ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME:27-AUG-1998 15:09:00.00

SUBJECT: oped

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

TEXT:
John -- Just got the following piece into the Washington Post's Outlook section on Sunday...let me know if you have any thoughts on it. Have a great weekend, and hope to chat again soon.

Best,

Graham

THE END OF THE POST-COLD WAR

On June 20th last year leaders of the seven largest industrial democracies gathered for their annual economic summit in Denver. President Clinton handed out cowboy hats, hosted a 70s music retrospective and bragged non-stop about the phenomenal American economy as he turned the two day gab fest into a victory party for the American way of capitalism. The US economy was humming along with millions of new jobs each year, almost no inflation and a government budget surplus for the first time in thirty years. A broad swath of countries around the world saw what America had accomplished and they wanted in on the deal. The were desperately trying to free their economies from any government control over financial markets, trusting Ádam Smith's "invisible hand" to allocate capital in the most efficient and productive way. Traders could buy and sell almost any country's currency freely on the open market, just as they could buy almost any country's stocks and bonds. It seemed obvious to American officials that they had consolidated their victory in the Cold War by bringing more than eighty percent of the world's economic power into an economic system that played largely by America's free market rules.

But even as the last notes from Fleetwood Mac bounced off of the world leaders, events were underway which would ruin the party. Japan's prime minister, Ryutaro Hashimoto, tried breaking into the celebration in Denver to talk about the crisis then brewing in Thailand, but no one was ready to listen. Thailand was too far away and too small to worry about that week and even if it became a problem that's what the IMF and World Bank are for.

By now, it is obvious they should have stopped the music and listened to the problems. One week later, on June 30th, 1997 the Thai crisis Hashimoto warned about in Denver exploded onto trading screens around the world. It was the start of a chain reaction in politics and financial markets that has now brought us to a crisis point in the post cold war era. The good times and free money are nothing but memories for half the globe and leaders of these countries must now decide whether freely traded currencies, stocks and bonds make any sense. This is the first real challenge to the post-cold war dominance by American free market ideals that have become the de facto ideological orthodoxy of the era. If US, IMF and G7 leaders continue to react narrowly, selfishly and late while imposing "solutions" suited to other times and other governments (namely Latin American governments in the 1980s) then the two-thirds of the world's population that is not firmly fastened to capitalism will begin to drift awy from free markets and from the American sphere of influence.

The cascading crises in Asia, central Europe and now Latin America threaten to reverse the seemingly effortless victory of free market ideology that swept through the developing world in the wake of Communism's collapse and America's dynamic economic surge. Hong Kong authorities are openly buying stocks to prop up their market and punish speculators who bet the Hong Kong dollar and stocks would both fall. Taiwan set up "reporting requirements" for large currency transactions designed to let traders know their trades would be watched by government officials who have favors to hand out or withhold. Guess which two countries are the only ones where stock prices have risen in the past two weeks? On the back of this success there is open talk of setting up an Asia-wide government controlled hedge fund to fight back against speculators and of imposing "soft" capital controls to prevent money from flowing in and out of the country with complete freedom and without cost.

Russia is an even more direct and powerful threat to turn its back on free markets. The government has suspended all currency trading of rubles for dollars and marks and is toying with heavy controls or even an outright ban on letting people exchange rules for other currencies. The government has all but refused to pay back people who lent it money in the past few months, offering them perhaps 10 or 15 cents back for every dollar they lent and it has shut down trading of the stock market every day this past week. Increasingly for Russia it seems the leaders are defining the choice as one between free markets and national survival and the nationalists are on the winning side as Russia flirts with turning its back on the West one more time. Four times in the past 300 years Russia has embarked on a Westernization drive and each time it failed when reforms did not take hold in the Moscow soil and the Westernizing leaders were chased out of office. Stay tuned for Yeltsin's exit.

Who can blame them? After a year of IMF-led programs that were heavy on free market orthodoxy such as tighter budgets, higher interest rates and promises of money, Asia, central Europe and increasingly Latin America are in full scale collapse. Two key IMF test cases, Indonesia and Russia, are the most conspicuous examples of failure when draconian IMF imposed conditions led directly to political chaos and a loss of confidence by international investors who took their money out as fast as they could and went home. The results are truly devastating. When President Suharto took over Indonesia in 1965 the average worker made 260 dollars per year. By June of last year, after thirty years of work and building, the average worker made a phenomenal 1,000 dollars per year. In six months all that work disappeared and the average worker was back to making 260 dollar per year. The Russian stock market is down 85% this year and market-driven panics have forced three changes in the Yeltsin-led government since February. The country is now on the verge of hyper-inflation and anarchy.

The sense that we are at a turning point in the post-cold war era may be hard to see at first, but then large scale meaning in the middle of great uncertainty is hard to find. But there is little doubt that is exactly the point we find ourselves. Analogies are flowing freely as stock markets plummet. We hear about how similar conditions are now to 1928 when the world faced collapse in the developing world markets led by massive declines in those currencies and a slowdown across the developed world. Federal Reserve officials reacted to the wall of money pouring into US stocks in search of a "safe haven" during the 1920s by jacking up interest rates relentlessly until a final snug pushed the market over into a crash. While the Fed has not been raising interest rates directly this time, it has stood by while the "real" interest rates -- that is the cost of borrowing, minus the inflation rate -- have surged. In part, those much higher real interest rates come because inflation is dropping so quickly and in part they come because instability in the world has made it much more expensive to borrow if you are a business, a consumer or a homebuyer. In fact, for the first time in recent history, while interest rates on 30-year US bonds dropped nearly half a percentage point (from 5.8% to 5.3%), interest rates for 30-year fixed mortgages have not come down at all. The result is a de facto tightening and that is not what the world needs now.

The passive stance is typical of the industrialized world's response to the developing world's problems over the past year. There has been a complete refusal on the part of the IMF to rethink its out-dated medicine, despite brave and correct criticism levelled at it by its own sister institution, the World Bank. And as a consequence while the IMF is nearly out of money (about 45 billion in easily accessible reserves remain) it has lost all its status as a "Good Housekeeping Seal of Approval" for developing countries.

Ten years ago, if the IMF came in with a few billion dollars and an adjustment program it worked because the prescription was right if painful and because private money quickly followed the IMF public money amplifiying the investment capital available to businesses and governments in target countries. The track record this year has been disastrously different. If you followed the IMF money into countries this year you lost big everytime and that has cost the IMF is most important asset, the credibility to be a attractor for private capital.

Two weeks ago, before Russia blew up, we had a chance to ward off disaster and save the strongly reformist government under prime minister Kiriyenko for another $15 billion or so on top of the $35 billion the IMF had already committed. Instead we said no, Russia devalued and defaulted on its debt. Since then world stock markets collapsed and nearly $2 trillion in individual and corporate wealth evaporated into thin air. Add in the conservatively calculated "peace dividend" since the end of the Cold War of $1 trillion dollars in lower defense spending and lower interest rates and you do the arithmetic.

But we couldn't come up with that money because the American government is paralyzed by political demons and its own ideological rigor. If we are going to meet the challenge and have any hope of bringing the developing world back to the fully functioning free market path they seemed certain to accept only one year ago, it requires aggressive, generous and idealistic action on the part of American leaders. Yes, there will be money burnt, wasted, thrown down a rat hole in this process. However, this is just as surely a moment of national crisis as any physical war would be. This is just as much a fight for what we think of as "our way of life" as any invasion. In fact, the Group of Seven industrial nations should be thought of as the NATO of the economic world, with the added advantage that Russia is part of the G-7.

First steps first. The Clinton administration should articulate exactly what is at stake if the post-cold war free market othodoxy collapses under its first challenge. Want a quick way to do that? Look at the how much money the world had available to it last week that it simply does not have this week due to the stock market collapses. Then think of this. If the non-free market alternative begins to take root again across the developed world the flow of money, trade, information and culture that has fertilized
this incredible period in world history will dry up. Two years ago you could laugh this option off since the benefits of being part of the system were so obvious. Now it is the costs that are obvious. Only the US, its industrialized world partners and a thoroughly revamped IMF could mute the costs and restore the benefits. The markets will not do it alone.

Second, the Federal Reserve along with all other industrialized world central banks should cut interest rates sharply. The war against inflation has been won. As Senator Young used to suggest about Vietnam, it is time to declare victory and go home. There is no inflation in the world. Gold is trading almost $100 an ounce less than a year ago, oil is bouncing around its lows, the broadest measure of commodity prices (for grain, cloth, meat, copper, etc) is plunging steadily through old barriers and the availability of credit to companies and individuals in most of the world is drying up as bank loans falter under the weight of emerging market collapse. The real danger is tipping over into a deflationary spiral where prices fall so sharply that consumers put off buying because they know products will be cheaper in a few months and employers stop hiring because they know wages will be lower in a few months. That way lies the Great Depression.

Third, after making the case for stepping in aggressively to help, the US should force the IMF to undertake a massive and complete overhaul in its mission statement, its current leadership and its outlook on the world.
But in the interim, it should openly take over the administration of the fund in cooperation with other G7 governments and use the limited resources left to the fund to promote growth not another course in macro-economics from the Chicago school. The G7 has to understand that we are now back to the times Keynes originally wrote about where supply is greater than demand in the world and the only way to counter that is to step on the fiscal gas around the world.

Fourth, stop worrying about what pundits like to call "moral hazard" -- which means that by bailing out countries, lenders and borrowers you encourage reckless behavior in the future. In the first place moral hazard is a greatly over-rated problem. Do you think ex-Indonesian President Suharto is gloating about the $46 billion the IMF gave his country while he stews under virtual house arrest in Jakarta? In the second place, the much greater hazard now is failing to pull the world out of this downward spiral and ceding any claim to moral leadership for America in the future.

This is truly the most important test for western leaders since the cold war ended. In the coming months we can work with the shattered developing country leaders to restore order to markets, reshape the international financial market architechture to put some form of warning signs in place before investment flows overwhelm rational decision making and restore the sense that capitalism has greater benefits than it has costs. Or we can stand around and repeat the comforting phrase that there is nothing we can do and the governments have to reform themselves. Russia tried and when its most aggressively reformist government asked for a little more help we refused. The world has paid for that. We don't need to pay anymore.

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

ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: papers-bounces (papers-bounces@slate.ecourier.net@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:28-AUG-1998 06:50:00.00

SUBJECT: Today's Papers - Slate Briefing - August 28, 1998

TO: Eleanor S. Parker (Eleanor S. Parker@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Today's Papers - Slate Briefing - From Slate Magazine

(http://www.slate.com)

Russian to Sell

By Scott Shuger

After Today's Papers: International Papers surveys the overseas coverage of the Russian collapse and terrorism.

Everybody leads with yesterday's bad day in the financial markets. The headlines speak of a world crisis, and USAT, the WP, and the LAT headers refer to the Dow's drop of 357 points. The NYT headline opts instead to state that the DJ was off 4.1 percent. But none of the big type mentions what USAT has in its second paragraph--this wasn't even in the Dow's top 20 bad days. So one wonders why that paper still fronts its business section with such lines as "Crisis Hits Home" and "World Economic Troubles Arrive 'On Our Doorstep.'" In the same Chicken Little spirit, the WP lead delays until the sixteenth paragraph the news that the day also saw the release of strong figures on the U.S. labor market and on housing starts.

Everybody duly notes all the overseas financial setbacks. USAT reports Japanese stocks were down 3.55 percent, Mexican stocks down 6 percent, Brazilian shares down 10 percent, Russian stocks down 17. The papers have a word for the cause of all this: Russia. Except for the NYT, the papers pass up the usual trading floor desperation pix in favor of shots of full contact banking on Russian streets. Everybody's front describes the mounting pressure on Boris Yeltsin to quit, and report that without the support of Russia's central bank, the ruble has continued to fall. The (mostly non-Russian) institutions that had purchased the country's debt now find themselves, says the NYT, holding only 10 percent of the value they had last week.

The papers agree that investors fear that Russian chaos could spread to other emerging market economies, such as those in Latin America. USAT says Russia's influence in the world markets is due to its nuclear stockpile. The NYT notes this reasoning, but still wonders--after all, the Russian economy is only the size of Denmark's. But the NYT notes at least one clear cause of the meta-Russian acceleration: Russia's troubles have made it clear to other countries that IMF bail-outs are probably not in the offing for them and might not work anyway. The WSJ observes that the dubious record of IMF rescue packages in the past year probably deepens the rift among Republicans in Congress over whether to give the organization a fresh infusion of federal billions. (Democrats are mostly for that, as is Newt Gingrich. Dick Armey is deeply opposed.)

Perhaps the scariest feature of the market turmoil served up by the papers is the realization that for all their new analytical tools, those in the business are no more capable of cognitive significance than in the days of ticker tape. Thus, the WP quotes one "chief equities trader" saying, "If you can withstand the pain and you've chosen good stocks, you should come out okay," and USAT has another "strategist" saying, "We could rally from this, but a lot of damage has been done."

Everybody has the same off-lead: that federal authorities have brought into the U.S. and charged a suspect in the African embassy bombings. The suspect, Mohamed Rashed Daoud al-'Owhali, was injured in the Kenya blast and has reportedly confessed his role to the feds. He is said to have admitted that he was trained at Afghani terrorist camps run by Osama bin Laden. A second suspect, Mohammed Saddiq Odeh, is still in Kenyan custody, but is expected in the U.S. soon. USAT says he will arrive here today. The NYT and WP run front-page pictures of the men--with al-'Owhali smiling. The LAT quotes Janet Reno saying that the turn in the case came as a result of the most extensive criminal investigation in U.S. history. If convicted, the bombers could get the death penalty.

The WP has an interesting detail about the alacrity of the extradition to the U.S. Apparently, the Kenyans were worried that prosecuting any bombers would expose them to further terrorism. "You'd think," the paper quotes one U.S. official, "they'd want first crack at these guys." The WP adds that under a strengthening of U.S. jurisdiction overseas passed by Congress in 1986, 11 suspected terrorists have been returned here from overseas. But the Post doesn't tell us what then happened to them in the courts.

The WP runs an AP report about a recently concluded study of seven years' worth of HIV tests given to 350,000 Job Corps participants. Findings: the rate of infection among women age 16-21 is 50 percent higher than that of men in the same age bracket. And the highest rates of infection were among black women--five out of every 1,000.

The WP's "Reliable Source" asks who's going to make more money off the Clinton scandals--Bob Bennett, one of the president's private lawyers, or his brother Bill, author of a new book, "The Death of Outrage: Bill Clinton and the Assault on American Ideals"?

The NYT runs a story purporting to cast light on women's post-Monica attitudes towards Bill Clinton, based, it says, on dozens of interviews with "women across the country." It's interesting to see what the Times means by that phrase. Here is the complete listing, in order of appearance, of the occupations of the women quoted in the story: shareholder activist, novelist, author and editor, graduate school dean, volunteer, hair salon owner, university public relations executive, producer, writer, English professor. Apparently, the Times couldn't find any women who are secretaries or housewives.

Also in today's papers:

Explainer: Our legal right to bomb

http://slate/work/Code/explainer/explainer.asp

Moneybox: Stock Market Talking Points

http://slate/work/Code/Moneybox/Moneybox.asp

Chatterbox: Bill's Mea Culpa Part II

http://slate/work/Code/chatterbox/chatterbox.asp

And for the rest of Slate, click here:

http://www.slate.com

For the latest news, check out MSNBC (http://www.msnbc.com).

INTERNATIONAL PAPERS -- The Russian collapse and terrorism.

Apocalypse Now

By Alexander Chancellor

While papers across the world led Thursday with apocalyptic headlines about the collapse of Russia, none were more apocalyptic than those in Russia's own press. Izvestiya warned that the addition of a political crisis to the existing economic crisis might result in "a revolutionary situation." The possibility that the country might be left without legislative power for the next three months is "fraught with the most dangerous consequences--including the disintegration of the state," it said.

Segodnya reported that Dagestan is on the edge of civil war and that the halting of rouble-dollar trading on the financial markets means that Russia is facing the threat of a return to a fixed dollar-rouble exchange rate, as in Soviet times.

