

ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: an.owner-anr-talk (an.owner-anr-talk@magritte.netizen.or.jp@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 1-SEP-1998 20:09:00.00

SUBJECT: [anr-talk 391] IP: THE ASIAN FINANCIAL CRISIS----HOW AND WHY IT

TO: Thomas A. Kalil (Thomas A. Kalil@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

MIME-Version: 1.0

Content-type: text/plain; charset=ISO-2022-JP

Content-transfer-encoding: 7BIT

Forwarded with the permission of Dave Farber. Please enjoy.

izumi

The author has requested anonymity but he is an expert in the field,

Japanese and respected

djf

Forwarded with the permission of the author.

THE ASIAN FINANCIAL CRISIS----HOW AND WHY IT HAPPENED

The Crisis in Southeast Asia

It was only yesterday when we talked about the "Asian

economic miracle." But, as if a big earthquake suddenly hit that

region, it's now all gone and replaced by turmoil, confusion, and hardship in many of the Asian economies. What really happened? Why did it happen? How is it going to affect us?

What is now known as the "Asian financial crisis" started in early July, 1997, when Thailand had to devalue its currency, the baht, about 20% against the US dollar, as a result of intense pressure in the foreign exchange market. Not only currency speculators but also many Thai residents were trying to sell the baht and buy the US dollar, causing and worsening capital flight out of the country, as the Thai government was running out of its foreign reserves and losing market confidence in maintaining the currency value and financial stability. In the process, interest rates were shot up, as the outflow of short-term capital intensified. Then, the previously inflated stock and real estate markets collapsed and that has led to Thailand's worst recession in the postwar period with sharply rising unemployment and business failures.

Once the crisis hit Thailand, it has quickly spread to neighboring countries in the Southeast Asian region. The devaluation of the baht made Thai exports cheaper, pressuring other currencies to follow suit. In particular, Indonesia's rupiah came under vicious attack and had to be devalued by about 90% over the period of just a few months. In the process, again, interest rates were rising sharply, as capital flight from Indonesia was accelerating. The subsequent turmoil in the financial markets and the economy as a whole in Indonesia has been even more severe than that in Thailand, due to a complete collapse in the

financial as well as the political system in that country. Eventually, former President Suharto had to resign as a first step towards the restoration of market confidence in the Indonesian government.

The Asian Contagion and IMF Assistance

In the following round, the currency and financial crisis in Southeast Asia has brought down South Korea, which got into essentially the same trouble as Indonesia and Thailand. The South Korean economy is being hard hit because it has invested heavily in the Southeast Asian countries in general and in Indonesia in particular. In this so-called "Asian contagion" process, South Korea, just like Indonesia and Thailand, has gone almost bankrupt as a nation and is receiving financial assistance from the International Monetary Fund and other major countries. As of mid-1998, the assistance package totals about \$55 billion for South Korea, while that for Indonesia is \$45 billion and for Thailand \$35 billion.

In a sense, economic conditions in those Asian countries which are assisted by the IMF have been worsening, rather than improving, because of the IMF's stringent terms for such assistance---keeping high interest rates while cutting public spending and raising taxes. Those measures may have helped reestablish fiscal and monetary discipline and thus avoid another round of currency devaluations and further contagion, but most likely have a deflationary impact on the already depressed economy in each country. So, the worst may not be over yet.

In the meantime, the Asian economic "earthquake" has been sending its shock waves around the world. Probably the hardest hit are some of the emerging market economies such as Russia, Eastern Europe, and Latin America, which depended heavily on the Asian economy in terms of trade and investment.

So far, the US economy has escaped a detrimental effect of the Asian aftershocks, except some manufacturing sectors whose exports to Asia have declined sharply in the last few months. American consumers are by and large benefiting from cheaper import prices and lower interest rates for now. But no one is sure what its total impact on the US will be in the future, especially if the Asian crisis enters into another round of devaluations, sending both China and Japan into financial chaos.

Main Causes for the Asian Crisis

It is important to find out why the crisis hit Asia in order for us to come up with any cure for the illness. There seem to be several factors causing and worsening the crisis in Asia.

