore has come once again to &tend to our own business.⁸ The argument presents itself in different shades, but at its core is the perception of the world essentially as a burden) as something to be dealt with only if necessary, ignored whenever possible.

This view is premised on the belief that the foundations of our wealth and security are exclusively home-grown, that there is little to gain from foreign engagement and much to surrender) in resources expended, sovereignty diluted, jobs or even lives lost.

That view, in my judgment, suffers from two basic fallacies) first, that we can isolate ourselves from the world, and second that we should. Globalization) the process of accelerating economic, technological, cultural and political integration) is not a choice. It is a growing fact.

It is bringing citizens from all continents closer together) allowing them to share ideas, goods and information at the tap of a keyboard.

It is a fact that will proceed inexorably, with or without our approval. It is a fact that we ignore at our peril. Our workers and businesses will suffer if foreign markets either collapse or lock us out; terrorists and drug traffickers ignore national boundaries even if we don't; and the

highest domestic environmental standards won't protect us if we can't get others on board, for their carelessness threatens us as much as our own.

In short, our citizens have a direct stake in the prosperity and stability of other nations -- in their open markets, in their ability to combat international crime, in their clean waters and clean air.

Let's be clear: the alternative to engagement is not withdrawal from the world; that is an impossibility. The alternative is a passive submission to powerful forces of change -- all the more ironic at a time when our capacity to shape them is as great as it has ever been.

In short, we cannot isolate ourselves from the world. But just as important, we should not want to. Of course, military strength remains a pre-requisite of American power. Without American power, American security is vulnerable, American interests are at risk, and American diplomacy is undercut. Yet more than ever before, our strength also grows out of our involvement in the world. Our engagement not only can fend off an existential threat -- it reduces the likelihood of such a threat emerging in the first place. That's what the international community is doing in Iraq, seeking to disarm Saddam Hussein before he threatens the region again.

And our engagement not only protects our safety -- it enhances our prosperity. That's what our aggressive trade policy has achieved -- opening markets to American products and services throughout the world. The bottom line is this: our nation's economic performance is unrivaled, our military might is unmatched, our political influence is unsurpassed, very much because of -- not in spite of -- our engagement in the world.

We have moved from a zero-sum game in which the Soviet Union's gain was our loss to a logic of interdependence in which our interests often are served by the strength of former adversaries -- not by their weakness; in which our prosperity is advanced by the vitality of our economic partners -- not by their frailty.

The strategy put in motion by President Clinton flows from this fundamental understanding.

We seek to create and strengthen a broad system of international arrangements built around our core values and interests -- democracy, open markets, free enterprise, peace and stability.

Our military alliances, global arms control regimes, market opening trade agreements, support for economic and political reform in emerging nations, partnership with a democratic Russia, strategic dialogue with China, involvement in regional disputes like the Middle East or Irish peace processes, efforts to reach out to and expand trade with Latin America and Africa -- all grow out of this logic. These arrangements may take the form of international institutions, multilateral treaties, or even bilateral agreements, but in each instance the objectives are the same:

First, to promote American interests and values by entangling nations in a

web of mutually reinforcing arrangements that maximize both the benefits of compliance and the costs of transgression. Membership in an expanded NATO requires adherence to basic democratic principles: the rule of law and civilian control of the military.

Joining the WTO requires tearing down trade barriers, reducing tariffs, eliminating quotas. Benefiting from IMF loans entails dismantling protected and subsidized sectors that have created domestic sanctuaries impenetrable by foreign competitors.

Continued participation in the Organization of American States involves adherence to democratic principles of government.

Our second objective is to leverage our power and influence, wherever possible, through the multiplier of collective action. Our contributions to international institutions add up to only a fraction of their total resources) for example, every dollar we provide to the IMF is matched by \$5 provided by others.

Yet our contributions enable us to lead these critical institutions and put us in a position to accomplish goals that make a difference for all Americans.

United Nations forces keep the peace in areas vital to our interests, from the Balkans to the Persian Gulf, from Haiti to the Middle East. The International Atomic Energy Agency protects our citizens from the dangers of nuclear proliferation. The World Health Organization defends us from the spread of infectious disease. This is a small sample of the goals that we either could not pursue alone or would have to pursue alone - but more expensively and far less effectively.

Our third objective is to preserve America's role as a balance wheel for stability.