Nezavisimaya Gazeta said that Russia could be facing hyperinflation, as in 1992, and that the country's general situation is rapidly approaching the critical point: It faces simultaneous financial, industrial, social, and political meltdowns; it must also deal with the fighting already taking place in the Northern Caucasus, and with the danger of Afghan military action on its southern border.

Wednesday's Russian papers concentrated on the reappointment of Victor Chernomyrdin as prime minister. Izvestiya said that, with this, President Boris Yeltsin has effectively given up power and Novye Izvestiya that his second coming is attributable not to any failings by his predecessor, Sergei Kiriyenko, but to Yeltsin's decision not to seek re-election in 2000.

In Rome, La Repubblica said in a front-page comment by Sandro Viola that "seldom in history has a country received from the same person so many reasons for hope and then so many afflictions as ... Russia with Boris Yeltsin."

Under the headline "Stop This Bloody Terrorism," the Cape Times of Cape Town, South Africa, condemned Tuesday's bomb blast at the Planet Hollywood restaurant as "cold-blooded, mindless, unjustifiable terrorism" going to "the heart of the tensions in our troubled society." Making no reference to the United States or to the possibility that the attack might have been a reprisal for U.S. missile attacks in Sudan and Afghanistan, it blamed terrorists who "want our communities to remain divided." It urged that the people "use this opportunity to recommit ourselves to a united city and isolate all those who have different and sinister intentions."

In an editorial Thursday, the Pakistani newspaper Dawn warned that Pakistan's economic crisis will reach "a point of no return" by mid-September failing a miracle. It proposed stopping negotiations for a bailout package with the Islamic Development Bank--with which "it is not Islamic fraternal feeling, as some of us would like naively to believe, but pure profit motive which seems to have weighed." Instead, it advocated a closer look at a prospective International Monetary Fund package, even though "[o]f course, an IMF programme would bring massive hardships for the common people."

In Canada, the Toronto Star accused Britain and the Irish Republic of riding roughshod over civil liberties in the new laws they are drafting to make it easier for the police and courts to convict

suspected terrorists. Referring in an editorial Thursday to the "firestorm of anger and revulsion" that had followed the recent bombing in Omagh, Northern Ireland, the paper said that "this new crackdown, so late in the day, smacks of over-reaction." It concluded, "Civil liberties, once eroded, are not easily regained."
The Irish News of Belfast led its front page Thursday with the news that President Clinton will meet more than 100 members of the new Northern Ireland assembly next Thursday. He will also visit Omagh.

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Precedence: bulk
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ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: KSchuhbauer (KSchuhbauer@ACCE.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:31-AUG-1998 15:41:00.00

SUBJECT: FW: Kiplinger

TO: Rudolph J. Schuhbauer (Rudolph J. Schuhbauer@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
> -----Original Message-----

> From: Greeley, Paul

> Sent: Monday, August 31, 1998 7:38 AM

> To: * Staff

> Subject: Kiplinger

>

>

> Vol. 75, No. 35 Washington, August 28,

> 1998

>

> Dear Client:

>

> You're probably wondering why the world economy is going haywire.

> Japan is in its worst slump since WW II. South Korea is in a depression.

> So are Indonesia and Thailand. Hong Kong is teetering. China, slowing.

> Russia is in a full-scale economic meltdown. Venezuela is looking shaky.

> Plus concern over the epidemic spreading to Brazil, Argentina and Mexico.

> And whether our OWN economy will come unglued by all the chaos.

> So far, we've seen mostly beneficial effects of int'l turmoil... cheaper

> oil and other commodities, a firmer dollar, lower interest rates and a

> higher stock market due to the flight of foreign money to the U.S.

> Now negative effects will be more telling...a flood of imports that will
> hurt many U.S. firms, much lower exports and slimmer profits.
> Among the lines that will be hit...heavy equipment, aerospace,
> semiconductors, chemicals, metals, lumber, paper, electronics, apparel.
> It all started with rampant speculation in developing nations, fueled by
> excessive foreign investment, including money from the U.S. Investors
who
> got burned in Asia are now pulling back across the board, even in places
> where there's little reason to pull back, such as Mexico.
> Now foreigners will buy less from us, which means lower profits for U.S.
> firms, eventually undermining our economy and the stock market.
> And they'll push more imports on us, the likeliest buyer around. They'll
> try to tap Europe too. But Britain is already starting to cool, and
> Germany is on the hook for more than $30 billion in loans to Russia.
> It will be nip & tuck on recession next year...growth slowing from a 3%
> annual rate now to 2% by year end, perhaps even less in '99. A chance of
> a negative quarter next year, which would rattle consumers.
> But we'll probably squeak by without a full-fledged recession.
>   Keep an eye on Japan, the second-largest economy in the world.
> Asia won't get back on its feet until Japan gets its house in order.
> But it has failed to fix its banking system or jump-start its economy.
> Until it does, there won't be improvement there or in the rest of Asia.
> And Latin America, which accounts for roughly 25% of U.S. trade. The
main
> concern there is over Venezuela, Brazil, Argentina and Mexico, where
> commodity prices are depressed due to the loss of exports to Asia.
> Congress will probably approve another $18 billion for the IMF, Int'l

> Monetary Fund, which is the financial firehouse for needy nations. Many
> in Congress feel it isn't run well, that borrowers get off too easy and
> that it's often used to shore up inefficient, corrupt regimes, but...
> No one wants to get blamed for causing a recession in the U.S. or the
> economic collapse of our leading trade partners around the world.
> Congressmen, home on recess, are catching an earful from business
leaders
> who think a rescue plan is a MUST, that jobs and prosperity are at
stake.
> As bad as Russia looks now, everything spinning out of control...
> It's not a hopeless case. Eventually, investors will come back. And IMF
> will hold Moscow's feet to the fire on making necessary changes for $22.6
> billion in aid agreed to last month and probably more to come. As part
of
> that, Russia will slap on budget, price and other controls but won't
> return to a Soviet-style economy, nationalizing its industries.
> Moscow may finally OK long-stalled oil deals with foreign firms. For
> example, letting U.S. oil companies share in production and marketing.
> In the past, Russia has always backed off, but it now has little choice.
> On interest rates, the Federal Reserve will sit still awhile... won't
> reduce rates unless there are further signs of economic weakening.
> Prime rate will remain at 8.5% as long as the Fed just stays put.
> Three-month Treasuries, near 5%. They're now slightly below that.
> 30-year T-bonds will edge a bit lower by year end from 5.4% now.
> Mortgages, staying a shade under 7% for 30-year fixed-rate
> loans.
> Look for housing to taper off the rest of this year and into '99.

> Housing starts this year will be slightly more than 1.5 million... total
> site-built single and multifamily homes...38,000 more than in '97. Next
> year, with a weaker economy, there will be 100,000 fewer starts.
> And sales of used houses will be around 4.6 million this year, up from
4.2
> million in '97. They'll settle back to 4.3 million in '99.
> Store sales will also cool. There are signs of it already, with volume
at
> many stores expanding only half as much as last spring.
> Discounters and upscale stores will do best the rest of this year and
into
> '99. They'll gain market share at expense of mid-market stores, such as
> Penney's and Sears. Overall, same-store sales will increase 4.5% from now
> to year end, then slow to 4% next year. Last year, they rose 5%.
> Big bargains coming in computers for home and office by year end.
> No-frills models for $400 to handle Internet and word processing.
> Business machines for $1200, with 333 MHz speed, down from $2000.
> And portables for $1500. At 300 MHz, more power than many desktop models.
> More students will be trained to fix their schools' computers. They get
> high-tech know-how and schools get low-cost help and a solution to the
> problem of finding network managers as labor shortages continue. Local
> high-tech firms pitch in by providing the training students need.
> In Olympia, Wash., kids wire classrooms and help maintain a network.
> EPA will curb disposal of oil and chemical wastes in rural areas where
> drinking water comes from community wells and there aren't sewers or
> individual wells. Will affect gas stations, car dealers and others.
> Americans will remain the primary targets of Muslim terrorists for many

> years. They fervently believe the U.S. is a corrupting power, out to

> destroy Islam, and that secular democracies and societies are evil.

> Our country's prominent role in the world makes us vulnerable.

Terrorists

> willing to die for Islam will use the advantage of surprise to target

U.S.

> gov't buildings, military bases, businesses and citizens.

> No quick victories in this war. There are no easy solutions.

> Only sustained pressure will hinder the radicals and discourage attacks.

> U.S. counter-terrorism capabilities are good and will get even better.

> Minor league baseball is flourishing...a doubling of attendance in the

> past dozen years. Focus is on family fun and affordable tickets.

> Women's pro basketball will expand to Orlando and Minn. in '99. It has a

> formula that works...cheap seats, network TV and good marketing.

> And fast growth in women's ice hockey. 30,000 women and girls on teams

> next season, including many at high school and college levels. About 40

> colleges now have teams...helps them meet equality requirements.

> Expect a steady flood of steel imports over the next few months due to

> much stronger demand in the U.S. than in other parts of the world.

> Much of the tonnage will come in from South Korea, Japan and Thailand.

> And Russia is now the largest exporter of flat-rolled steel to the U.S.

> Means further downward pressure on prices in the weeks ahead... leading

> to a series of dumping and subsidy filings by U.S. steel makers.

> More visas for foreign high-tech workers will be OK'd by Congress,

> increasing the limit from the current 65,000 per year to 115,000 by 2000.

> Look for a jump in foreign workers in Oct., the start of the fiscal year.

> Congress will tighten controls over satellite exports to China and

> elsewhere due to controversy over help China got from the White House.

> Pentagon and State will get more say before Commerce licenses exports.

> But a bill to aid U.S. launches faces problems due to scheduling.

> It would allow use of military rockets to send up civilian satellites,

> license private shuttle-like vehicles and promote purchases by the gov't

> of private communication, remote sensing and satellite-launch services.

> Such proposals stand a good chance next year if they fall short in '98.

> Audio and video conferences over the Internet are catching on. For $1000

> and up, companies and trade groups can broadcast conferences and other

> events for an hour or so to 60-100 sites around the world. For about

> $2500, the meetings can be presented in both audio and video.

> Advantage over phones is that such conferences can be recorded and

watched

> by computer at any time. Also saves on long-distance bills.

> Some suggestions for dealing with year-2000 computer problems:

> Allow time for testing your system with those of key customers and

> suppliers after software is fixed. If you've used different methods to

get

> rid of year-2000 bugs, your computers may not talk to each other.

> Make contingency plans in case you or suppliers have problems.

> Seek guidance from suppliers and customers on year-2000 fixes.

> It's in their own best interest that your computers keep working well.

> Watch for signs of trouble in early '99, when expiration dates, budgets,

> schedules, permits, etc., will include more references to '00. A helpful

> alert to companies that are behind in fixing their computers.

> Internet fraud will get more attention from postal inspectors, who get

> involved when payments for cyberscams are made through the mail.

> Securities schemes are mushrooming. Crooks buy worthless stocks and

> promote them on the Internet. They pump up prices and then bail out.

> Counterfeit rebate deals. Some Internet sites offer packages of phony

> rebate coupons, universal product codes and register receipts.

> And collecting for goods never sent. Swindlers set up Web sites, sell

> stuff at attractive prices, get paid, then close shop and skip town.

> With over 70 million Americans on-line, there are lots of easy pickings.

> Census is ever-changing, reflecting changes in our population mix and

> lifestyles. Here are some differences you'll see in the 2000 census:

> Fewer detailed questions on housing...condominiums, water, sewer.

> And fewer questions on the short form dealing with marital status, number

> of kids, work history. Idea is, keep it simple, get more returns.

> A listing for multiracial households will ask for a breakdown, although

> the gov't might not tabulate details on all racial combinations.

> Question on Hispanic origin will receive more prominence on forms in

hopes

> of better response. It'll be moved ahead of the race question.

> The battle over statistical sampling is still up in the air... on the

way

> to the Supreme Court after a lower court rejected sampling.

> Executives will have a harder time benefiting from stock options.

> Shareholder groups and institutional investors will insist options be

tied

> to how well companies do compared with other firms in the same industry.

> Repriced options will be an issue if stocks continue to wobble. Some

> executives might want to carry out their options at lower prices, but

> watchdog groups will demand companies get shareholder approval first.

> Don't look for any sweeping reforms. Some companies will cave in to

> shareholder pressures, but most aren't under the gun and won't change.

> Congress will adjourn in six weeks with few 1998 accomplishments.

> Highlights will be a highway bill and IRS reform passed early this year.

> Clinton's agenda has fizzled...money for teachers and new schools,

> child-care subsidies, Medicare for early retirees, a tobacco settlement.

> The President doesn't have enough clout to get his way on legislation,

and

> his need to keep Democrats onboard will limit compromises with GOP.

> Republicans won't get far on their wish list either...tax cuts, tax

> reform, school vouchers, regulatory reform, fast-track trade powers.

> They'll all fall short, partly because of dissension within the party.

> Must-do appropriations bills will be the main business in Sept. There'll

> be much wrangling over threats of vetoes and a gov't shutdown, leaving

> little time for much else before lawmakers go home to campaign.

> VP Gore: He's well liked personally, even by most Republicans who served

> with him in Congress. He seems to do much better one on one than before

> crowds, where he often comes across as preachy or programmed.

> He's a genuine family man, environmentalist, cheerleader for technology.

> Clinton is his biggest booster, offering high-profile assignments and

> chance to share in the glow of economic growth and a balanced budget.

> And his biggest liability, linking him to a diminished presidency and

> bedeviling him with an inquiry into his own fund-raising activities.

> Still, Gore has a decent shot at the presidency in 2000, if not sooner.

> Yours very truly,

>

> The Kiplinger Washington Editors

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> ___________________

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> 703-998-3553 (ph==================== ATTACHMENT 1 ====================
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CREATOR: Anita Chomsky (Anita Chomsky (anitac@clark.net@INET@EOPMRX) [UNKNOWN])

CREATION DATE/TIME:31-AUG-1998 18:48:28.00

SUBJECT: Ag Perspectives

TEXT:

DETERMINED TO BE AN ADMINISTRATIVE MARKING
INITIALS: AC3 DATE: 12-13-19

2019-0152-F

WORLD PERSPECTIVES, INC.

~~Confidential~~ Report to Clients

Ag Perspectives Monday, August 31, 1998 1800EDT

TOPIC SUMMARY

WEATHER: 1. US Weather: A New Tropical Weather System.

2. World Weather: Too Much Rain in Australia and Japan.

CROP PROGRESS: 3. Still Ahead of Schedule.

MARKETS: 4. CLOSING FUTURES PRICES.

5. COMMENTARY: No Buyers.

6. EUROPE: No Activity After Egypt Miss.

ANALYSIS: 7. Stepping Back, Seeking Perspectives on Commodities.

8. Egypt Ducks French Wheat.

9. Global Market Crisis--Does Worse Mean Better?

POLICY: 10. FTAA Negotiations This Week.

POLITICS: 11. Messy Budget Strategies.

CALENDAR: 12. Tomorrow.

WEATHER

1. US WEATHER: A NEW TROPICAL WEATHER SYSTEM: Angela Smith

A new tropical weather system is developing in the Gulf of Mexico and is expected to move into the Southeast later this week, bringing heavy rain and flooding across key cotton, soybean, and peanut areas. Cotton will be most vulnerable to damage from the wet weather. Substantial rainfall is needed in winter wheat growing areas of the Southern Plains before planting gets underway next month. Thunderstorms in the region over the weekend were light, but at least prevented a further decline in crop and soil conditions. Weekend rain in the Midwest was very light, but most areas east of the Mississippi River Valley saw rain at some point. New rain is possible the first half of this week, but amounts will be light and conditions will continue to be very favorable for maturing summer crops. A few showers are likely later this week in the Delta, but dry and very warm weather is expected until then. Warm temps over the weekend helped speed summer crop maturation. The Central Plains had very warm and very dry weather over the weekend, and more of the same is expected all this week, leaving the region in a drying trend. Timely rain will be extremely important in the coming months when new wheat seeding begins.