First of all, there are obviously some currency factors. It is early to blame currency speculators for a market-induced devaluation. However, it became clear already by the end of 1996 that all of the Southeast Asian currencies were overvalued, as they were pegged to the rapidly appreciating US dollar against the Japanese yen and the Chinese yuan in 1995-96. In particular, the Thai baht which was first hit by

speculation in the current crisis had been almost completely pegged to the dollar for more than 10 years! So, it was time for its devaluation anyway.

Second, there are some financial factors, which can explain why those Asian governments kept the pegged exchange-rate regime so long, and also why the markets reacted so drastically--overreacted in some cases. In the last several years, many of the Asian countries have been trying to attract short-term capital money from abroad to finance growing credit demand at home. This is the main reason why the governments were so reluctant to devalue their currencies for the benefit of foreign investors, and were so willing to liberalize their financial system without implementing reasonable rules and regulations on financial institutions. As a result, their financial system as a whole became so vulnerable, and once it was attacked by speculators, there was a massive outflow of short-term capital from the system, leading to the market overreaction.

Third, there are macroeconomic, fundamental factors. With overly ambitious development targets pursued by the governments, many of the Asian economies were overheating with high inflation rates and large trade deficits, contributing to heavy external borrowing and currency overvaluation. Their stock and real estate values were inflated too much and ready to collapse at any moment. In any event, their growth expectations were too high and had to be adjusted to a sustainable level.

Fourth, there are political and structural factors. In the process of economic development in Asia, many of the political leaders became de-facto dictators, based on their antiquated political systems with special privileges for their inner circle and widespread corruption in key government sectors. All this amounted to inflexibility in adjusting growth targets and in dealing with crisis situations, leading to the loss of market confidence in the whole system. Therefore, new political leaders should emerge as a step towards necessary structural reforms in Asia.

Finally, one might add the IMF factor. While the IMF has extended its assistance in an attempt to help ease the Asian crisis and to restore some confidence in the markets, there is much criticism of the IMF's remedies for the crisis. Especially, many government officials in Asia along with some Western economists are critical of the restrictive rules and conditions attached to the IMF's aid packages; tight fiscal and monetary policies, together with structural reforms, forced by the IMF, might well make the already depressed economy even worse. Others insist that the IMF-led rescue packages have bailed out many investors and thereby prompted more risk-taking behavior, leading to the worsening of the financial crisis in Asia. The question is whether the IMF is part of the solution or part of the problem itself.

REFERENCES

1. Yahoo ---- <http://www.yahoo.com>

Search for Asian Crisis ----

<http://search.yahoo.com/bin/search?p=asian+crisis>

2. Nouriel Roubini, "What caused Asia's Economic and Currency Crisis"

---- <http://www.stern.nyu.edu/nroubini/asia/AsiaHomepage.html>

3. "Full coverage: Asian Financial Crisis"

http://headlines.yahoo.com/Full_Coverage/AUNZ/Asian_Financial_Crisis

4. Lycos ---- <http://www.lycos.com>

Search for Asian Crisis ----

<http://www.lycos.com/cgi-bin/pursuit?machimode=and&cat>

=lycos&query=asian+crisis

5. IIE: International Economics Policy Briefs, March 1998

Morris Goldstein "The Asian Financial Crisis" ----

<http://www.iie.com/news98-1.htm>

6. IIE: Policy Analysis in International Economics, June 1998

Morris Goldstein "The Asian Financial Crisis: Causes, Cures and
Systemic Implications"

(ISBN paper 0-88132-261-X) ---- <http://www.iie.com/pa55.htm>

7. IIE: Hot Topics in International Economics

---- <http://www.iie.com/hotasia.htm>

8. South China Morning Post in Hong Kong: Special; Asian Crisis

---- <http://www.scmp.com/news/special/AsianCrisis>

9. Martin Feldstein, "Refocusing the IMF," Foreign Affairs,

March/April 1998

10. Stanley Fischer, "In Defense of the IMF," Foreign Affairs,

July/August 1998

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

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

TEXT:

RFC-822-headers:

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

id <01J1B00ZLB7K004Z77@PMDF.EOP.GOV> for kalil_t@a1.eop.gov; Tue,

1 Sep 1998 20:32:36 EDT

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

with ESMTP id <01J1B00UF2XC004UKC@PMDF.EOP.GOV> for kalil_t@a1.eop.gov; Tue,

01 Sep 1998 20:32:27 -0400 (EDT)

Received: from magritte.netizen.or.jp ([210.154.104.12])

by STORM.EOP.GOV (PMDF V5.1-12 #29131)

with ESMTP id <01J1B002NDTU0004E3@STORM.EOP.GOV> for kalil_t@a1.eop.gov; Tue,

01 Sep 1998 20:31:50 -0400 (EDT)

Received: from localhost (daemon@localhost) by magritte.netizen.or.jp

(8.8.3/NETIZEN-9612021) with SMTP id JAA10341; Wed,

02 Sep 1998 09:24:37 +0900 (JST)

Received: by magritte.netizen.or.jp (bulk_mailer v1.5); Wed,

02 Sep 1998 09:24:33 +0900

Received: (from majordomo@localhost) by magritte.netizen.or.jp

(8.8.3/NETIZEN-9612021) id JAA10302 for an.anr-talk-outgoing; Wed,

02 Sep 1998 09:24:32 +0900 (JST)

Received: from aizu.anr.org (j32.ptl33.jaring.my [161.142.114.106])

by magritte.netizen.or.jp (8.8.3/NETIZEN-9612021) with SMTP id JAA10296 for

<anr-talk@anr.org>; Wed, 02 Sep 1998 09:24:28 +0900 (JST)

X-Sender: an.izumi@vpop.netizen.or.jp

X-Mailer: QUALCOMM Windows Eudora Pro Version 3.0.2-J (32)

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

ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: news-errors (news-errors+1.0.0.crowley_m#a1.eop.gov@bounce.infobeat.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 4-SEP-1998 05:21:00.00

SUBJECT: News - Morning Coffee Edition @ 09/04/98

TO: Michael F. Crowley (Michael F. Crowley@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Morning Coffee Edition for Friday, September 04, 1998

InfoBeat News offices are closed Sept. 7, in observance of

Labor Day. InfoBeat News will return with the Sept. 8 editions.

DO YOU OWN AN INTEL BASED PC? JOIN THE CLUB.

Join the Intel Owner's Club and get great PC info from the

PC experts at Intel. Members also get sneak peeks, exclusive

downloads and more! Now featuring a great

download calculator. Join now FREE

http://www.intel.com/home/club/index.htm?iid_itm:8IB01AU20&

U.S. Front Page Stories

*** 136 Americans, AIDS expert die in plane crash

*** Clinton Senate ally attack's president's morals

*** Earl downgraded, lashes southeast, 3 dead

*** Clinton in Dublin after euphoric N. Ireland tour

*** Minn. governor asks Clinton to stop Northwest strike

*** Chemical makers say U.S. disaster data plan flawed

Crime and Catastrophe

*** Freeh expects more charges in U.S. embassy bombings

*** Deadly Mexican hurricane Isis finally peters out

*** Update: 3 Conn. police officers shot

*** NYC braces for Saturday's black youth march

*** Legal immigrants face deportation for drunk driving

*** Charles Manson 'groupie' arrested in San Francisco

The U.S. Political Scene

*** Update: Reno reviews Clinton probe of 1996 campaign finance

*** Senators lionize former UN inspector Ritter

*** Senate Democrats want \$3 billion for farmers

*** Senate avoids partisan brawl to pass spending bill

*** Insurance tops donor list for Republicans - study

*** Rubin seeks update on Japan's economy plans

The Courts

*** Bombing suspect alleges Pakistan bullied him - Post

- *** Judge in Jones case urged to question Clinton
- *** Judge orders Microsoft to turn over materials
- *** Surrogate mother loses N.J. discrimination suit
- *** Posh New NYC hotel sued for food poisoning
- *** Testimony seen starting soon in Fla. smoke case