No other nation has the muscle, the diplomatic skill, or the trust to mediate disputes, nudge opposing sides to the negotiating table or, when appropriate, help enforce the terms of an agreement. Israelis and Palestinians finalize their agreement on the White House lawn. Bosnians huddle at Dayton. Haiti's dictators yield to our military threat. The parties in Northern Ireland look to America for help in their courageous quest.

Not all roads lead to Washington, nor should they.

But when important American interests and values are at stake, we need the ability and stature to be a decisive impetus for peace and security) whether through diplomacy, economic incentives or force.

Our nation faces a profoundly important choice. We can continue on the course charted by the President, working with others to seize the opportunities of the global era while seeking to avoid its perils, maintaining our strength to act on our own when we must, or we can seek refuge in an illusory withdrawal.

We can seek to steer change to our advantage -- or be engulfed by it.

This choice presents itself starkly in the decisions on whether to grant the President fast track authority to negotiate trade agreements or to fully fund our international affairs budget.

And it presents itself starkly in the two specific requests now before the Congress) to pay our share of support to the IMF and to pay our overdue UN bills.

Nowhere is globalization more apparent, nor its effects more direct, than in the economy. Trade is twice as important in our domestic economy now as it was when I entered the work force. It has fueled one-third of the sustained growth we have enjoyed these past five years. Today, exports support 12 million American jobs that pay on average 15 percent more than others. An economic downturn among our trading partners can have serious consequences for our workers, our farmers, our businesses, our stockholders. Conversely, by shoring up our partners, encouraging structural reform, tearing down trade barriers , we boost our own economic fortunes.

The IMF plays a central role in steering the global economy in the right direction. The Fund works with countries at risk to shape effective reform programs that strengthen financial systems, increase market access, improve transparency, and reduce corruption and overly incestuous relations between banks, governments and industry. In times of crisis, as we experienced in Mexico or Russia and now are experiencing in Asia, the IMF provides critical assistance that can restore financial stability. And it takes the heat for the tough decisions that governments need to make) and sometimes want to blame on others.

All of this is in America,s fundamental interest) and can be preserved if we agree to pool our contribution with that of other IMF members.

Think for a moment about the cost of not having a strong and effective IMF. The countries in Asia are our customers) if they can,t buy, we can,t sell. They are our competitors) if their currencies depreciate, they undercut the competitiveness of our own goods. And they are our security partners) their instability could bring crisis to a region where we have both critical national security interests and 100,000 U.S. troops to protect them.

More generally, by undermining the IMF we weaken the only multilateral institution capable of inducing the reforms that will make recovery self-sustaining.

In sum, even if the IMF were to cost us something, it would be well worth the deal. But in fact, because the IMF acts as a sort of international credit union, our contribution to the Fund has not cost the American taxpayer a single cent.

What we have been able to achieve economically through the IMF, we have been able to achieve on so many other fronts through the United Nations.

The benefits to the American people are tangible, measured in efforts to

prevent the diversion of nuclear materials, increase the safety of nuclear plants, and promote the safe disposal of nuclear waste, humanitarian programs that reflect our deepest values, like caring for refugees, vaccinating children, sheltering the needy, international standards that make the skies safer for travelers and food safer for consumers. All this) and more -- comes at an annual price tag of roughly \$4 per American) about the price of a happy meal at McDonald,s, and a fraction of what it would have cost us to achieve these goals on our own.

Some say that the UN is badly in need of reform and that we should not pay our dues until that occurs. It is. Working with Congress, we have helped the UN achieve more reform over the past half decade than in the 45 years that preceded it.

Last year, we developed a three-year plan with broad bipartisan support to encourage continued reform while finally paying our debts. Unfortunately, last fall and then again this week, a small group of representatives chose to link passage of this plan to unrelated legislation on international family planning.

As a result, we risk the single best chance to put our UN debts behind us -- and to put the UN on the right path for the 21st century.

Again, do not think only in terms of the cost of paying our debt to the UN -- think in terms of the cost of not paying it. It will harm collective efforts to deal with emerging threats that cut across borders) from terrorists to organized criminals, drug traffickers, and environmental damage.

It will be a body blow to our international credibility, hobbling our diplomats in ways large and small, undermining our central message that nations need to live up to their commitments. And, by next January, it may even lead to the loss of our voting rights in the UN General Assembly) an institution born on our soil out of the vision of Americans like Roosevelt, Truman and Acheson.