2. WORLD WEATHER: TOO MUCH RAIN IN AUSTRALIA AND JAPAN: Angela Smith

Too much rain fell in Queensland, AUSTRALIA over the weekend, causing serious flooding and perhaps damaging the region's sugarcane crop. Harvesting delays are likely all this week as a result. Too much rain also fell across eastern JAPAN over the weekend, and may have damaged rice and azuki bean crops. Additional rain is expected through Tuesday. Flooding continues in CHINA's Yangtze River Basin, although rain over the weekend was lighter and more sporadic than it has been recently. No new crop damage is suspected as of yet, but drier weather is needed in much of the country over the next few weeks to support crop maturation and harvesting. Mostly dry weather over the weekend in BRAZILIAN wheat growing areas was helpful, but additional rain expected later this week will keep many areas too wet, weedy, and vulnerable to disease. Meanwhile, timely rain is likely in ARGENTINA this week. Wheat areas have been drying down recently, and a boost in soil moisture will help assure good early season plant growth.

CROP PROGRESS

3. STILL AHEAD OF SCHEDULE: Taylor Spies

This year's corn crop remains well ahead of both last year and the five year average. The seventeen states average is 65 percent dented compared to 39 percent last year and a five year average of 40 percent. For the seventeen states, corn doughing is well ahead of the five year average at 92 percent compared to a 77 percent over the past five years. At 71 percent dented and 92 percent dough, the Iowa corn crop is especially ahead of its five year avg of 34 percent dented and 69 percent dough. Illinois and Indiana are also well ahead of their five year average pace. Illinois is 63 percent dented compared to a five year average of 47 percent. Indiana is 58 percent compared to 40 percent over the past five years.

The condition of the corn crop rose one point from 68 percent good to excellent last week to 69 percent good to excellent this week. Last year at this time, the crop was 62 pct good to excellent.

The US soybean crop rating remained at 65 pct good and excellent this week, which remains ahead of last year's 61 percent good to excellent. The soybean crop is also ahead of its five year average pace with 94 percent setting pods compared to a 91 percent five year average. However, this is slightly off of last years pace when 95 percent of the soybean crop was setting pods.

MARKETS

4. CLOSING FUTURES PRICES:

WU	237 1/2	- 3 3/4	CKU	187 1/4	- 2 1/2
WZ	254	- 4 1/2	CNZ	199 1/2	- 2 1/4
KCU	263 1/4	- 3 1/4	SUB	514 3/4	- 3 1/4
KCZ	278 3/4	- 2 1/2	SXB	511 1/2	- 1 1/2
MPU	316	- 3/4	SMU	133.90	- 0.05
MPZ	321 3/4	- 1	BOU	23.54	- 0.10

5. COMMENTARY: NO BUYERS: Bob Kohlmeyer

After some early session short covering was finished, buyers in the ag futures pits packed up and went home, or maybe went somewhere to watch the stock market. Futures prices sputtered and staggered around in very light trading volume. The simple fact is that no one wants to establish a long position in the current environment, thus unless there is short covering interest, there are no buyers. Grain traders have been spending more time watching the stock market than grain prices, and nothing has been more discouraging to the buying of anything than the stock market. This more than any other factor allowed prices to drift a bit lower in poor trade.

Today's 1st delivery intentions against Sept contract were highlighted by deliveries of about 3500 contracts -- over 17 mln bu -- of Chgo wheat. Big wheat deliveries were expected, so this was not a surprise, although board spreads do reflect full carry. There were no deliveries posted for soybeans or soy meal.

When the closing bell rang in the grain pits today, the DJ industrials were down about 250 points. Following the further collapse in stocks (down 512.6 at the close), many cash merchants began to take flat price protection of 3-5 cts bu in their country bids. Unless the stock market is called likely to open higher Tuesday, further price weakness in ag futures can be expected.

6. EUROPE: NO ACTIVITY AFTER EGYPT MISS: Bob Kohlmeyer

French wheat traders missed selling Egypt over the weekend (see below), and that killed things in terms of market activity to begin the new week. Paper market prices are sparse and not reliable. Call Nov/Dec 93.00 dlrs mt buyers and 96.00 dlrs sellers.

Morocco did buy 2 cargoes of optional origin durum late Fri. Some mystery remains as to the eventual origin.

ANALYSIS

7. STEPPING BACK, SEEKING PERSPECTIVES ON COMMODITIES: Bob Kohlmeyer

These recent weeks have been something to behold. Prices for nearly everything have fallen, in many cases to multi-year lows. The Bridge Commodity Research Bureau (CRB) Index fell to a 21-year low on Fri. The US stock market finished squeezing out what was left of its 1998 gains today, then went into free fall to close the DJ Industrial Average off more than 512 points. The DJ has now lost about 1800 points in just 6 weeks. Just looking around, it is difficult to locate anything, except for US Treasury instruments, which has appreciated in value recently.

Deflation and disinvestment are the buzzwords for markets around the world. In this sense, ag commodity markets were among the leaders in the global market crisis Carole writes about below. The bear market in grain and oilseed prices (except for edible oils) began in the 1st days of 98, long before western equity markets began their dive, and it continues even today.

With many ag and commodity markets in the process of setting long-time lows, it seems a good time to step back and seek some perspective on what has been happening. For what they may be worth, here are some of ours.

1) We see this as a supply-driven commodity environment. Commodity price swings are usually driven by supplies--either too little, as was the case in 95/96, or the perception of too much as is the case now. Traders complain about the lack of demand, and it is certainly true that the volumes of trade could be much better. But the real force is the abundance of supply.

2) Actually, world demand for grains, oilseeds and products, along with meats, remains quite good. In fact, consumption has never been greater. Contrary to popular opinion, the world's economy is still expanding although at a slower pace. Despite the economic crisis that was born there, Asian demand for grains was about on par with 1997. The change was the China decided to export unexpectedly large amounts of corn, which reduced US market share.

3) The world's economic problems have made demand for commodities less responsive to low prices as might otherwise have been expected.

4) Aggressive positioning of the LDP program by USDA has forced prices to go lower in the short-term than might have been the case, but this is not all bad. The lower prices should help discourage production of corn around the world. There are signs that wheat seedings have already been

effected.

5) As a corollary, we do expect that world grain and oilseed production will decline in 99, discouraged by the low prices.

6) World grain stocks are not in surplus in 98/99. World consumption will exceed demand forcing a world stock drawdown. The same conditions are likely to prevail again in 99/00. The stock situation is disguised because so much is held in the US and secondarily, in the EU, but world stocks/use ratios are headed for historically low levels.

7) This is not a repeat of the mid-1980s in the US farm economy. Certainly, there are plenty of farmers who are hurting, and some are even giving up. But aggregated USDA statistics suggest that farm cash flow is at record high levels, that farm credits are available. The pctage of farms at risk of insolvency in 1998 is less than half of the number at risk in the mid-80's, according to USDA.

Obviously, there are some real opportunities for traders and end users. At least, this is so from our perspective. When else have users been in a position to book supplies at multi-year lows, when board carrying charges made the ownership of grains attractive, and when the world was not awash in surpluses or govt stocks?

We have no faith in our ability to pick market lows, and we consider trying to do so a fool's game. But for the longer term, the old risk/reward ratio is looking pretty good -- from this perspective, that is.

8. EGYPT DUCKS FRENCH WHEAT: Bob Kohlmeyer

Over the weekend, Egypt's GASC bought 200,000 mt of US PNW white wheat and 150,000 mt of Australian white wheat, all for Oct shipment. Prices for the US wheat averaged about 99.50 dlrs mt, and Australian wheat went at about 100.00 or 102.00 dlrs (US) depending on the coast of shipment.

French wheat was reportedly offered between 89.00 and 93 dlrs mt. The Egyptians described these prices as "too high." They bid 80.00 dlrs and later improved the bid a few dlrs, but could find no one willing to sell French wheat at such a wide discount.

In the past, when French was available at an 8.00-10.00 dlr mt discount to other origins, there would have been no hesitation on the Egyptians' part.
They would have booked up all they could. In this case, it seems clear to us that the Egyptians simply set out to avoid buying French wheat.

On 8/26 we noted reports we had received that the Egyptian govt had instructed GASC to avoid buying French wheat until a dispute over Egyptian cotton exports to the EU was resolved. After the weekend activities, or lack thereof in the case of French wheat, it appears that GASC did exactly that.

9. GLOBAL MARKET CRISIS--DOES WORSE MEAN BETTER?: Carole Brookins

The financial crisis began in Thailand last July (1997), spread through Southeast Asia, took out South Korea, hit Hong Kong and China, and then Japan before spreading outward to attack other weak markets (South Africa, Brazil, Venezuela and Russia).

This is all old news, we know, but the growing "contagion" of the market crisis' impact on strong economies as well may be bad news for markets short-term, but good news over the intermediate term. Why?

I have long had a theory that governments operate on the basis of crisis management. In other words, politics drives policy--and crisis drives politics. Problems that could be resolved much more easily IF they were managed in their early stages often grow into a mega-crisis BECAUSE they weren't BIG ENOUGH to get the necessary action early.

Now that the fall-out of the earlier isolated Asian crisis is hitting the investors and businesses in Europe, Latin America and the U.S. as well, the crisis is becoming big enough to get action.

The old adage says if you owe a banker 5,000 dlrs and can't pay, you're in trouble; but if you owe the bank 5,000,000 dlrs, the bank's in trouble (and will be willing to work it out with you). Much as this saying goes, the world's finance officials respond similarly to BIG problems much more sympathetically when a lot of countries are threatened.

So, if my theory is correct, then I would predict that:

(1) There will be some urgent meetings in September of the G7, IMF and World Bank to try and come up with special new approaches and emergency action plans;

(2) If the US stock markets remain weak and under pressure, the Congress is likely to be more attune to enacting IMF funding-not because it's good policy on its own, but because Members of Congress won't want to be blamed for crashing the economy and the investments of their constituents;

(3) The Federal Reserve Board will be under pressure to reduce short-term interest rates (real interest rates have been very high throughout the past years' boom markets which some economists believe has kept a brake on inflation and enabled the economy to continue this long-standing period of economic growth;

(4) There may be a backlash against free and open foreign exchange and capital markets (some countries, we are told, may be looking at a mechanism like Chile's which imposes a small tax on short-term capital imports--short-term overseas borrowings--through a no-interest deposit required at the Central Bank); and

(5) Economic depression will trigger increasing social instability and labor unrest, and it will reverse the very dynamic trend toward democratic institution building, with likely more repression of political opposition.

WPI ANALYSIS: The crash of '97 is spreading actively across the world markets. As we had indicated very early on during the crisis, the hardships of restructuring economies based on IMF formulas would be much more severe for populations later rather than sooner. Does this mean that the IMF formula approach hasn't worked and made the crisis worse? We wouldn't blame the whole problem on the IMF, but certainly believe that there should have been a far different approach to Asia's initial currency crisis than was applied to Latin America in the 1980s.

But a big question facing the markets is whether this latest round of market weakness is going to get worse. In our view the Russian crisis would have occurred WITHOUT the Asian crisis--although possibly to a lesser degree. Russia's problems are unique to Russia and really are based on the dismal effort of the global leaders (including the U.S.) over the past eight years to withhold any money from Russia until the Russian Government set up the institutional structure to uphold a viable rule of law and of property rights. No one should be surprised that the Russian oligarchs/kleptocrats are running the government and robbing the country blind. Their drive to steal even more wealth from the nation has been stopped for now due to foreign exchange traders and the weakness of basic commodity prices across the board.

In our view, based on the above scenario and the widely promoted hype in the press now about global deflation suggests that the current commodity price deflation driving markets lower could get overdone? In fact, that is usually what happens. The question is whether the ultimate turnaround is sooner or later, and whether it is strong or gradual. That will depend on whether there will be some government policy action that turns sentiment around (such as an emergency G7 coordinated approach to shore up the world economy). Reportedly, British PM Tony Blair has reportedly begun to phone his counterparts to urge a G7 gathering. Certainly, Treasury Secretary Rubin's upcoming meeting with the new Japanese Finance Minister Miyazawa may be more important than ever before. And the fact that German and Swiss banks reportedly are getting "slaughtered" (Germany's powerful Deutschebank's rating has been downgraded for the first time in history--albeit from AAA to AA plus) is capturing the Europeans more heated concern--especially German Chancellor Kohl who faces an election in a matter of weeks. Kohl has apparently said that he did not favor a G7 meeting, however.

POLICY

10. FTAA NEGOTIATIONS THIS WEEK: Gary Blumenthal

The first meeting of the Agriculture Negotiating Group under the Free Trade Agreement of the Americas will meet Sept. 3 - 4 in Miami. The meeting is likely to review the areas investigated by the working group meetings that have been held over the past several months. These include the plethora of issues related to liberalizing trade ranging from market access (tariff reductions, safeguards, non-tariff barriers) to export subsidies and other trade distorting practices (e.g. state trading enterprises, etc.). The negotiating group is expected to work toward reaching agreement on issues where possible, and focus on the more difficult ones later in the process.

While some have questioned the ability of the US to fully participate, given the lack of fast track authority held by its negotiators, those in control of the meetings have confidence that the effort will be meaningful. They note that all of the participants are better prepared for this negotiation than they were for the Uruguay Round, and that concrete results are expected. A US trade specialist argues that authority exists to negotiate without fast track, just not to conclude them. The US will fully participate in all nine of the FTAA negotiating groups, which will have concluded their initial meetings before the Sept. 30 deadline established for them.

WPI ANALYSIS: A key remaining question is how the FTAA negotiations will relate to the 1999 initiation of agriculture negotiations under the WTO. Agricultural trade liberalization is certainly an easier task when limited to the Western Hemisphere. After all, most of its countries are competitive in agriculture, and several are looking for market openings for their surpluses of low priced grains. Some believe it will give a needed push to the WTO process, but there are also those who argue that regional trade agreements slow the impetus to negotiate matters on a full multilateral basis. It would make no sense for the whole world to pass on market based economics until all countries are willing and able to fully participate, likewise, agricultural trade liberalization that is fair and complete for the participating parties should wait for no one else.

POLITICS

11. MESSY BUDGET STRATEGIES: Gary Blumenthal

Politicians in Washington are all assessing their respective positions going into the final weeks of legislative action. Based on current thinking, President Clinton is the one most likely caught in the impending political squeeze play. Many Democrats, recalling the benefits they derived from the President's budget stand-off victory against the Republicans in 1995 would like to see him once again mount such a veto strategy. While the Monica Lewinsky scandal has hurt Clinton, Congressional Democrats believe that anything that paints Congressional Republicans as unreasonable, such as measures contained in the current appropriations bills, will help their bid to regain control of the House this Fall.

However, this time the Republicans are countering with their own threat: the longer the President balks at signing appropriations measures into law -- the greater the time allotted for hearings (and consequently news reports) revealing the lurid details contained in Special Prosecutor Ken Starr's report. The Republicans will then unleash surrogates and others to broad brush all Democrats in closely contested races with the Clinton scandal.

The decision of tactics for the coming weeks is likely to split the Democrats just as the policy debates such as funding for the IMF is likely to splinter the Republicans. Meanwhile, there is still no schedule for House and senate conferees to meet on the fiscal year 1999 agriculture appropriations bill, though it is a less controversial bill than some of the other spending measures before the Congress.

WPI ANALYSIS: The voters are likely to express disgust no matter which way the final weeks of this Congress unfold. Partisan positioning going into an election is rarely a pretty sight, and this one is made all the

more grotesque by its peculiar circumstances.