World Front Page Stories

- *** Russian Duma set to vote on Yeltsin's PM
- *** N. Korea demands money to end missile exports - Seoul
- *** LatAm stocks throttled as contagion fears grow
- *** Mugabe calls peace summit on Kabila's Congo
- *** UNESCO meeting to fight child porn on Internet

The World Political Scene

- *** Duma gears up for Yeltsin impeachment move
- *** Malaysia Anwar dealt political coup de grace
- *** Lockerbie suspects' lawyers to query trial issues
- *** Non-Aligned summit ends with Congo peace in sight
- *** Pakistan, India fail to get nuclear club nod from NAM
- *** Taiwan accepts China invitation to resume talks

The Americas

- *** Brazil's election overshadowed by plunging market
- *** Argentina's Videla testifies in 'disappeared' probe
- *** Quebec's Parizeau wants clear separation question
- *** Strong quake hits Chile, injures 2 workers
- *** Canal proposed to revive Nicaraguan waterway
- *** Potato chips seasoned with cocaine in Mexico

Europe and Russia

- *** Gorbachev: 'Yeltsin must go'
- *** Peers approve British anti-terror bill despite doubts
- *** 70 die in French Alps during summer of 1998
- *** U.S. official probing rights abuses in Kosovo
- *** Ukraine expected to win \$2.2 billion IMF loan Friday
- *** Close call seen as Malta election campaign ends

Africa

- *** Amnesty accuses all sides of atrocities in Congo
- *** Congolese rebels consolidate in east, continue west
- *** UN Rwanda court to sentence ex-P.M. for genocide
- *** Angola's UNITA dismisses call of breakaway faction
- *** Rebels kill 5 soldiers in Algeria ambush - papers
- *** Gunmen shoot dead Lesotho protester

India and the Middle East

- *** Taliban accused of massacring thousands
- *** Clinton sending envoy Ross back to Middle East
- *** UN's Butler says Iraq adds new inspection curbs
- *** Afghan-Iran tensions mount as diplomats said dead
- *** Afghan Taliban jets bomb enemy north of Kabul
- *** Israel labor talks stall, strikes continue

The Far East

- *** Malaysia PM tightens grip with Anwar purge
- *** NEC raided in Japan defense procurement scandal
- *** Riot police seal off Yangon campus after protest
- *** Buddhist monk says Vietnam amnesty 'opportunistic'
- *** Cambodian mob kills 2 Vietnamese over 'poison'
- *** Town in Indonesia's Aceh calm, 5 detained

Science and Medicine

- *** AIDS pioneer Jonathan Mann, wife die in air crash
- *** FDA accuses MS drug maker of making false claims
- *** U.S. scientists say two cancer-causing genes related

- *** UK issues guidelines to reduce use of antibiotics
- *** U.S. sees no improvement in maternal death rate
- *** Young UK doctors have drink, drug problems - survey

Technology

- *** Quark's bid for Adobe finds little support at publishing show
- *** VLSI says industry slowdown to hurt earnings
- *** Cisco outlook neutral; Japan, Korea sales slide

The Environment

- *** Indian flooding worst in 60 years
- *** Animal groups disgusted with new dolphin-swim law
- *** EPA says vast majority of water supply healthy
- *** Canadian Rocky Mountain park fire doubles in size
- *** New rules protect Canada polar bears in world zoos
- *** Chernobyl radiation linked to thyroid disease

Human Interest

- *** Change of plans averts tennis tragedy in Swissair crash
- *** Lasers fired in John Kennedy murder re-enactment
- *** Ding-ding, ice cream, hashish!