Beyond these fundamental interests, there also is a basic moral principle: America pays its debts. We should pay the UN what we owe.

By acting now to support the IMF and pay our dues to the United Nations, Congress can reassert its determination to preserve America,s leadership in the world. It can send the message that our nation is confident; it will master the forces of globalization) not be mastered by them. And we can continue to build on the past five years, list of accomplishments) in Haiti, Bosnia, Russia, China and elsewhere.

Will the United States survive and thrive if Congress chooses the alternative course? Of course. Our people are far too resilient and far too resolute for it to be otherwise.

But we risk awaking to a different America in a different world. And neither America nor the world will be able to figure out how we frittered away so rich an inheritance, how we renounced so commanding a position, how we squandered such bountiful opportunities.

So let,s not weaken our own hand. Let,s make the wise investment in American leadership that will help keep our nation at the pinnacle of our power as we enter the 21st century.

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Message Sent

To:

Christine A. Stanek/WHO/EOP
Lori E. Abrams/WHO/EOP
Laura K. Capps/WHO/EOP
Steven A. Cohen/WHO/EOP
Anne M. Edwards/WHO/EOP
Rahm I. Emanuel/WHO/EOP
Jason S. Goldberg/WHO/EOP
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Sarah A. Bianchi/OPD/EOP
Holly H. Holt/WHO/EOP
McGavock D. Reed/OMB/EOP

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Matt Gobush (CN=Matt Gobush/OU=NSC/O=EOP [NSC])

CREATION DATE/TIME: 1-MAY-1998 16:22:45.00

SUBJECT: SRB Speech for NSC Website

TO: Kevin S. Moran (CN=Kevin S. Moran/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

Hope this works...

Please arrange for the attached speech of Sandy's be published on the NSC Website under the "Speeches" heading. The link should read "APNSA Samuel R. Berger Speech to The Brookings Institution (5/1/98)". Also, could you see that the link to the Mayor's Summit Speech (the last to be published) read "APNSA Samuel R. Berger" rather than "APNSA Berger"? Thanks! (P.S.- Hope you can use the doc below - I saved it as a WordPerfect 5.x doc)

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

TEXT:

COMMENT

AUTHOR : Sharon V. Storey

OPERATOR : Matthew N. Gobush

COMMENT :

PRINTER FONT 12_POINT_ROMAN

THE WHITE HOUSE

Office of the Press Secretary

(Palo Alto, California)

For Immediate Release

May 1, 1998

PRINTER FONT 10_POINT_ROMAN

As Prepared for Delivery

PRINTER FONT 12_POINT_ROMAN

REMARKS BY SAMUEL R. BERGER

ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

THE BROOKINGS INSTITUTION

WASHINGTON, D.C.

MAY 1, 1998

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world and our country's role within it. In the weeks ahead, Congress faces a choice on an issue that does both. It can send the message that there still is a strong bipartisan foundation for an active U.S. role in the world -- as it did last night with the overwhelming vote to admit Poland, Hungary and the Czech Republic to NATO.

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In the wake of the Cold War, we are not presented with a single, overriding threat. Instead, we face a range of threats -- dangerous, but diffuse. Some believe the time therefore has come once again to "tend to our own business." The argument presents itself in different shades, but at its core is the perception of the world essentially as a burden -- as something to be dealt with only if necessary, ignored whenever possible.

This view is premised on the belief that the foundations of our wealth and security are exclusively home-

-grown, that there is little to gain from foreign engagement and much to surrender -- in resources expended, sovereignty diluted, jobs or even lives lost. That view, in my judgment, suffers from two basic fallacies -- first, that we can isolate ourselves from the world, and second that we should. Globalization -- the process of accelerating economic, technological, cultural and political integration -- is not a choice. It is a growing fact.

It is bringing citizens from all continents closer together -- allowing them to share ideas, goods and information at the tap of a keyboard.

It is a fact that will proceed inexorably, with or without our approval. It is a fact that we ignore at our peril. Our workers and businesses will suffer if foreign markets either collapse or lock us out; terrorists and drug traffickers ignore national

boundaries even if we don't; and the highest domestic environmental standards won't protect us if we can't get others on board, for their carelessness threatens us as much as our own. In short, our citizens have a direct stake in the prosperity and stability of other nations -- in their open markets, in their ability to combat international crime, in their clean waters and clean air.