12. CALENDAR: TOMORROW

Tuesday, September 1, 1998

USDA/FAS World Horticultural Trade Report=================== ATTACHMENT 1
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Message Mail Header

Status: READ
Priority: FIRST CLASS (NORMAL)
Importance: NORMAL
Sensitivity: NORMAL

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Modification Date: 31-Aug-1998 06:45:13.00 pm
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Delivery Date: 31-Aug-1998 06:48:00.00 pm

From: Anita Chomsky (anitac@clark.net@INET@EOPMRX)
Subj: Ag Perspectives

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CREATION DATE/TIME:31-AUG-1998 12:13:00.00

SUBJECT: Daily Digest: CLINTON-YELTSIN SUMMIT: 8/31

TO: Doris O. Matsui (Doris O. Matsui@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Looking ahead to tomorrow's summit between Presidents Clinton and Yeltsin, foreign media analysts held out little hope for major accomplishments as they continued to express alarm about the possible global repercussions of further chaos in Russia. A number of commentators noted the significant difficulties surrounding the summit--the politically "weakened" status of both presidents, the dilemma of how to help Moscow at this point, and the question of who is in charge in Russia--but no one suggested that President Clinton should cancel the trip. (Comment was as yet unavailable on breaking news that the Duma might block approval of Acting Prime Minister Chernomyrdin.) Hamburg's right-of-center Bild Zeitung expressed a common view: "A Russian economy in a standstill...the international stock exchanges shaken by crises...rebelling Russian forces with a finger on the nuclear trigger--this would be a horror scenario that Clinton, Kohl and all other Western state leaders want to avert at any cost. With or without Boris Yeltsin--the creation of political stability in the Kremlin is now the most important task." Moscow's reformist, youth-oriented Komsomolskaya Pravda judged that "friend Bill is risking a lot" by traveling to Russia, adding: "Should Russian economic reform collapse," President Clinton "will face charges of a serious policy failure." Brussels's independent, Catholic De Standaard urged that President Clinton's meeting with Mr. Yeltsin not "imperil" relations with future Russian leaders: "As

important

as Clinton's meeting with Yeltsin is [so is] his meeting with opposition leaders on Wednesday." A few pundits predicted that Russia might grant concessions to the U.S. in order to gain further American and Western help. These writers listed increased Russian "cooperation" to resolve the crisis in Kosovo and a more "flexible attitude in disarmament and international issues...of crucial importance for American national security" as among the possibilities. Moscow's centrist Nezavismaya Gazeta observed that because Russia is "economically insolvent" it may "let the U.S. win political concessions on matters like anti-Iraq sanctions, cooperation with Iran and India, and Kosovo."

Amid reports of repeated falls in the value of the ruble, analysts expressed alarm that Russia's free market reforms would be scrapped, and Communists and other hardliners would gain more political power if the situation grew more chaotic. BBC Radio's World Service said: "There are clear signs of a retreat from free market reform and a drift back to...central planning and state control. These might well help Mr. Chernomyrdin form a government of national unity by attracting the support of the Communists, but they will not reassure foreign investors...now counting their losses in billions of dollars." Right-of-center Frankfurther Allgemeine judged: "It is unprecedented and worrying that the views of Communists are almost congruent with the views of financial oligarchs.... What is even more alarming for Western observers are attempts--and not only by the Communists--to distract attention from domestic problems by advocating an aggressive national patriotism and by blaming the West...and the IMF...for the financial misery of the country." Paris's right-of-center Le Figaro held that "if one day rioters head to the

Kremlin," they would acclaim former general Alexander Lebed, who "symbolizes the fantasies of Russians who are convinced that the country can only be run by a strong power."

This report includes 67 reports from 20 countries, August 27-31.

EDITOR: Bill Richey

EUROPE

RUSSIA: "Factor Of Political Life"

Dmitry Gornostayev said on page one of centrist Nezavisimaya Gazeta (8/29): "As he meets with Clinton, Yeltsin will probably try to make the most of their friendly relations. But the American may not be quite ready for a frank expression of friendly feelings. He may want to instruct but not help materially.... The 'strategic character' of Russo-American relations may change considerably. As of today, Moscow is not in a position to dictate or at least uphold its rights. Being economically insolvent, it may let the United States win political concessions on matters like anti-Iraq sanctions, cooperation with Iran and India, Kosovo, to name but a few. The only consolation is that Washington, evidently, is not going to offer us money, and consequently, it will not ask us to soften or review our stand on those issues."

"Hard Trip"

Andrei Kabannikov filed from Washington for reformist, youth-oriented Komsomolskaya Pravda (8/29): "There are few worse countries for President

Clinton to visit now. He is not bringing money in addition to the IMF's $22 billion, and, under the circumstances, discussing many aspects of bilateral cooperation is just pointless. Clearly, 'friend Bill' is risking a lot. Should Russian economic reform collapse, he will face charges of a serious policy failure."

"Duma May Not Triumph In The End"

Valeriy Vyzhutovich said on page one of reformist Izvestiya (8/29): "Even though the left-wing opposition is confident that its ultimatums will be accepted, there are ever more doubts about it being able to win in the end. It does not seem to be quite aware of what is going on and of its own potential when it orders an about-face on this country's political and economic strategies. So, there is no guarantee that the president will resign or that the Duma will have full control over the government."

"Liberal-Democratic Idea Fails"

Leonid Radzikhovskiy stated in reformist Segodnya (8/29): "The failure of the liberal-democratic idea means that the pendulum will automatically swing to the left. No, private property will not be banned, but 'the oligarchy-nomenklatura rule' will acquire a distinctly pink (near-communist)-brown (fascist) shade. Power and property will be redivided in favor of the national-communist Duma and its partners among national-entrepreneurs, exacerbating national decay."

"Russia Has No Power Center"

Yelena Tregubova asserted in reformist Russkiy Telegraf (8/29): "There is certainly no power center in Russia today. The president is no longer in control, confining himself to greeting foreign friends. The government is still in the making. The Duma is busy fighting for portfolios and extra privileges. Governors are so perplexed and discontented that, compared to them, Chechnya may soon seem like a child's play. Worst of all, nobody 'in the upper structures' knows who will control the army and special services, should something untoward happen, and who controls them now."

"To Forsake Ruble Is Inadmissible"

Dmitriy Dokuchayev stated on page one of reformist Izvestia (8/28): "For Chernomyrdin, even though he is still an acting premier and has his hands full these days, to forsake the ruble is
inadmissible and irresponsible."

"Power Crisis"

Vasily Golubev opined in centrist Nezavisimaya Gazeta (8/28): "The authorities, through their stupid moves and statements over the past few weeks, have done what the opposition could not have done on its own. They have increased its social base in time for parliamentary elections, whether early or regular. The opposition cannot miss this chance. Otherwise, that would be the end of it."

"Joint Program"

Reformist Russkiy Telegraf (8/28) commented editorially on an economic statement drafted by a tripartite commission that includes representatives of the Duma, the Federation Council and the government: "It is an attempt to adapt the existing system of state capitalism to possible social problems, while maintaining its basic principles.... The document's big virtue is that it aims at retaining the foundation of a market economy built in the reform years."

"Nobody Is Interested"

Svetlana Lolayeva contended in reformist Vremya-MN (8/28): "Nobody seems to be interested in what is written in the joint economic memorandum by the Duma and the government. It is a disposable paper which, after Chernomyrdin uses it as 'hard evidence' of his willingness to listen to parliament, will be shelved for good. The funny thing is that everybody knows that."

"Chernomyrdin Responsible For Crisis"

Vladimir Poshatayev said on page one of official Parlamentskaya Gazeta (8/27): "The main thing is for Viktor Chernomyrdin to assess the situation and take urgent measures to resolve the crisis. His statement to the effect that there is 'every possibility to overcome the crisis' sounds encouraging. But his harsh comments on the extent of the problem stuns. It is Chernomyrdin, rather than Kiriyenko, who is responsible for a disastrous crash in the currency market and 'black Tuesday.'"

"Prevent Panic"

Mikhail Glazychev of the Aton investment company, writing in reformist Izvestiya (8/28), urged the authorities "to prevent panic, break their weird 'code of silence' and make a serious policy statement. After all, this country has not run out of its gold and currency reserve. The Central Bank must be more active and continue to support the ruble."

"Yeltsin's Absence Inexplicable"

Teimuraz Mamaladze said on page one of reformist Noviye Izvestiya (8/28): "Russians must be thankful to Bulgarian President Petr Stoyanov, now visiting in Moscow, for a chance to see and hear their own president. With this country in an emergency, it is hard to explain Boris Yeltsin's cloistering himself in his suburban retreat, reportedly preparing for a Russo-American and other summits."

"Be Consistent"

Yuliya Ulyanova wrote on page one of reformist Segodnya (8/28): "All spring and summer the Kiriyenko government worked on a program of action, hoping to secure money from the IMF and the World Bank. But it was dismissed and its policy abandoned just as the money began to arrive and work got under way to implement the program. In these dire days, it is most important to be consistent, no matter who signs government orders."

"What If?"

Dmitry Volkov and Gleb Cherkasov suggested on page one of reformist Vremya-MN (8/28): "With the president virtually absent, his opponents--comrades in distress--conjuring up a fragile unity scheme, and nobody taking any 'economic action,' the population may decide to take the initiative. If it does, it is anybody's guess what might come out of this."

BRITAIN: "Clear Signs Of A Retreat From Free Market Reform"

BBC Radio's World Service commented (8/28): "These are grim, possibly dangerous times, in Russia. There is still no word from Mr. Chernomyrdin on which direction the country is to take. There are clear signs of a retreat from free market reform and a drift back to the economic management methods of central planning and state control. These might well help Mr. Chernomyrdin form a government of national unity by attracting the support of the communists, but they will not reassure foreign investors and creditors who are now counting their losses in billions of dollars."

"Washington Rudderless As Ruble Tumbles"

The conservative Daily Telegraph commented from Washington (8/28): "With Russia imploding, Japan in economic meltdown, Iraq rampantly defiant, and the Middle East peace process apparently adrift, allies and foes are asking, 'Where's America?' In terms of clear, effective leadership, the world's only superpower is nowhere to be seen.... A worry about appearances erodes Mr. Clinton's ability to swing public opinion behind decisive action abroad. It is harder to win support for a fight against terrorism when some people suspect that the president is really fighting Kenneth Starr, officials privately concede. But the coincidence of calamity at home and abroad is also, say many, merely that--a deeply unfortunate coincidence.... It is assumed in Washington that Mr. Clinton's domestic travails have exacerbated his tendency to conduct foreign policy on an ad-hoc basis, without clear goals or consistent effort to achieve them."

"Rescuing Russia"

The liberal Guardian had this lead editorial (8/28): "It is true that Russia is not in the technical sense a critical part of the world economy. But if another large segment of humanity were to pass into economic darkness, the sense that things are out of control would massively feed the panic surges which can have such a devastating effect on international economic life. That Russia has in effect defaulted on its debts makes this even more likely."

FRANCE: "Betting On The Right Horse"

Pascal Aubert observed in right-of-center La Tribune (8/31): "For the West, which has backed Yeltsin for the past six years, it is time to pick the right horse to bet on.... But the question is to guess who will occupy the place left vacant by Yeltsin's departure.... Short of being able to influence Russia's future course of events, Washington and other Western capitals have no other choice but to rely on a former apparachik of the Brezhnev era."

"A Major Crisis Or Total Collapse?"

French Academy Member Helene Carrere D'Encausse judged in right-of-center Le Figaro (8/31): "The task at hand is to keep today's major crisis from turning into a fatal and total collapse.... If a coalition government can be formed with the Communists and if Yeltsin accepts power-sharing...then the country could go forward toward some political stability."

"Chernomyrdin: Russia's Only Chance"

Former Russian general Alexander Lebed, interviewed in right-of-center Le Figaro, said (8/31): "Chernomyrdin has a very little chance of slowing down Russia's collapse. But at least he has a chance. The others have none at all. It is in everyone's interest to support him. Otherwise we will sink."

"Lebed's Time"

Charles Lambroschini concluded in right-of-center Le Figaro (8/28): "If one day rioters head to the Kremlin, they will have no mercy for Chernomyrdin. This communist apparatchik, who has become a rich capitalist, never followed any other policy except opposition to progress. For having planned reforms he has never achieved, he is one of the first responsible for today's disaster. On the other hand, rioters probably would acclaim Lebed. The charismatic general (Lebed) symbolizes the fantasies of the Russians who are convinced that the country can only be run by a strong power."

"For Clinton Administration, Ball Is In Russians' Court"

Washington correspondent Jean-Marie Macabrey and Blanca Riemer wrote in centrist La Tribune (8/28): "The administration no longer knows what to do to help the Kremlin and thinks that it is the Russians' turn to play....
The Americans are not, of course, completely inactive. Behind the scenes, pieces of advice are given to Russian leaders about the debt restructuring plan.... The Clinton administration policy about Russia has provoked criticism, and people fear the September 1-3 meeting may lead to no result at all."

"Lebed Not Likely To Accept Second-Class Role"

About the possibility that Lebed may be called to power, Laure Mandeville judged in right-of-center Le Figaro (8/28): "Lebed is not likely to accept a second-class role because he is in an excellent position for the next presidential election.... Is it so certain that Chernomyrdin wants a such an embarrassing partner?"

"The West's Blindness"

Jacques Amalric wrote in left-of-center Liberation (8/28): "It took the collapse of the Russian system under its own contradictions, and the destabilization of the world economic order for the West capitals to recover their common sense: Bonn and Paris are going to write to Chernomyrdin and tell him he can count on an external aid only if he applies the reforms he had suggested during his five years in power. We were so used to the West's blindness--with Chirac repeating that Russia should not be humiliated, Kohl always ready to laud Yeltsin and Bill Clinton's blindness--that we are almost surprised by such boldness."

GERMANY: "IMF Money Good Investment For Kosovo"

Left-of-center Berliner Zeitung (8/29) noted: "Although the reasons for the current crisis are based on economic speculation, it is now up to politics to make the next move. Helmut Kohl and Bill Clinton will try to back the new Russian government. It seems that the Yeltsin era is over and Chancellor Kohl is now obviously--mainly for pragmatic reasons--pinning all his hopes on Chernomyrdin. This may not be a long-term concept, but it is the only means to avert looming dangers. The current strategy is that Moscow will get money--but the price must be cooperation to resolve the Kosovo crisis. If this can help save innocent lives in Kosovo, the money if the IMF is a good investment. And maybe, via a detour of a humanitarian consensus, Russia will find more easily access to Europe, to which it belongs anyway."

"Horror Scenario"

Lothar Loewe had this to say in an editorial in mass-circulation, right-of-center Bild Zeitung of Hamburg (8/31): "During his visit to Moscow, U.S. President Bill Clinton will entreat the Russian government to continue the policy of economic reforms and to set up a lasting democracy. A Russian economy in a standstill and a state of bankruptcy, the international stock exchanges shaken by crises and the fear of a crash, in addition maybe rebelling Russian forces with a finger on the nuclear trigger--this would be a horror scenario that Clinton, Kohl and all other Western state leaders want to avert at any cost. With or without Boris Yeltsin--the creation of political stability in the Kremlin is now the most important task."

"Reform Efforts Have Failed, Country Plundered"

Business Handelsblatt of Duesseldorf (8/31) argued: "It is time to accept harsh reality: The reform efforts have failed, democracy is not firmly embedded in the country, and the country has been plundered. An end to the tragedy is not in sight. Even though Yeltsin was able to reject all demands for his resignation with a 'nyet' during the carefully orchestrated appearance on TV, a clear look at his picture on TV indicates that he will not stay in power for too long. The fact that 'Czar Boris' summoned back Victor Chernomyrdin in an emergency situation...is his declaration of bankruptcy. Yeltsin is only interested in safeguarding the well-being of his family and an orderly transfer of power."

"A Firewall For Russia"

Josef Joffe had this to say in an editorial in centrist Sueddeutsche Zeitung of Munich (8/28): "Can the West build a state for the Russians? No, it cannot. But it can and must do something now. Even if Clinton and Kohl's power is vacillating, they and their colleagues must set up a consortium for Russia, since the World Bank and the IMF no longer have the authority to force essential moves with their funds. This emergency fund must extinguish the looming political danger, i.e., it must stop the total loss of confidence among the small savers who are desperately lining up in front of banks to get their money back. This assistance should serve only one goal: to guarantee their accounts to prevent these millions of voters from defecting to demagogues such as the communists, since the only thing that comes to their mind to resolve the crisis is the nationalization of industries and the printing of more money.... Can the West drop Russia? Maybe, since Russia is not as integrated into the world economy as Japan. Also, even the wildest men such as Lebed and the communists cannot close their eyes to reality. They can print money, but a few months later the people will realize who deceived them.... It is risky to bet on Russia's self-healing forces. It would be wiser to pay the insurance."