*** Children cost a fortune to raise - French survey

*** Deserted Channel Island chain regains Union Jack

*** Milan mayor suggests creating red light areas

U.S. Front Page Stories

*** 136 Americans, AIDS expert die in plane crash

GENEVA (Reuters) - A total of 136 U.S. citizens, including a leading AIDS expert, were among 229 people from 14 countries who died when a Swissair jet crashed overnight into the sea off Canada, officials said Thursday. The plane, a McDonnell Douglas MD-11 on the airline's flight 111, went down in the Atlantic near Nova Scotia after takeoff from New York's Kennedy Airport on its way to Geneva. Swissair said there were no survivors in the worst disaster in the country's 70-year-long aviation history - which sparked a sharp fall in the company's shares in Zurich on fears that it could be hit by massive damage claims. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878400-47f>

*** Related: Swissair jet had no problems before flight - CEO, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555884595-ad8>

*** Also: Searchers face grim scene at Swissair crash site, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880606-9e4>

*** Also: Swissair offers flight, cash to victims' families, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880059-607>

*** And: Swissair crash ranks among worst air disasters, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878051-3d0>

*** Clinton Senate ally attack's president's morals

WASHINGTON (Reuters) - Sen. Joseph Lieberman (D-Conn.), a moderate, harshly rebuked President Clinton Thursday for his "immoral" behavior in the Monica Lewinsky scandal, opening the door for a new wave of criticism of the president from within his own party. Lieberman's speech on the Senate floor had been widely anticipated, with many political analysts expecting him to call for the Senate to censure Clinton formally. Instead Lieberman, whose ties to the president date back to the 1970s when Lieberman was starting out in Connecticut politics and Clinton was a law student volunteering in his campaign, gave what he called a speech filled with personal pain and disappointment. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880310-00d>

*** Earl downgraded, lashes southeast, 3 dead

TALLAHASSEE, Fla. (Reuters) - Tropical Storm Earl marched through Georgia and the Carolinas Thursday, leaving three dead, but Florida relieved its high winds, rains and surf had not done more damage when it pounded the state. The Coast Guard said one body had washed ashore along Florida's Gulf Coast and another was found floating at sea Thursday. Both were believed drowned while then-Hurricane Earl swept

from the Gulf of Mexico and over Florida's northwestern panhandle Wednesday. A tornado killed another person Thursday when Earl's leading edge reached South Carolina, officials said. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555879192-2e5>

*** Clinton in Dublin after euphoric N. Ireland tour

DUBLIN, Ireland (Reuters) - President Clinton meets leaders of the Irish republic on Friday, fresh from a whirlwind tour of Northern Ireland that seemed to lift the spirits of the people there as well as his own. The scandal-plagued president, who has endured weeks of speculation at home about whether he can even serve out his second term, appeared energized by the rapturous reception he received Thursday from thousands of people in the Northern Ireland cities of Armagh and Omagh. Clinton declared that Northern Ireland's peacemakers were an example to the world - and heard himself praised in turn by British Prime Minister Tony Blair as the American president who had done the most to bring peace to the conflict-scarred region. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880407-86e>

*** Related: Clinton helps Omagh draw line under grief, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878298-eaf>

*** Minn. governor asks Clinton to stop Northwest strike

MINNEAPOLIS (Reuters) - Minnesota Gov. Arne Carlson formally asked President Clinton Thursday to halt the strike by Northwest Airlines

pilots, which has shut down the nation's fourth-largest airline for six days. Citing a lack of movement on either side of the strike and the economic hardship it is causing his state, Carlson called for Clinton to use his powers under the Railway Labor Act to halt the strike for 60 days and set up a Presidential Emergency Board to try to help the sides reach a new contract. About 6,200 pilots, represented by the Air Line Pilots Association, struck St. Paul-based Northwest just after midnight Saturday over wages and job security. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555883186-2ab>

*** Chemical makers say U.S. disaster data plan flawed

WASHINGTON (Reuters) - Chemical manufacturers said Thursday the government's own consultant had confirmed the terrorist danger of posting sensitive information on thousands of industrial facilities on the Internet. The Chemical Manufacturers Association said the Environmental Protection Agency plan to post the "worst case scenarios" for factories, utilities, water treatment works and other facilities on the World Wide Web was a mistake. "We cannot provide our enemies with information they can use to hurt Americans and destroy vital elements of our nation's infrastructure," said CMA president Fred Webber. Congress passed public right-to-know legislation in 1990. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555879897-b72>