Let's be clear: the alternative to engagement is not withdrawal from the world; that is an impossibility. The alternative is a passive submission to powerful forces of change -- all the more

ironic at a time when our capacity to shape them is as great as it has ever been.

In short, we cannot isolate ourselves from the world. But just as important, we should not want to. Of course, military strength remains a pre

-requisite of American power. Without American power, American security is vulnerable, American interests are at risk, and American diplomacy is undercut. Yet more than ever before, our strength also grows out of our involvement in the world. Our engagement not only can fend off an existential threat -- it reduces the likelihood of such a threat emerging in the first place. That's what the international community is doing in Iraq, seeking to disarm Saddam Hussein before he threatens the region again. And our engagement not only protects our safety -- it enhances our prosperity. That's what our aggressive trade policy has achieved -- opening markets to American products and services throughout the world.

The bottom line is this: our nation's economic performance is unrivaled, our military might is unmatched, our political influence is unsurpassed, very much because of -- not in spite of -- our engagement in the world.

We have moved from a zero

-sum game in which the Soviet Union's gain was our loss to a logic of interdependence in which our interests often are served by the strength of former adversaries -- not by their weakness; in which our prosperity is advanced by the vitality of our economic partners -- not by their frailty. The strategy put in motion by President Clinton flows from this fundamental understanding.

We seek to create and strengthen a broad system of international arrangements built around our core values and interests -- democracy, open markets, free enterprise, peace and stability. Our military alliances, global arms control regimes, market opening trade agreements, support for economic and political reform in emerging nations, partnership with a democratic Russia, strategic dialogue with China, involvement in regional disputes like the Middle East or Irish peace processes, efforts to reach out to and expand trade with Latin America and Africa -- all grow out of this logic. These arrangements may take the form of international institutions, multilateral treaties, or even

bilateral agreements, but in each instance the objectives are the same:

First, to promote American interests and values by entangling

nations in a web of mutually reinforcing arrangements that maximize both the benefits of compliance and the costs of transgression. Membership in an expanded NATO requires adherence to basic democratic principles: the rule of law and civilian control of the military.

Joining the WTO requires tearing down trade barriers, reducing tariffs, eliminating quotas. Benefiting from IMF loans entails dismantling protected and subsidized sectors that have created domestic sanctuaries impenetrable by foreign competitors.

Continued participation in the Organization of American States involves adherence to democratic principles of government.

Our second objective is to leverage our power and influence, wherever possible, through the multiplier of collective action.

Our contributions to international institutions add up to only a fraction of their total resources ? for example, every dollar we provide to the IMF is matched by \$5 provided by others.

Yet our contributions enable us to lead these critical institutions and put us in a position to accomplish goals that make a difference for all Americans.

United Nations forces keep the peace in areas vital to our interests, from the Balkans to the Persian Gulf, from Haiti to the Middle East. The International Atomic Energy Agency protects our citizens from the dangers of nuclear proliferation. The World Health Organization defends us from the spread of infectious disease. This is a small sample of the goals that we either could not pursue alone or would have to pursue alone - but more expensively and far less effectively.

Our third objective is to preserve America's role as a balance wheel for stability.

No other nation has the muscle, the diplomatic skill, or the trust to mediate disputes, nudge opposing sides to the negotiating table or, when appropriate, help enforce the terms of an agreement. Israelis and Palestinians finalize their agreement on the White House lawn. Bosnians huddle at Dayton. Haiti's dictators yield to our military threat. The parties in Northern Ireland look to America for help in their courageous quest. Not all roads lead to Washington, nor should they.

But when important American interests and values are at stake, we need the ability and stature to be a decisive impetus for peace and security ? whether through diplomacy, economic incentives or force.

Our nation faces a profoundly important choice. We can continue on the course charted by the President, working with others to seize the opportunities of the global era while seeking to avoid its perils, maintaining our strength to act on our own when we must, or we can seek refuge in an illusory withdrawal.

We can seek to steer change to our advantage -- or be engulfed by it.

This choice presents itself starkly in the decisions on whether to grant the President fast track authority to negotiate trade agreements or to fully fund our international affairs budget. And it presents itself starkly in the two specific requests now before the Congress ? to pay our share of support to the IMF and to pay our overdue UN bills.