"Russian Setback"

Werner Adam mused in a front-page editorial in right-of-center Frankfurter Allgemeine (8/28): "What influential circles in both chambers of parliament and supporters of Premier Chernomyrdin have thought of in order to resolve the looming financial insolvency of the state corresponds to views of we thought they had buried with the collapse of communism.... It is unprecedented and worrying that the views of the communists are almost congruent with the views of the financial oligarchs.... What is even more alarming for Western observers are attempts--and not only by the communists--to distract attention from domestic problems by advocating an aggressive national patriotism and by blaming the West...and the IMF...for the financial misery of the country. A development is looming that must be worrying Russia's neighbors."

"Russia At An Abyss"

Ralf Neubauer argued in a front-page editorial in right-of-center Die Welt of Berlin (8/28): "With
the replacement of courageous reformer, Sergei Kiriyenko, Boris Yeltsin proved that he feels more obliged to the powerful financial oligarchs and their privileges than to the general well-being. We must fear that all possible successors to Yeltsin will make arrangements with the profiteers under the veil of political power. Yesterday's anti-crisis program clearly shows how far Russia has strayed, in the mean time, from the path of virtue. Even if the program is implemented in a mitigated form, the economic and financial crisis is likely to escalate even more. With or without Yeltsin, the country is unstoppably stumbling toward an abyss."

ITALY: "The Summit Of Weakened Leaders"

Vittorio Zucconi commented in left-leaning, influential La Repubblica (8/31): "This is a summit of ghosts, where those absent count more than those present.... Kenneth Starr, Russian banker Berezovsky, Red Army generals, and Afghan's Talibans--these are the people who should be meeting in Moscow."

"Moscow's Specters"

Enzo Bettiza commented on the front page of centrist, influential La Stampa (8/30): "Due both to the complexity and volatility of the Russian chaos and the fragility of his own personal situation, Clinton certainly will not be in a position to make major decisions in his discussions with Yeltsin: He will neither be able to exert pressure on the Russian leader to prompt impossible reformist revivals, nor promise him new waves of dollars. He will be able, at most, to ask questions and express concern about the basic political issue hiding behind the earthquake which is eroding the post-Soviet Russian economy and society: the dramatic nuclear issue.... What would happen if the Russian presidency and political power were to fall into the hands of an over-excited 'Bonapartist' such as General Lebed, perhaps supported by Zyuganov's communists and Zhirinovsky's chauvinists ? These are the specters Clinton will have to exorcize, at a minimum, during his talks with Yeltsin."

"The Monday Of Truth"

A commentary by Franco Venturini in centrist, top-circulation Corriere della Sera said (8/29): "Clinton is already sending a strong political message with his choice to respect the appointment at the Kremlin. So far, he has not been dissuaded by the prospect of a summit between lame-duck presidents which promises to be half-tragic and half-comic. Nor have anti-reformist winds in Moscow dissuaded him. He was, instead, pushed by a desire 'not to lose Russia,' not to renounce to post-Berlin Wall Western hopes and interests, not to lose sight of the finger on the Russian nuclear button. By Wednesday, the picture could be Chernomyrdin in power and Clinton disappointed but sympathetic. Will this be enough for the markets? It's not certain."

"Nightmare Of A World Crisis"

Economic analyst Federico Rampini stressed in left-leaning, influential La Repubblica (8/28): "What is most scary is not the spiral of panic related to the declining markets, but the impression that political answers are either inadequate or inconsistent. The series of mistakes made by the IMF over the last year, Clinton's evident weakness, the silence of Germany in this pre-electoral phase, the eternal lack of European leadership: these are the factors that create fear."

"Unbelievable Chain Of Mistakes"

Respected economic analyst Mario Deaglio concluded in influential La Stampa (8/28): "In this chaotic situation, two lame-duck presidents are scheduled to meet in Moscow next week. The meeting risks becoming a melancholic farewell between two leaders who, in reality, may no

longer have anything to say to each other. In the meantime, the fury of the storm--which could have been at least curbed with more attention on their part--is making all weak international currencies vacillate."

"The Czar Without Powers"

Foreign affairs commentator (and former Moscow correspondent) Paolo Garimberti wrote in left-leaning, influential La Repubblica (8/28): "The most likely scenario is a large-coalition government which will make the communists happy but will leave real power in the hands of the economic-financial oligarchies which elected Yeltsin first and then delegitimized him when he tried to get rid of them: a sort of new Politburo.... There are no alternatives at present to the indestructible prime minister, or, better, they are worse and more threatening for the overall picture of international relations, such as populist general Lebed.... This Russia will be an extremely difficult interlocutor for the West, much more than it has been so far. To deny it any financial support seems to be the most logical solution for the time being, as we wait for the confusion of these days to clear up and to understand who is really in charge and where he intends to go. But to what extent can we let the Russian crisis deteriorate without risking a coup by the military and security forces which, so far, have kept themselves totally absent from the scene? After all, Chernomyrdin and his business partners are still better than having a general who has just grabbed power in the Kremlin."

"The Nightmare Of A Coup"

Arrigo Levi wrote in centrist, top-circulation Corriere della Sera (8/28): "In the absence of certainties, our instinct, and the novelties which have changed the face of Russia over the last few years, make us hope that this big country will succeed in emerging from the crisis. After all, a number of characters who did not exist ten years ago are moving on the economic and political scene; new democratic institutions have taken root; and even though Zyuganov's communists are asking for powers which, by blocking the necessary reforms, would also prevent a solution to the crisis, nobody would be able to restore communism, and nobody would really want that. But only the Russians can find a solution to their crisis. The West can only offer support. It is Russia which has to choose its fate."

BELGIUM: "Clinton's Trip To Chaos"

Peter Vandermeersch concluded in independent Catholic De Standaard (8/31): "It is a good decision (to go to Russia).... Clinton will (also) have to be careful that his visit to Yeltsin is not seen as an expression of support of a beleaguered president because it might imperil U.S. relations with the future leaders. As important as Clinton's meeting with Yeltsin is [so is] his meeting with the opposition leaders on Wednesday. It is absurd to think that (it is) only for the Russians (that) very much is at stake. The fall of the stock markets on all stock exchanges in the world confirmed last week how the various world economies are riveted to each other. Wall Street is extremely close to the Red Square. As if this was not sufficient--with or without wandering leaders--thousands of Russian nuclear warheads remain aimed at American and other Western cities. Thus, there are enough reasons to start to have a dialog with Russia and its leaders even in the middle of chaos."

"If The West Closes Its Eyes To Communists' Triumphant Presence"

Moscow correspondent Boris Toumanov commented in conservative Catholic La Libre Belgique (8/31): "How much will the West have to pay if today it closes its eyes to the Communists' triumphant presence in Mr. Chernomyrdin's government, in order to prevent an authoritarian evolution in Russia? That is the question."

CANADA: "New Tycoons Of Moscow"

Centrist La Presse editorialized (8/31): "It is a very gloomy summit that will begin tomorrow in Moscow. President Clinton will try to divert the attention from the Monica Lewinsky affair while President Boris Yelstin will want to give the impression that he is still holding power even if the firing of Prime Minister Kiriyenko has shown that it is the press and the finance tycoons that have the last say.... He (Yelstin) is so motivated by the love of power that he is willing to share it with questionable characters and even to let them guide him.... When Clinton meets with Mr. Yelstin, he will have to keep in mind that Russian politics is not only less democratic that it looks but that it is still also under the strong influence of an oligarchy, suspected by the FBI to be linked with a great part of drug traffic in the world. And this poor country wrongfully governed is not an Indonesian or a Colombian type of country, but the second nuclear power in the world."

"When Bill Meets Boris, Will Anyone Care?"

Correspondent John Bierman wrote in the business-oriented Financial Post (8/28): "It's likely to be a pretty discouraging spectacle--the world's two most deeply discredited elected leaders, Bill Clinton and Boris Yeltsin, meeting in Moscow next week to go through the charade of doing something meaningful about a myriad of problems, but in fact producing nothing more substantial than a few photo opportunities.... By comparison with Yeltsin's, Clinton's problems, like his apology, are minimal. True, he has almost certainly forfeited the honored place in history he hoped for, and for which his undoubted talents might well have qualified him. But he will likely be spared impeachment, the most likely formal penalty being some kind of Congressional censure vote for devaluing the presidency by his tawdry behavior. Many will think that is better than he deserves, for if ever a troubled world needed real leadership from the White House it is now.... Next week's summit will be an opportunity not so much lost as thrown away."

HUNGARY: "Summit Of The Life Preservers"

Right-of-center Napi Magyarorszag featured this commentary by Laszlo Daroczi (8/29): "The only thing that might persuade Clinton [to throw a life preserver to Russia again] is that, if they fail to restore things to normal. Then, in addition to the current economic crisis, Russia will also be hit by a political one as well. And a possible...social explosion--in addition to the horror of a global crisis--might have grave security...consequences. If Clinton succeeds in appearing as the savior of Russia, that would certainly throw him a life preserver after his domestic trials. True, however, that the president cannot offer anything to his Russian colleague without getting something in return: Primarily a more flexible attitude in disarmament and international issues which are of crucial importance for the American national security, too. And in its present condition Moscow would probably not be opposed so vehemently to NATO's Kosovo intervention which has been delayed so long."

"The Bear's Shadow"

Influential Magyar Hirlap carried this by contributor Peter Szakonyi (8/28): "The most important foreign institutional investors in the Budapest stock market moved quickly and withdrew their money from the Hungarian market as fast as they could. When they will...realize the differences between the countries of the former Eastern bloc is impossible to tell at this moment. The only positive feature of the Russian crisis is that it is still possible...to withdraw money from the Hungarian market.... This is a bitter consolation, but in other countries of the Eastern region it is almost impossible."

KAZAKHSTAN: "The Final Patron"

Independent weekly Delovaya Nedeylya said (8/28): "There is no assurance of a successful ending to the Russian political crises because the state Duma is governing the country de facto, and it [the Duma] is in a pro-communist, anti-president mood. The president has actually been driven into a corner and Mr. Chernomyrdin will depend to a great extent on the leaders of the Duma's factions, who are not much interested in his status as a presidential successor in the year 2000 elections."

"The Principal Hero Of Russian Reform Is Returned To Government"

Independent Kazakh-language Zhas Alash observed (8/27): "Russia is very dependent on the oligarchy, and Berizovsky's support for Chernomyrdin explains his (Chernomyrdin's) return to the government."

POLAND: "Summit Of Weak Presidents"

Centrist Rzeczpospolita featured this commentary (8/29-30) by Jaroslaw J. Szczepanski: "Boris Yeltsin's meeting with Bill Clinton in Moscow will not be an encounter of two strongmen, but of two weak persons who cannot cope with a crisis in their respective states. With Yeltsin, the crisis has a political-economic character, with Clinton, it is of a political-moral nature.... Never since 1991 has Yeltsin been as weak as he is today. Clinton, called on by the Republicans to resign, is threatened with impeachment.... Both men urgently need an international success."

"Shortage Of Statehood"

Leopold Unger put forth this view in liberal Gazeta Wyborcza (8/31): "Provided three conditions are met, a wise Western policy toward Russia is not a hopeless mission. First, the West must finally acknowledge that

Russia has never had a free market or a democracy.... Second, the West should substantially review what its policy toward Russia is to be. The West must accept the fact that there is no longer the 'good chap Boris' as a reliable partner in the Kremlin. Pats on the shoulder and chuckles are over; it is time for normal business to start. The West's position should shift from philanthropy to strategy.... The West must say that...money matters, but institutions are more important--that Russia's disease is not the shortage of dollars but the shortage of statehood. Clinton should make it all clear in Moscow tomorrow...that...new dollar loans will be granted based not on promised reforms but on reforms that are implemented."

"Who Governs In Russia?"

Centrist Rzeczpospolita had this comment by Piotr Jendroszczyk (8/28): "To say that the Yeltsin era is over seems to be premature. Although the communists are not surrendering and calling for Yelstin's dismissal, their maneuvers hint that part of the reason for this [reaction] is that they are ready for a political compromise with the president.... Forcing Yelstin to immediately abdicate would rid Russia of a man who--whatever else can be said of him--guarantees the continuation of democratic reforms.

And this is vital for the West, whose further assistance Russia intends to seek as demonstrated by Chernomyrdin's meeting with the head of the IMF Michel Camdessus.... All scenarios for the future, however, may turn out to be mere fantasy once the streets of Russia's cities are teeming with millions of desperate and hungry citizens whose legendary patience must also have limits."

SPAIN: "Soviet Agony"

Conservative ABC noted (8/28): "There cannot be anything worse right now for the Russian people now than to see communists and ultranationalists trying to grab power again.... The

failure of Russia to adopt a market economy comes from its twisted Soviet roots, as if it were trying to travel on a highway with a bicycle.... The fall of the Soviet empire has not finished and will not end until this methodology comes to an end. For now, we witness the agony, the death rattles of its economic system."

"The Jolt Arrives"

Liberal El Pais opined (8/28): "The gravity of the financial crisis shows no sign of letting up. Day after day, the financial markets, particularly the stock markets, show evidence of the deterioration of...Japan, Russia, and Latin America.... It is up to the big [powers], the United States in particular...to show leadership."

EAST ASIA AND PACIFIC

JAPAN: "U.S. Perplexed With Russia's Economic Confusion"

Conservative Sankei Shimbun's Washington correspondent Maeda noted (8/28):

"How to rescue Russia's crumbling economy will be the first and foremost concern during the upcoming summit between Clinton and Yeltsin. The focus will be on whether President Clinton will continue to support Russia's reform efforts. Doubts have been expressed in Washington over extension of further financial assistance to the russian economy, which seems to be in chronic crisis. At a time when both leaders are facing erosion of their political footholds domestically, it is very unlikely that they can change policies or strike deals that will shape a new bilateral relationship for the 21st century."

"Yeltsin's Authority In Eclipse"

Liberal Mainichi Shimbun's Moscow correspondent Ishigo wrote (8/28): "The liberal-minded reform policy set by former deputy prime ministers Gaidal and Chubais and outgoing premier Kiriyenko will be suspended completely. There is a growing possibility that the Yeltsin government's goal of Russia becoming a full member of the international economy will be postponed. In ordinary times, President Yeltsin might have taken drastic actions to prevent a departure from the reform line. However, he has no resources available amidst the current financial crisis, which may cause an economic meltdown. In order to avoid further panic and to restore people's confidence in politics, Yeltsin is being forced to strike a deal to form a national unity government for mere form's sake."

CHINA: "Looking Forward To U.S.-Russia Summit Meeting"

Yi Lin wrote in official Beijing Morning Post (Beijing Chenbao, 8/31):

"Although some Russian officials pin hopes on the upcoming U.S.-Russia summit, it is widely believed that the U.S. president will not bring to Yeltsin any prescription to fix the current crisis in Russia. The summit is expected to become a new starting point for U.S.-Russian relations.... A new economic bond now highlights the two nations' relationship."

"Russian Crisis Impacts Wall Street"

Zhang Liang wrote in official Communist Party People's Daily (Renmin Ribao) (8/29): "The entanglement of the Russian economic and political crisis has aroused fear among American investors.... Some economic experts worry that a further deterioration of the external crisis will possibly precipitate the U.S. economy heading into a recession."

"Ruble Plummets Wildly; Russians Amidst Fear And Panic"

Li Qingyi wrote in official Chinese Youth Party China Youth Daily (Zhongguo Qingnianbao)

(8/28): "Experts predict that prices of all types of commodities in Russia will rise by 20 per cent by the end of this year. Just as with the previous currency reforms, there is now a surging rush for goods in Moscow."