*** Freeh expects more charges in U.S. embassy bombings

WASHINGTON (Reuters) - More charges may be brought against suspects in the deadly U.S. embassy bombings in Africa, FBI Director Louis Freeh said Thursday, telling Congress his investigators are very pleased with cooperation from other governments in the case. "We have a number of other individuals in various countries who we are interested in speaking to and may result in additional charges," Freeh said in a hearing of the Senate Judiciary Committee on the investigation of last month's twin bombings. He said the investigation is proceeding with the "outstanding" cooperation of the governments of Kenya and Tanzania, where the Aug. 7 bombings took place. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555877664-955>

*** Deadly Mexican hurricane Isis finally peters out

GUADALAJARA, Mexico (Reuters) - Former hurricane Isis petered out Thursday but not before plowing through northwestern Mexico, forcing hundreds to evacuate homes as heavy rains turned roads into rivers and mountain slopes into mudbaths. The national weather service said the Pacific storm was downgraded from tropical storm to tropical depression and then dissipated after reaching land over the northern state Chihuahua. Two people were killed Wednesday when Isis, then a hurricane, battered the southern tip of the Baja California

peninsula. Rain wiped out 70 houses and stranded hundreds of tourists in the popular beach resorts Cabo San Lucas. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555884083-05d>

*** Update: 3 Conn. police officers shot

WILLINGTON, Conn. (Reuters) - A routine vandalism call turned into a shootout Thursday that left three Connecticut state police troopers and a suspected gunman wounded, officials said. Edward Premo, 40, allegedly opened fire on two officers who went to his mobile home after a neighbor complained he had vandalized her car, police said. In an exchange of gunfire, two troopers were shot, a third responding trooper was also shot and the suspect was shot several times, police said. None of the injuries was considered life-threatening. State police arrested Premo but did not indicate what charges he may face. The wounded officers were identified as James Riedy, Michael Hoague and Mark Pelletier. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555877577-e63>

*** NYC braces for Saturday's black youth march

NEW YORK (Reuters) - A controversial march by black youths organized by a militant whose racially charged rhetoric was too extreme for the Nation of Islam has New York's African-American leaders struggling with how to respond to the event. The Million Youth March, modeled on Washington's Million Man March, but mired in controversy almost since its inception, received a go-ahead from a federal judge earlier this

week. But the original plan calling for a daylong affair stretching some 30 city blocks was cut back to a four-hour event covering six blocks of Malcolm X Blvd. March organizers estimate attendance will be about 50,000 youths, including gang members such as the Crips and the Bloods from Los Angeles and the Vice Lords of Chicago. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555878411-370>

*** Legal immigrants face deportation for drunk driving

DALLAS (Reuters) - Federal agents have arrested hundreds of legal immigrants in Texas in a controversial sweep operation aimed at deporting immigrants with three or more convictions for drunk driving. "Operation Last Call" began last month and culminated in a major sweep this week with Immigration and Naturalization Service agents seizing about 490 people from their homes and workplaces across Texas, including 200 in the Dallas area. Bill Harrington, acting director of the INS' Dallas district, conceded Thursday that the clampdown would split families by forcing the deportation of immigrants who have spent many years living and working legally in the U.S., but have not become U.S. citizens. see <http://www.infobeat.com/stories/cgi/story.cgi?id=2555879129-d58>

*** Charles Manson 'groupie' arrested in San Francisco

SAN FRANCISCO (Reuters) - Police arrested an apparent "groupie" of mass-murderer Charles Manson Thursday after they found him armed with a dagger and lurking in the driveway of a wealthy San Francisco

businessman. Police said officers on patrol of the Pacific Heights neighborhood found Robert Shackelford, 42, sitting in a car parked in front of the home of George Jewett. "He had a dark dagger, with a 17-inch blade sharpened on both sides," a police spokesman said. "A picture of Charles Manson was also found inside the vehicle." Jewett, heir to the timber fortune built by the Weyerhaeuser Corp., told police he had once been on a Manson "hit list." See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555881531-3d0>