Nowhere is globalization more apparent, nor its effects more direct, than in the economy. Trade is twice as important in our domestic economy now as it was when I entered the work force. It has fueled one

-third of the sustained growth we have enjoyed these past five years. Today, exports support 12 million American jobs that pay on average 15 percent more than others. An economic downturn among our trading partners can have serious consequences for our workers, our farmers, our businesses, our stockholders. Conversely, by shoring up our partners, encouraging structural reform, tearing down trade barriers , we boost our own economic fortunes.

The IMF plays a central role in steering the global economy in the right direction. The Fund works with countries at risk to shape effective reform programs that strengthen financial systems, increase market access, improve transparency, and reduce corruption and overly incestuous relations between banks, governments and industry. In times of crisis, as we experienced in Mexico or Russia and now are experiencing in Asia, the IMF provides critical assistance that can restore financial stability. And it takes the heat for the tough decisions that governments need to make ? and sometimes want to blame on others. All of this is in America?s fundamental interest ? and can be preserved if we agree to pool our contribution with that of other IMF members.

Think for a moment about the cost of not having a strong and effective IMF. The countries in Asia are our customers ? if they can?t buy, we can?t sell. They are our competitors ? if their currencies depreciate, they undercut the competitiveness of our

own goods. And they are our security partners ? their instability could bring crisis to a region where we have both critical national security interests and 100,000 U.S. troops to protect them.

More generally, by undermining the IMF we weaken the only multilateral institution capable of inducing the reforms that will make recovery self

-sustaining.

In sum, even if the IMF were to cost us something, it would be well worth the deal. But in fact, because the IMF acts as a sort of international credit union, our contribution to the Fund has not cost the American taxpayer a single cent.

What we have been able to achieve economically through the IMF, we have been able to achieve on so many other fronts through the United Nations.

The benefits to the American people are tangible, measured in

efforts to prevent the diversion of nuclear materials, increase the safety of nuclear plants, and promote the safe disposal of nuclear waste, humanitarian programs that reflect our deepest values, like caring for refugees, vaccinating children, sheltering the needy, international standards that make the skies safer for travelers and food safer for consumers. All this ? and more -- comes at an annual price tag of roughly \$4 per American ? about the price of a happy meal at McDonald?s, and a fraction of what it would have cost us to achieve these goals on our own. Some say that the UN is badly in need of reform and that we should not pay our dues until that occurs. It is. Working with Congress, we have helped the UN achieve more reform over the past half decade than in the 45 years that preceded it. Last year, we developed a three

-year plan with broad bipartisan support to encourage continued reform while finally paying our debts. Unfortunately, last fall and then again this week, a small group of representatives chose to link passage of this plan to unrelated legislation on international family planning. As a result, we risk the single best chance to put our UN debts behind us -- and to put the UN on the right path for the 21st century.

Again, do not think only in terms of the cost of paying our debt to the UN -- think in terms of the cost of not paying it. It will harm collective efforts to deal with emerging threats that cut across borders ? from terrorists to organized criminals, drug traffickers, and environmental damage.

It will be a body blow to our international credibility, hobbling our diplomats in ways large and small, undermining our central message that nations need to live up to their commitments. And, by next January, it may even lead to the loss of our voting rights in the UN General Assembly ? an institution born on our soil out of the vision of Americans like Roosevelt, Truman and Acheson.

Beyond these fundamental interests, there also is a basic moral principle: America pays its debts. We should pay the UN what we owe.

By acting now to support the IMF and pay our dues to the United Nations, Congress can reassert its determination to preserve America?s leadership in the world. It can send the message that our nation is confident; it will master the forces of globalization ? not be mastered by them. And we can continue to build on the past five years? list of accomplishments ? in Haiti, Bosnia, Russia, China and elsewhere.

Will the United States survive and thrive if Congress chooses the alternative course? Of course. Our people are far too resilient and far too resolute for it to be otherwise.

But we risk awaking to a different America in a different world. And neither America nor the world will be able to figure out how we frittered away so rich an inheritance, how we renounced so commanding a position, how we squandered such bountiful opportunities.

So let's not weaken our own hand. Let's make the wise investment
in American leadership that will help keep our nation at the
pinnacle of our power as we enter the 21st century.

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