HONG KONG: "Learning From The Hong Kong Experience"

The independent, English-language South China Morning Post (8/30) had this editorial: "Even now, the SAR (Special Administrative Region) is not immune from the effects of the Russian crisis, which was one of the main causes of the latest fall on Wall Street that is expected to put fresh pressure on the Hang Seng Index tomorrow. Financial Secretary Donald Tsang Yam-kuen even cited events in Moscow as one reason why Hong Kong's depression may intensify still further over the next three months. While admitting two-way trade was minute, Mr. Tsang said Russia, with its nuclear weapons, was such a big country that the whole world would inevitably be affected by its troubles.... But if, and when, sanity does finally prevail, the eventual solution to Russia's woes may draw upon Hong Kong's experience. For the IMF is now talking about the introduction of a currency board similar to the SAR's as one possible way of rescuing the value of the ruble. This only goes to show that, not only is the peg the best solution for the SAR, but it is also a model which other countries in trouble can usefully draw on."

SOUTH KOREA: "Summit But No Gain"

Reporter Park So-hyung of the conservative Segye Ilbo (8/31) commented: "Of course the summit's top priority will be the economy, but with Boris Yeltsin facing a dead end, there is skepticism that nothing of substance will come out of the summit.... Due to Russia's uncertain future, additional U.S. financial assistance is not likely to come during Clinton's visit. Russia keeps moving further away from a market-oriented economy, implying more headaches for Washington.... The United States' hesitation over Russia is understandable as there is danger that Moscow may decide to give up reform. Washington may have to rewrite its entire Russian policy."

"Clinton's Scanty Gift For Russia"

Washington correspondent Shin Jae-min of the moderate Hankook Ilbo (8/31) commented: "President Clinton's gift package for Russia will be meager, reflecting the U.S. dilemma over efforts to revive Russia's economy, which are now being likened to filling a 'bottomless jar.'... The United States must feel a burden over its failed Russia policy, but more critical is that there is nothing Washington can do to save Russia. About all Clinton can do is emphasize the importance of economic reforms to Yeltsin.... The U.S. president will meet with Viktor Chernomyrdin, who has emerged as the central power in Russian politics. Some people predict that meeting will be the real summit."

"U.S. Urges Russia's Reform But Balks Over Assistance"

Independent Hankyoreh Shinmun (8/28) commented: "The upcoming Clinton-Yeltsin summit will not find a real solution for Russia, mainly because any workable solution would require enormous political assets at home from both presidents, which neither of them currently has at this point. There also is recognition on the part of the United States that Russia has no ability to make effective use of the funds coming in from abroad. The absence of Yeltsin's political leadership is obviously making the situation worse."

"Russia Virtually Bankrupt"

Moderate Hankook Ilbo (8/28) commented: "The earthquake coming from Russia is shaking up the entire world's financial markets. What's more serious is that the phenomenon is just

beginning.... It certainly looks as if Russia's declaration of a moratorium--on dollar-denominated debts this time--is just a moment away, leaving the impression that the country is very close to a total default.... To make up the loss in Russia, Western banks will soon turn to international markets trying to find funds there, a prospect which will drastically destablize the world's interest rates. In this scenario, the world's stock markets face a collapse in the end."

"Solution Seen Nowhere"

The independent Hankyoreh Shinmun (8/27) commented: "As Russian experts once pointed out, Russia may well be heading toward becoming a second Indonesia burdened with 10,000 nuclear missiles.... Russia surely has the potential to bring a world-wide economic disaster."

THAILAND: "An Unstable Russia Affects World Peace"

The independent, English-language Nation had this editorial (8/28): "The faster Russia recovers from the crisis, the better it is for all of us. The euphoria of the post-Cold War era, which promised a harmonious East-West relationship, has all but evaporated. Without ideological differences as in the past, economic insecurity and disparity between Russia and the West is potentially more destabilizing than anything we have seen in the past. This is because Russia has enough nuclear bombs to blow up the planet."

SOUTH ASIA

INDIA: "Clinton And Yeltsin Should Discuss Nuclear Proliferation"

An editorial in the centrist Times of India held (8/31): "The nuclear weapons powers who, because of their folly, created monstrous arsenals, should now pay to ensure that the economic collapse of Russia does not lead to nuclear proliferation to several states and non-state actors. This issue should be seriously addressed in the forthcoming non-aligned summit as well as in the meeting between Mr. Clinton and Mr. Yeltsin."

"House Of Cards"

The right-of-center Indian Express had this analysis (8/31): "While Russia's economic crisis is frightening enough, it is its political fortunes that are panicking the world.... Ominous in a global sense is the prospect of an overturning of the political and economic systems so painfully established in Russia in recent years.... It seems likelier than not that Yeltsin's successor would take a different political and economic course, one that sought inspiration in Russia's past. The West has abundant cause for alarm.... The gloom threatens to reverse Europe's modest recovery and turn America's just-beginning slowdown into something far worse.... America's irrational stock market boom, about which sensible economists have been warning for long, could go spectacularly bust and take the rest of the world down with it."

BANGLADESH: "Russia's Crisis Deepens"

Independent, English-language Financial Express had this editorial (8/31): "There is a need for flexibility in policies to keep Russia on the reformist path and the Russian economy going; this is also necessary to preclude a wider international economic instability caused by the Russian economic crisis. The IMF and others, therefore, can hardly afford to wash their hands 'neatly' of Russia."

MIDDLE EAST

QATAR: "Summit"

Semi-independent, English-language Peninsula had this editorial (8/31): "With a serious discussion of the economy ruled out, the two leaders will ponder over issues like Kosovo, NATO expansion and their differences over Iraq and Iran--issues over which a wounded Yeltsin is unlikely to cross swords with Clinton. This being the case, the meeting is likely to be what it has been dubbed as: the summit of the lame duck and the dead duck."

LATIN AMERICA

ARGENTINA: "Two Going To Drift"

Claudio Uriarte, international analyst for left-of-center Pagina 12, wrote (8/31): "This week two politically finished men will meet to deal with the situation of a dying country. The two men are Boris Yeltsin and Bill Clinton, and the dying country is Russia.... The summit starting tomorrow and finishing on Wednesday has only few possibilities of impacting on the Russian crisis. Because today both the US and Russia do not have reliable leaders, which is in itself a dangerous situation."

BRAZIL: "A Visit That Will Be Marked By Improvisation"

Readers of center-right O Estado de Sao Paulo saw this by its Washington correspondent, who said (8/31): "Without anything to offer to the Russians besides his sympathy, President Bill Clinton travels to Moscow today on the most risky international mission of his administration.... The visit promises to be marked by improvisation.... Clinton needs to use this trip politically to prove to Americans that the sexual scandal that threatens him has not affected his capacity to fully...project American leadership to the world. Maybe Clinton benefits from the fact of having his friend, Boris Yeltsin, as host, a leader who will be in an even more fragile position than he (Clinton) is, and who is considered by various specialists as a figure that is politically finished."

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CLINTONYELTSIN SUMMIT: LITTLE HOPE FOR MAJOR ACCOMPLISHMENTS

Looking ahead to tomorrow's summit between Presidents Clinton and Yeltsin,
for
eign media analysts held out little hope for major accomplishments as they
cont

inued to express alarm about the possible global repercussions of further chaos
in Russia. A number of commentators noted the significant difficulties surrou
nding the summitthe politically "weakened" status of both presidents, the dilem
ma of how to help Moscow at this point, and the question of who is in charge in
Russiabut no one suggested that President Clinton should cancel the trip. (Co
mment was as yet unavailable on breaking news that the Duma might block approva
l of Acting Prime Minister Chernomyrdin.) Hamburg's rightofcenter Bild Zeitung
expressed a common view: "A Russian economy in a standstill...the internatio
nal stock exchanges shaken by crises...rebelling Russian forces with a finger o
n the nuclear triggerthis would be a horror scenario that Clinton, Kohl and all
other Western state leaders want to avert at any cost. With or without Boris Yeltsinthe creation of political stability in the Kremlin is now the most impor
tant task." Moscow's reformist, youthoriented Komsomolskaya Pravda judged that "friend Bill is
risking a lot" by traveling to Russia, adding: "Should Russian economic
reform collapse," President Clinton "will face charges of a serious policy
failure." Brussels's independent, Catholic De Standaard urged that Pres ident
Clinton's meeting with Mr. Yeltsin not "imperil" relations with future Ru
ssian leaders: "As important as Clinton's meeting with Yeltsin is [so is] his
meeting with opposition leaders on Wednesday." A few pundits predicted that Ru
ssia might grant concessions to the U.S. in order to gain further American and
Western help. These writers listed increased Russian "cooperation" to resolve
the crisis in Kosovo and a more "flexible attitude in disarmament and internati
onal issues...of crucial importance for American national security" as among th
e possibilities. Moscow's centrist Nezavismaya Gazeta observed that because Ru
ssia is "economically insolvent" it may "let the U.S. win political concessions
on matters like antiIraq sanctions, cooperation with Iran and India, and Kosov
o."

Amid reports of repeated falls in the value of the ruble, analysts expressed
al
arm that Russia's free market reforms would be scrapped, and Communists and
oth
er hardliners would gain more political power if the situation grew more
chaoti
c. BBC Radio's World Service said: "There are clear signs of a
retreat from f
ree market reform and a drift back to...central planning and
state control. Th
ese might well help Mr. Chernomyrdin form a government of
national unity by att
racting the support of the Communists, but they will not
reassure foreign inves
tors...now counting their losses in billions of
dollars." Rightofcenter Frank
further Allgemeine judged: "It is
unprecedented and worrying that the views of
Communists are almost congruent
with the views of financial oligarchs.... Wha
t is even more alarming for
Western observers are attemptsand not only by the C
ommuniststo distract
attention from domestic problems by advocating an aggressi
ve national
patriotism and by blaming the West...and the IMF...for the financia
l misery
of the country." Paris's rightofcenter Le Figaro held that "if one da
y
rioters head to the Kremlin," they would acclaim former general Alexander
Leb
ed, who "symbolizes the fantasies of Russians who are convinced that the
countr
y can only be run by a strong power."
This report includes 67 reports from 20 countries, August 2731.
EDITOR: Bill Richey
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EUROPE

RUSSIA: "Factor Of Political Life"

Dmitry Gornostayev said on page one of centrist Nezavisimaya Gazeta (8/29):
"
As he meets with Clinton, Yeltsin will probably try to make the most of
their f
riendly relations. But the American may not be quite ready for a
frank express
ion of friendly feelings. He may want to instruct but not help
materially....
The 'strategic character' of RussoAmerican relations may
change considerably.
As of today, Moscow is not in a position to dictate or
at least uphold its rig
hts. Being economically insolvent, it may let the

United States win political
concessions on matters like antiIraq sanctions,
cooperation with Iran and India
, Kosovo, to name but a few. The only
consolation is that Washington, evidentl
y, is not going to offer us money,
and consequently, it will not ask us to soft
en or review our stand on those
issues."

"Hard Trip"

Andrei Kabannikov filed from Washington for reformist, youthoriented
Komsomols
kaya Pravda (8/29): "There are few worse countries for President
Clinton to vi
sit now. He is not bringing money in addition to the IMF's $22
billion, and, u
nder the circumstances, discussing many aspects of bilateral
cooperation is jus
t pointless. Clearly, 'friend Bill' is risking a lot.
Should Russian economic
reform collapse, he will face charges of a serious
policy failure."

"Duma May Not Triumph In The End"

Valeriy Vyzhutovich said on page one of reformist Izvestiya (8/29): "Even
thou
gh the leftwing opposition is confident that its ultimatums will be
accepted, t
here are ever more doubts about it being able to win in the end.
It does not
seem to be quite aware of what is going on and of its own
potential when it ord
ers an aboutface on this country's political and
economic strategies. So, ther
e is no guarantee that the president will
resign or that the Duma will have ful
l control over the government."

"LiberalDemocratic Idea Fails"

Leonid Radzikhovskiy stated in reformist Segodnya (8/29): "The failure of the
liberaldemocratic idea means that the pendulum will automatically swing to
the
left. No, private property will not be banned, but 'the
oligarchynomenklatura
rule' will acquire a distinctly pink
(nearcommunist)brown (fascist) shade. Pow
er and property will be redivided
in favor of the nationalcommunist Duma and it
s partners among
nationalentrepreneurs, exacerbating national decay."

"Russia Has No Power Center"

Yelena Tregubova asserted in reformist Russkiy Telegraf (8/29): "There is
cert
ainly no power center in Russia today. The president is no longer in
control,
confining himself to greeting foreign friends. The government is
still in the
making. The Duma is busy fighting for portfolios and extra
privileges. Govern
ors are so perplexed and discontented that, compared to
them, Chechnya may soon
seem like a child's play. Worst of all, nobody 'in
the upper structures' know
s who will control the army and special services,
should something untoward hap
pen, and who controls them now."

"To Forsake Ruble Is Inadmissible"

Dmitriy Dokuchayev stated on page one of reformist Izvestia (8/28): "For
Chern
omyrdin, even though he is still an acting premier and has his hands
full these
days, to forsake the ruble is
inadmissible and irresponsible."

"Power Crisis"

Vasily Golubev opined in centrist Nezavisimaya Gazeta (8/28): "The
authorities
, through their stupid moves and statements over the past few
weeks, have done
what the opposition could not have done on its own. They
have increased its so
cial base in time for parliamentary elections, whether
early or regular. The o
pposition cannot miss this chance. Otherwise, that
would be the end of it."

"Joint Program"

Reformist Russkiy Telegraf (8/28) commented editorially on an economic
stateme
nt drafted by a tripartite commission that includes representatives
of the Dum
a, the Federation Council and the government: "It is an attempt to
adapt the ex
isting system of state capitalism to possible social problems,
while maintainin
g its basic principles.... The document's big virtue is that
it aims at retaini
ng the foundation of a market economy built in the reform

years."

"Nobody Is Interested"

Svetlana Lolayeva contended in reformist VremyaMN (8/28): "Nobody seems to be interested in what is written in the joint economic memorandum by the Duma and the government. It is a disposable paper which, after Chernomyrdin uses it as 'hard evidence' of his willingness to listen to parliament, will be shelved for good. The funny thing is that everybody knows that."

"Chernomyrdin Responsible For Crisis"

Vladimir Poshatayev said on page one of official Parlamentskaya Gazeta (8/27): "The main thing is for Viktor Chernomyrdin to assess the situation and take ur gent measures to resolve the crisis. His statement to the effect that there is 'every possibility to overcome the crisis' sounds encouraging. But his harsh comments on the extent of the problem stuns. It is Chernomyrdin, rather than K iriyenko, who is responsible for a disastrous crash in the currency market and 'black Tuesday.'"

"Prevent Panic"

Mikhail Glazychev of the Aton investment company, writing in reformist Izvesti ya (8/28), urged the authorities "to prevent panic, break their weird 'code of silence' and make a serious policy statement. After all, this country has not run out of its gold and currency reserve. The Central Bank must be more activ e and continue to support the ruble."

"Yeltsin's Absence Inexplicable"

Teimuraz Mamaladze said on page one of reformist Noviye Izvestiya (8/28): "Rus sians must be thankful to Bulgarian President Petr Stoyanov, now visiting in Mo scow, for a chance to see and hear their own president. With this country in a n emergency, it is hard to explain Boris Yeltsin's cloistering himself in his s uburban retreat, reportedly preparing for a RussoAmerican and other summits."

"Be Consistent"

Yuliya Ulyanova wrote on page one of reformist Segodnya (8/28): "All spring an
d summer the Kiriyenko government worked on a program of action, hoping to secu
re money from the IMF and the World Bank. But it was dismissed and its policy
abandoned just as the money began to arrive and work got under way to implement
the program. In these dire days, it is most
important to be consistent, no matter who signs government orders."

"What If?"

Dmitry Volkov and Gleb Cherkasov suggested on page one of reformist VremyaMN (
8/28): "With the president virtually absent, his
opponentscomrades in distressc
onjuring up a fragile unity scheme, and
nobody taking any 'economic action,' th
e population may decide to take the
initiative. If it does, it is anybody's gu
ess what might come out of this."

BRITAIN: "Clear Signs Of A Retreat From Free Market Reform"

BBC Radio's World Service commented (8/28): "These are grim, possibly dangero
us times, in Russia. There is still no word from Mr. Chernomyrdin on which dir
ection the country is to take. There are clear signs of a retreat from free ma
rket reform and a drift back to the economic management methods of central plan
ning and state control. These might well help Mr. Chernomyrdin form a governme
nt of national unity by attracting the support of
the communists, but they will
not reassure foreign investors and creditors
who are now counting their losses
in billions of dollars."

"Washington Rudderless As Ruble Tumbles"

The conservative Daily Telegraph commented from Washington (8/28): "With Russ
ia imploding, Japan in economic meltdown, Iraq rampantly defiant, and the Middl
e East peace process apparently adrift, allies and foes are asking, 'Where's Am
erica?' In terms of clear, effective leadership, the world's only

superpower i
s nowhere to be seen.... A worry about appearances erodes Mr. Clinton's abilit
y to swing public opinion behind decisive action abroad. It is harder to win s
upport for a fight against terrorism when some people suspect that the presiden
t is really fighting Kenneth Starr, officials privately concede. But the coinc
idence of calamity at home and abroad is also, say many, merely thata deeply un
fortunate coincidence.... It is assumed in Washington that Mr. Clinton's domes
tic travails have exacerbated his tendency to conduct foreign policy on an adho
c basis, without clear goals or consistent effort to achieve them."

"Rescuing Russia"

The liberal Guardian had this lead editorial (8/28): "It is true that Russia is not in the technical sense a critical part of the world economy. But if ano
ther large segment of humanity were to pass into economic darkness, the sense t
hat things are out of control would massively feed the panic surges which can h
ave such a devastating effect on international economic life. That Russia has in effect defaulted on its debts makes this even more likely."

FRANCE: "Betting On The Right Horse"

Pascal Aubert observed in rightofcenter La Tribune (8/31): "For the West, whic
h has backed Yeltsin for the past six years, it is time to pick the right horse
to bet on.... But the question is to guess who will occupy the place left va
cant by Yeltsin's departure.... Short of being able to influence Russia's futu
re course of events, Washington and other Western capitals have no other choic
e but to rely on a former apparachik of the Brezhnev era."

"A Major Crisis Or Total Collapse?"

French Academy Member Helene Carrere D'Encausse judged in rightofcenter Le Fig
aro (8/31): "The task at hand is to keep today's major crisis from turning in
to a fatal and total collapse.... If a coalition government can be formed wit

h the Communists and if Yeltsin accepts powersharing...then the
country could g
o forward toward some political stability."

"Chernomyrdin: Russia's Only Chance"

Former Russian general Alexander Lebed, interviewed in rightofcenter Le
Figaro
, said (8/31): "Chernomyrdin has a very little chance of slowing down
Russia's
 collapse. But at least he has a chance. The others have none at
all. It is i
n everyone's interest to support him. Otherwise we will sink."

"Lebed's Time"

Charles Lambroschini concluded in rightofcenter Le Figaro (8/28): "If one
day
rioters head to the Kremlin, they will have no mercy for Chernomyrdin.
This co
mmunist apparatchik, who has become a rich capitalist, never followed
any other
 policy except opposition to progress. For having planned reforms
he has never
 achieved, he is one of the first responsible for today's
disaster. On the oth
er hand, rioters probably would acclaim Lebed. The
charismatic general (Lebed)
 symbolizes the fantasies of the Russians who are
convinced that the country ca
n only be run by a strong power."

"For Clinton Administration, Ball Is In Russians' Court"

Washington correspondent JeanMarie Macabrey and Blanca Riemer wrote in
centris
t La Tribune (8/28): "The administration no longer knows what to do to
help the
 Kremlin and thinks that it is the Russians' turn to play.... The
Americans ar
e not, of course, completely inactive. Behind the scenes, pieces
of advice are
 given to Russian leaders about the debt restructuring plan....
The Clinton ad
ministration policy about Russia has provoked criticism, and
people fear the Se
ptember 13 meeting may lead to no result at all."

"Lebed Not Likely To Accept SecondClass Role"

About the possibility that Lebed may be called to power, Laure Mandeville
judg

ed in rightofcenter Le Figaro (8/28): "Lebed is not likely to accept a secondc
lass role because he is in an excellent position for the next presidential elec
tion.... Is it so certain that Chernomyrdin wants a such an embarrassing partn
er?"

"The West's Blindness"

Jacques Amalric wrote in leftofcenter Liberation (8/28): "It took the collapse
of the Russian system under its own contradictions, and the destabilization of
the world economic order for the West capitals to recover their common sense:
Bonn and Paris are going to write to Chernomyrdin and tell him he can count on
an external aid only if he applies the reforms he had suggested during his five
years in power. We were so used to the West's blindnesswith Chirac repeating
that Russia should not be humiliated, Kohl always ready to laud Yeltsin and Bil
l Clinton's blindnessthat we are almost surprised by such boldness."

GERMANY: "IMF Money Good Investment For Kosovo"

Leftofcenter Berliner Zeitung (8/29) noted: "Although the reasons for the cur
rent crisis are based on economic speculation, it is now up to politics to make
the next move. Helmut Kohl and Bill Clinton will try to back the new Russian
government. It seems that the Yeltsin era is over and Chancellor Kohl is now o
bviouslymainly for pragmatic reasonspinning all his hopes on Chernomyrdin. Thi
s may not be a longterm concept, but it is the only means to avert looming dan
gers. The current strategy is that Moscow will get moneybut the price must be
cooperation to resolve the Kosovo crisis. If this can help save innocent lives
in Kosovo, the money if the IMF is a good investment. And maybe, via a detour
of a humanitarian consensus, Russia will find more easily access to Europe, to
which it belongs anyway."

"Horror Scenario"

Lothar Loewe had this to say in an editorial in masscirculation, rightofcenter Bild Zeitung of Hamburg (8/31): "During his visit to Moscow, U.S. President Bill Clinton will entreat the Russian government to continue the policy of economic reforms and to set up a lasting democracy. A Russian economy in a standstill and a state of bankruptcy, the international stock exchanges shaken by crises and the fear of a crash, in addition maybe rebelling Russian forces with a finger on the nuclear triggerthis would be a horror scenario that Clinton, Kohl and all other Western state leaders want to avert at any cost. With or without Boris Yeltsinthe creation of political stability in the Kremlin is now the most important task."

"Reform Efforts Have Failed, Country Plundered"

Business Handelsblatt of Duesseldorf (8/31) argued: "It is time to accept harsh reality: The reform efforts have failed, democracy is not firmly embedded in the country, and the country has been plundered. An end to the tragedy is not in sight. Even though Yeltsin was able to reject all demands for his resignation with a 'nyet' during the carefully orchestrated appearance on TV, a clear look at his picture on TV indicates that he will not stay in power for too long.

The fact that 'Czar Boris' summoned back Victor Chernomyrdin in an emergency situation...is his declaration of bankruptcy. Yeltsin is only interested in safeguarding the wellbeing of his family and an orderly transfer of power."

"A Firewall For Russia"

Josef Joffe had this to say in an editorial in centrist Sueddeutsche Zeitung of Munich (8/28): "Can the West build a state for the Russians? No, it cannot.

But it can and must do something now. Even if Clinton and Kohl's power is vacillating, they and their colleagues must set up a consortium for Russia, since the World Bank and the IMF no longer have the authority to force essential moves with their funds. This emergency fund must extinguish

the looming political
danger, i.e., it must stop the total loss of confidence
among the small savers
who are desperately lining up in front of banks to get
their money back. This
assistance should serve only one goal: to guarantee
their accounts to prevent
these millions of voters from defecting to
demagogues such as the communists,
since the only thing that comes to their
mind to resolve the crisis is the nati
onalization of industries and the
printing of more money.... Can the West dro
p Russia? Maybe, since Russia
is not as integrated into the world economy as J
apan. Also, even the
wildest men such as Lebed and the communists cannot clos
e their eyes to
reality. They can print money, but a few months later the peo
ple will
realize who deceived them.... It is risky to bet on Russia's selfheal
ing
forces. It would be wiser to pay the insurance."

"Russian Setback"

Werner Adam mused in a frontpage editorial in rightofcenter Frankfurter
Allgem
eine (8/28): "What influential circles in both chambers of parliament
and supp
orters of Premier Chernomyrdin have thought of in order to resolve
the looming
financial insolvency of the state corresponds to views of we
thought they had b
uried with the collapse of communism.... It is
unprecedented and worrying that
the views of the communists are almost
congruent with the views of the financi
al oligarchs.... What is even more
alarming for Western observers are attempts
and not only by the
communiststo distract attention from domestic problems by a
dvocating an
aggressive national patriotism and by blaming the West...and the I
MF...for
the financial misery of the country. A development is looming that mu
st be
worrying Russia's neighbors."

"Russia At An Abyss"

Ralf Neubauer argued in a frontpage editorial in rightofcenter Die Welt of
Ber
lin (8/28): "With

the replacement of courageous reformer, Sergei Kiriyenko, Boris Yeltsin
proved
that he feels more obliged to the powerful financial oligarchs and
their privil
eges than to the general wellbeing. We must fear that all
possible successors
to Yeltsin will make arrangements with the profiteers
under the veil of politic
al power. Yesterday's anticrisis program clearly
shows how far Russia has stra
yed, in the mean time, from the path of virtue.
Even if the program is implem
ented in a mitigated form, the economic and
financial crisis is likely to escal
ate even more. With or without Yeltsin,
the country is unstoppably stumbling t
oward an abyss."
X` hp x (#
ITALY: "The Summit Of Weakened Leaders"

Vittorio Zucconi commented in leftleaning, influential La Repubblica (8/31):
"
This is a summit of ghosts, where those absent count more than those
present...
. Kenneth Starr, Russian banker Berezovsky, Red Army generals, and
Afghan's Ta
libansthese are the people who should be meeting in Moscow."

"Moscow's Specters"

Enzo Bettiza commented on the front page of centrist, influential La Stampa
(8
/30): "Due both to the complexity and volatility of the Russian chaos and
the
fragility of his own personal situation, Clinton certainly will not be in
a po
sition to make major decisions in his discussions with Yeltsin: He will
neithe
r be able to exert pressure on the Russian leader to prompt impossible
reformis
t revivals, nor promise him new waves of dollars. He will be able,
at most, t
o ask questions and express concern about the basic political issue
hiding behi
nd the earthquake which is eroding the postSoviet Russian economy
and society:
the dramatic nuclear issue.... What would happen if the Russian
presidency and
political power were to fall into the hands of an overexcited
'Bonapartist' su
ch as General Lebed, perhaps supported by Zyuganov's
communists and Zhirinovsky
's chauvinists ? These are the specters Clinton
will have to exorcize, at a mi

nimum, during his talks with Yeltsin."

"The Monday Of Truth"

A commentary by Franco Venturini in centrist, topcirculation Corriere della Se
ra said (8/29): "Clinton is already sending a strong political message with hi
s choice to respect the appointment at the Kremlin. So far, he has not been di
ssuaded by the prospect of a summit between lameduck presidents which promises
to be halftragic and halfcomic. Nor have antireformist winds in Moscow dissuad
ed him. He was, instead, pushed by a desire 'not to lose Russia,' not to renou
nce to postBerlin Wall Western hopes and interests, not to lose sight of the fi
nger on the Russian nuclear button. By Wednesday, the picture could be Cherno
myrdin in power and Clinton disappointed but sympathetic. Will this be enough for the markets? It's not certain."

"Nightmare Of A World Crisis"

Economic analyst Federico Rampini stressed in leftleaning, influential La Repub
blica (8/28): "What is most scary is not the spiral of panic related to the de
clining markets, but the impression that political answers are either inadequat
e or inconsistent. The series of mistakes made by the IMF over the last year,
Clinton's evident weakness, the silence of Germany in this preelectoral phase,
the eternal lack of European leadership: these are the factors that create fea
r."
X` hp x (#
"Unbelievable Chain Of Mistakes"

Respected economic analyst Mario Deaglio concluded in influential La Stampa (8
/28): "In this chaotic situation, two lameduck presidents are scheduled to meet
in Moscow next week. The meeting risks becoming a melancholic farewell betwee
n two leaders who, in reality, may no

longer have anything to say to each other. In the meantime, the fury of the st
ormwhich could have been at least curbed with more attention on their

partis ma
king all weak international currencies vacillate."

"The Czar Without Powers"

Foreign affairs commentator (and former Moscow correspondent) Paolo Garimbert
i wrote in leftleaning, influential La Repubblica (8/28): "The most likely scen
ario is a largecoalition government which will make the communists happy but w
ill leave real power in the hands of the economicfinancial oligarchies which
elected Yeltsin first and then delegitimized him when he tried to get rid of t
hem: a sort of new Politburo.... There are no alternatives at present to the indestructible
prime minister, or, better, they are worse and more threatening for the
overall picture of international relations, such as populist general

Lebed.... This Russia will be an extremely difficult interlocutor for the We
st, much more than it has been so far. To deny it any financial support seems
to be the most logical solution for the time being, as we wait for the confus
ion of these days to clear up and to understand who is really in charge and wh
ere he intends to go. But to what extent can we let the Russian crisis deteri
orate without risking a coup by the military and security forces which, so far
, have kept themselves totally absent from the scene? After all, Chernomyrdin
and his business partners are still better than having a general who has just
grabbed power in the Kremlin."

"The Nightmare Of A Coup"

Arrigo Levi wrote in centrist, topcirculation Corriere della Sera (8/28): "In
the absence of certainties, our instinct, and the novelties which have change
d the face of Russia over the last few years, make us hope that this big count
ry will succeed in emerging from the crisis. After all, a number of character
s who did not exist ten years ago are moving on the economic and political sce
ne; new democratic institutions have taken root; and even though Zyuganov's co

mmunists are asking for powers which, by blocking the necessary reforms, would also prevent a solution to the crisis, nobody would be able to restore commun ism, and nobody would really want that. But only the Russians can find a solu tion to their crisis. The West can only offer support. It is Russia which ha s to choose its fate."

BELGIUM: "Clinton's Trip To Chaos"

Peter Vandermeersch concluded in independent Catholic De Standaard (8/31): "It is a good decision (to go to Russia).... Clinton will (also) have to be caref ul that his visit to Yeltsin is not seen as an expression of support of a bele aguered president because it might imperil U.S. relations with the future leade rs. As important as Clinton's meeting with Yeltsin is [so is] his meeting with the opposition leaders on Wednesday. It is absurd to think that (it is) only for the Russians (that) very much is at stake. The fall of the stock markets o n all stock exchanges in the world confirmed last week how the various world ec onomies are riveted to each other. Wall Street is extremely close to the Red S quare. As if this was not sufficientwith or without wandering leadersthousands of Russian nuclear warheads remain aimed at American and other Western cities.

Thus, there are enough reasons to start to have a dialog with Russia and its leaders even in the middle of chaos."

"If The West Closes Its Eyes To Communists' Triumphant Presence"

Moscow correspondent Boris Toumanov commented in conservative Catholic La Libr e Belgique (8/31): "How much will the West have to pay if today it closes its eyes to the Communists' triumphant presence in Mr. Chernomyrdin's government, i n order to prevent an authoritarian evolution in Russia? That is the question. "

CANADA: "New Tycoons Of Moscow"

Centrist La Presse editorialized (8/31): "It is a very gloomy summit that wil
l begin tomorrow in Moscow. President Clinton will try to divert the attention
from the Monica Lewinsky affair while President Boris Yelstin will want to gi
ve the impression that he is still holding power even if the firing of Prime Mi
nister Kiriyenko has shown that it is the press and the finance tycoons that ha
ve the last say.... He (Yelstin) is so motivated by the love of power that he
is willing to share it with questionable characters and even to let them gui
de him.... When Clinton meets with Mr. Yelstin, he will have to keep in mind
that Russian politics is not only less democratic that it looks but that it is
still also under the strong influence of an oligarchy, suspected by the FBI
to be linked with a great part of drug traffic in the world. And this poor cou
ntry wrongfully governed is not an Indonesian or a Colombian type of country,
but the second nuclear power in the world."

"When Bill Meets Boris, Will Anyone Care?"

Correspondent John Bierman wrote in the businessoriented Financial Post (8/28
): "It's likely to be a pretty discouraging spectaclethe world's two most deep
ly discredited elected leaders, Bill Clinton and Boris Yeltsin, meeting in Mosc
ow next week to go through the charade of doing something meaningful about a m
yriad of problems, but in fact producing nothing more substantial than a few p
hoto opportunities.... By comparison with Yeltsin's, Clinton's problems, like
his apology, are minimal. True, he has almost certainly forfeited the honored
place in history he hoped for, and for which his undoubted talents might well
have qualified him. But he will likely be spared impeachment, the most likely
formal penalty being some kind of Congressional censure vote for devaluing the
presidency by his tawdry behavior. Many will think that is better than he d
eserves, for if ever a troubled world needed real leadership from the White Ho

use it is now....
Next week's summit will be an opportunity not so much lost as thrown away."

HUNGARY: "Summit Of The Life Preservers"

Rightofcenter Napi Magyarorszag featured this commentary by Laszlo Daroczi (8/29): "The only thing that might persuade Clinton [to throw a life preserver to Russia again] is that, if they fail to restore things to normal. Then, in addition to the current economic crisis, Russia will also be hit by a political one as well. And a possible...social explosionin addition to the horror of a global crisismight have grave security...consequences. If Clinton succeeds in appearing as the savior of Russia, that would certainly throw him a life preserver after his domestic trials. True, however, that the president cannot offer anything to his Russian colleague without getting something in return: Primarily a more flexible attitude in disarmament and international issues which are of crucial importance for the American national security, too. And in its present condition Moscow would probably not be opposed so vehemently to NATO's Kosovo intervention which has been delayed so long."

"The Bear's Shadow"

Influential Magyar Hirlap carried this by contributor Peter Szakonyi (8/28): "The most important foreign institutional investors in the Budapest stock market moved quickly and withdrew their money from the Hungarian market as fast as they could. When they will...realize the differences between the countries of the former Eastern bloc is impossible to tell at this moment. The only positive feature of the Russian crisis is that it is still possible...to withdraw money from the Hungarian market.... This is a bitter consolation, but in other countries of the Eastern region it is almost impossible."

KAZAKHSTAN: "The Final Patron"

Independent weekly Delovaya Nedeylya said (8/28): "There is no assurance of
a
successful ending to the Russian political crises because the state Duma
is g
overning the country de facto, and it [the Duma] is in a procommunist,
antipres
ident mood. The president has actually been driven into a corner
and Mr. Ch
ernomyrdin will depend to a great extent on the leaders of the
Duma's factions
, who are not much interested in his status as a presidential
successor in the
year 2000 elections."

"The Principal Hero Of Russian Reform Is Returned To Government"

Independent Kazakhlanguage Zhas Alash observed (8/27): "Russia is very
depende
nt on the oligarchy, and Berizovsky's support for Chernomyrdin
explains his (C
hernomyrdin's) return to the government."

POLAND: "Summit Of Weak Presidents"

Centrist Rzeczpospolita featured this commentary (8/2930) by Jaroslaw J.
Szcz
epanski: "Boris Yeltsin's meeting with Bill Clinton in Moscow will not
be an
encounter of two strongmen, but of two weak persons who cannot cope
with a cris
is in their respective states. With Yeltsin, the crisis has a
politicaleconom
ic character, with Clinton, it is of a politicalmoral
nature.... Never since
1991 has Yeltsin been as weak as he is today.
Clinton, called on by the Republ
icans to resign, is threatened with
impeachment.... Both men urgently need an
international success."

"Shortage Of Statehood"

Leopold Unger put forth this view in liberal Gazeta Wyborcza (8/31):
"Provide
d three conditions are met, a wise Western policy toward Russia is
not a hopele
ss mission. First, the West must finally acknowledge that
Russia has never h
ad a free market or a democracy.... Second, the West
should substantially revi
ew what its policy toward Russia is to be. The
West must accept the fact that

there is no longer the 'good chap Boris' as a reliable partner in the Kremlin.

Pats on the shoulder and chuckles are over; it is time for normal business to start. The West's position should shift from philanthropy to strategy.... The West must say that...money matters, but institutions are more importantthat Russia's disease is not the shortage of dollars but the shortage of statehood. Clinton should make it all clear in Moscow tomorrow...that...new dollar loans will be granted based not on promised reforms but on reforms that are implemented."

"Who Governs In Russia?"

Centrist Rzeczpospolita had this comment by Piotr Jendroszczyk (8/28): "To say that the Yeltsin era is over seems to be premature. Although the communists are not surrendering and calling for Yelstin's dismissal, their maneuvers hint that part of the reason for this [reaction] is that they are ready for a political compromise with the president.... Forcing Yelstin to immediately abdicate would rid Russia of a man whowhatever else can be said of himguarantees the continuation of democratic reforms. And this is vital for the West, whose further assistance Russia intends to seek as demonstrated by Chernomyrdin's meeting with the head of the IMF Michel Camdessus.... All scenarios for the future, however, may turn out to be mere fantasy once the streets of Russia's cities are teeming with millions of desperate and hungry citizens whose legendary patience must also have limits."

SPAIN: "Soviet Agony"

Conservative ABC noted (8/28): "There cannot be anything worse right now for the Russian people now than to see communists and ultranationalists trying to grab power again.... The

failure of Russia to adopt a market economy comes from its twisted Soviet roots, as if it were trying to travel on a highway with a bicycle.... The fall of the Soviet empire has not finished and will not end until this

methodology comes
to an end. For now, we witness the agony, the death
rattles of its economic
system."

"The Jolt Arrives"

Liberal El Pais opined (8/28): "The gravity of the financial crisis shows no
s
ign of letting up. Day after day, the financial markets, particularly the
sto
ck markets, show evidence of the deterioration of...Japan, Russia, and
Latin Am
erica.... It is up to the big [powers], the United States in
particular...to s
how leadership."

X` hp x (#EAST ASIA AND PACIFIC

X` hp x (# JAPAN: "U.S. Perplexed With Russia's Economic Confusion"

Conservative Sankei Shimbun's Washington correspondent Maeda noted (8/28):
"Ho
w to rescue Russia's crumbling economy will be the first and foremost
concern
during the upcoming summit between Clinton and Yeltsin. The focus
will be on w
hether President Clinton will continue to support Russia's
reform efforts. Do
ubts have been expressed in Washington over extension of
further financial assi
stance to the russian economy, which seems to be in
chronic crisis. At a time
when both leaders are facing erosion of their
political footholds domesticall
y, it is very unlikely that they can change
policies or strike deals that will
shape a new bilateral relationship for
the 21st century."

"Yeltsin's Authority In Eclipse"

Liberal Mainichi Shimbun's Moscow correspondent Ishigo wrote (8/28): "The
libe
ralminded reform policy set by former deputy prime ministers Gaidal and
Chubai
s and outgoing premier Kiriyenko will be suspended completely. There
is a gro
wing possibility that the Yeltsin government's goal of Russia
becoming a full m
ember of the international economy will be postponed. In
ordinary times, Pres
ident Yeltsin might have taken drastic actions to
prevent a departure from the

reform line. However, he has no resources
available amidst the current finan
cial crisis, which may cause an economic
meltdown. In order to avoid further
panic and to restore people's
confidence in politics, Yeltsin is being forced
to strike a deal to form a
national unity government for mere form's sake."

X` hp x (# CHINA: "Looking Forward To U.S.Russia Summit Meeting"

Yi Lin wrote in official Beijing Morning Post (Beijing Chenbao, 8/31):
"Altho
ugh some Russian officials pin hopes on the upcoming U.S.Russia
summit, it is w
idely believed that the U.S. president will not bring to
Yeltsin any prescripti
on to fix the current crisis in Russia. The summit is
expected to become a new
starting point for U.S.Russian relations.... A new
economic bond now highligh
ts the two nations' relationship."

X` hp x (# "Russian Crisis Impacts Wall Street"

Zhang Liang wrote in official Communist Party People's Daily (Renmin Ribao)
(8
/29): "The entanglement of the Russian economic and political crisis has
arous
ed fear among American investors.... Some economic experts worry that a
furthe
r deterioration of the external crisis will possibly precipitate the
U.S. econo
my heading into a recession."

"Ruble Plummets Wildly; Russians Amidst Fear And Panic"

Li Qingyi wrote in official Chinese Youth Party China Youth Daily (Zhongguo
Qi
ngnianbao)

(8/28): "Experts predict that prices of all types of commodities in Russia
wil
l rise by 20 per cent by the end of this year. Just as with the previous
curr
ency reforms, there is now a surging rush for goods in Moscow."

HONG KONG: "Learning From The Hong Kong Experience"

The independent, Englishlanguage South China Morning Post (8/30) had this
edit
orial: "Even now, the SAR (Special Administrative Region) is not immune
from t

he effects of the Russian crisis, which was one of the main causes of the lates
t fall on Wall Street that is expected to put fresh pressure on the Hang Seng I
ndex tomorrow. Financial Secretary Donald Tsang Yamkuen even cited events in
Moscow as one reason why Hong Kong's depression may intensify still further o
ver the next three months. While admitting twoway trade was minute, Mr. Tsang
said Russia, with its nuclear weapons, was such a big country that the whole wo
rld would inevitably be affected by its troubles.... But if, and when, sanity
does finally prevail, the eventual solution to Russia's woes may draw upon Ho
ng Kong's experience. For the IMF is now talking about the introduction of a currency board similar to the
SAR's as one possible way of rescuing the value o
f the ruble. This only goes
to show that, not only is the peg the best soluti
on for the SAR, but it is
also a model which other countries in trouble can use
fully draw on."

SOUTH KOREA: "Summit But No Gain"

Reporter Park Sohyung of the conservative Segye Ilbo (8/31) commented: "Of c
ourse the summit's top priority will be the economy, but with Boris Yeltsin fac
ing a dead end, there is skepticism that nothing of substance will come out of
the summit.... Due to Russia's uncertain future, additional U.S. financial as
sistance is not likely to come during Clinton's visit. Russia keeps moving fur
ther away from a marketoriented economy, implying more headaches for Washingt
on.... The United States' hesitation over Russia is understandable as there is
danger that Moscow may decide to give up reform. Washington may have to rew
rite its entire Russian policy."

"Clinton's Scanty Gift For Russia"

Washington correspondent Shin Jaemin of the moderate Hankook Ilbo (8/31) comm
ented: "President Clinton's gift package for Russia will be meager, reflecting
the U.S. dilemma over efforts to revive Russia's economy, which are now being

likened to filling a 'bottomless jar.'... The United States
must feel a burde
n over its failed Russia policy, but more critical is that
there is nothing Was
hington can do to save Russia. About all Clinton can
do is emphasize the imp
ortance of economic reforms to Yeltsin.... The U.S.
president will meet with V
iktor Chernomyrdin, who has emerged as the central
power in Russian politics.
Some people predict that meeting will be the
real summit."

"U.S. Urges Russia's Reform But Balks Over Assistance"

Independent Hankyoreh Shinmun (8/28) commented: "The upcoming ClintonYeltsin
s
ummit will not find a real solution for Russia, mainly because any workable
so
lution would require enormous political assets at home from both
presidents, wh
ich neither of them currently has at this point. There also is
recognition on
the part of the United States that Russia has no ability to
make effective use
of the funds coming in from abroad. The absence of
Yeltsin's political leader
ship is obviously making the situation worse."

"Russia Virtually Bankrupt"

Moderate Hankook Ilbo (8/28) commented: "The earthquake coming from Russia
is
shaking up the entire world's financial markets. What's more serious is
that
the phenomenon is just

beginning.... It certainly looks as if Russia's declaration of a
moratoriumon
dollardenominated debts this timeis just a moment away,
leaving the impression
that the country is very close to a total default....
To make up the loss in
Russia, Western banks will soon turn to international
markets trying to find fu
nds there, a prospect which will drastically
destablize the world's interest ra
tes. In this scenario, the world's stock
markets face a collapse in the end."

"Solution Seen Nowhere"

The independent Hankyoreh Shinmun (8/27) commented: "As Russian experts once

pointed out, Russia may well be heading toward becoming a second Indonesia burd
ened with 10,000 nuclear missiles.... Russia surely has the potential to brin
g a worldwide economic disaster."

THAILAND: "An Unstable Russia Affects World Peace"

The independent, Englishlanguage Nation had this editorial (8/28): "The faster
Russia recovers from the crisis, the better it is for all of us. The euphoria
of the postCold War era, which promised a harmonious EastWest relationship, has
all but evaporated. Without ideological differences as in the past, economic
insecurity and disparity between Russia and the West is potentially more dest
abilizing than anything we have seen in the past. This is because Russia has
enough nuclear bombs to blow up the planet."

X` hp x (#SOUTH ASIA

INDIA: "Clinton And Yeltsin Should Discuss Nuclear Proliferation"

An editorial in the centrist Times of India held (8/31): "The nuclear weapons
powers who, because of their folly, created monstrous arsenals, should now pay
to ensure that the economic collapse of Russia does not lead to nuclear prolif
eration to several states and nonstate actors. This issue should be seriously
addressed in the forthcoming nonaligned summit as well as in the meeting betwee
n Mr. Clinton and Mr. Yeltsin."
X` hp x (#
"House Of Cards"

The rightofcenter Indian Express had this analysis (8/31): "While Russia's ec
onomic crisis is frightening enough, it is its political fortunes that are pani
cking the world.... Ominous in a global sense is the prospect of an overturnin
g of the political and economic systems so painfully established in Russia in r
ecent years.... It seems likelier than not that Yeltsin's successor would take
a different political and economic course, one that sought inspiration in Russ
ia's past. The West has abundant cause for alarm.... The gloom threatens to r

everse Europe's modest recovery and turn
America's justbeginning slowdown into
something far worse.... America's
irrational stock market boom, about which se
nsible economists have been
warning for long, could go spectacularly bust and t
ake the rest of the world
down with it."
X` hp x (#
BANGLADESH: "Russia's Crisis Deepens"

X` hp x (#Independent, Englishlanguage Financial Express had this editorial (8
/31):
"There is a need for flexibility in policies to keep Russia on the refor
mist
path and the Russian economy going; this is also necessary to preclude a
w
ider international economic instability caused by the Russian economic
crisis.
The IMF and others, therefore, can hardly afford to wash their
hands 'neatly'
of Russia."

MIDDLE EAST

QATAR: "Summit"

Semiindependent, Englishlanguage Peninsula had this editorial (8/31): "With
a
serious discussion of the economy ruled out, the two leaders will ponder
over
issues like Kosovo, NATO expansion and their differences over Iraq and
Iraniss
ues over which a wounded Yeltsin is unlikely to cross swords with
Clinton. Thi
s being the case, the meeting is likely to be what it has been
dubbed as: the
summit of the lame duck and the dead duck."

LATIN AMERICA

X` hp x (# ARGENTINA: "Two Going To Drift"

X` hp x (#Claudio Uriarte, international analyst for leftofcenter Pagina 12, w
rote
(8/31): "This week two politically finished men will meet to deal with th
e
situation of a dying country. The two men are Boris Yeltsin and Bill
Clinton
, and the dying country is Russia.... The summit starting tomorrow

and finish
ing on Wednesday has only few possibilities of impacting on the
Russian crisis
. Because today both the US and Russia do not have reliable
leaders, which is
 in itself a dangerous situation."
X`   hp x (#
  BRAZIL: "A Visit That Will Be Marked By Improvisation"

  X` hp x (#Readers of centerright O Estado de Sao Paulo saw this by its Washing
ton
correspondent, who said (8/31): "Without anything to offer to the Russians

besides his sympathy, President Bill Clinton travels to Moscow today on the
mo
st risky international mission of his administration.... The visit
promises t
o be marked by improvisation....   Clinton needs to use this trip
politically t
o prove to Americans that the sexual scandal that threatens him
has not affect
ed his capacity to fully...project American leadership to the
world. Maybe Cl
inton benefits from the fact of having his friend, Boris
Yeltsin, as host, a le
ader who will be in an even more fragile position than
he (Clinton) is, and who
 is considered by various specialists as a figure
that is politically finished.
"
X`   hp x (#
X`   hp x (## #
X`   hp x (#%#Xx\ P6QyXP#

================== END ATTACHMENT   2 ==================