The U.S. Political Scene

*** Update: Reno reviews Clinton probe of 1996 campaign finance

WASHINGTON (Reuters) - Attorney General Janet Reno is reviewing whether to seek an independent counsel to investigate fund-raising activities in President Clinton's 1996 re-election campaign, Justice Department officials said Thursday. They said a decision by Reno could come as early as next week as she specifically considers whether so-called issue ads televised during Clinton's 1996 campaign violated federal campaign-spending laws and limits. Reno decided on the new review after Federal Election Commission auditors concluded Clinton's 1996 campaign illegally benefitted from the Democratic advertising and should repay the entire \$13.4 million it received in federal matching funds, the Washington Post reported Friday. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555884028-1b7>

*** Senators lionize former UN inspector Ritter

WASHINGTON (Reuters) - Senate Republicans lionized disgruntled arms inspector Scott Ritter Thursday as Democrats tried to soften the blow of the former Marine's relentless and searing criticism of U.S. policy toward Iraq. At a politically-tinged hearing, the Democrats argued that deciding when to conduct surprise inspections of Iraqi weapons sites that could provoke military confrontation with Baghdad was more complex than Ritter's view. President Clinton and senior aides, who must weigh the fact that key nations and Congress are unlikely to back such action, "have responsibilities slightly above your pay grade in deciding to take the nation to war," said Sen. Joseph Biden (D-Del.). See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555880971-333>

*** Senate Democrats want \$3 billion for farmers

WASHINGTON (Reuters) - Farmers are caught in an "economic disaster" of low prices and crop-killing weather, Senate Democrats said Thursday in proposing more than \$3 billion in aid for them. "We are really in a free fall," said Sen. Tom Daschle (D-S.D.) because market prices continue to soften. Farmer income was forecast to plunge 12% this year, dragged down by a global grain glut, gargantuan meat output and tepid consumer demand for food. Last week, corn, wheat and soybean futures prices hit their lowest levels in several years at the Chicago Board of Trade. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555879956-b6e>

*** Senate avoids partisan brawl to pass spending bill

WASHINGTON (Reuters) - The Senate sidestepped a political dispute Thursday over the Federal Election Commission and approved one spending bill Congress must pass to avoid disruptions in government services this fall. The Senate voted 91-5 for a \$30 billion bill for the Treasury Department and general government services, one of the 13 bills to fund government operations that Congress is trying to send to the White House before Oct. 1, the start of the next fiscal year. The Senate had completed most work on the treasury-government operations bill several weeks ago until it stalled over a Republican plan to curb powers of the Federal Election Commission's general counsel and staff director. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878231-387>

*** Insurance tops donor list for Republicans - study

WASHINGTON (Reuters) - Insurance topped the list of industry donors of "soft money" to Republicans, while lawyers and lobbyists headed the list for Democrats, a group lobbying for campaign fund-raising reforms said Thursday. Soft money refers to donations that can be made without limit to a political party, but cannot be used for a specific candidate's election. The money can be used for general party efforts such as trying to get voters out in elections. The insurance industry gave \$5.5 million in soft money to Republicans

from Jan. 1, 1997, to June 30, 1998, compared with \$828,890 in the comparable 18 months of the prior non-presidential election period of 1993-1994. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555882562-a8c>

*** Rubin seeks update on Japan's economy plans

WASHINGTON (Reuters) - Treasury Secretary Robert Rubin said Thursday he expected to be updated on Tokyo's latest plans to revive its moribund economy when he meets his Japanese counterpart Kiichi Miyazawa Friday. Describing what has long become a routine agenda for any U.S.-Japan finance meeting over recent years, Rubin's remarks appeared to confirm widespread expectations that the encounter in San Francisco will be long on talk but short on new ideas. Japan's failure to lift its economy out of recession even as the situation elsewhere in Asia and emerging markets around the world worsened has caused much frustration in Washington. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878028-a32>

The Courts

*** Bombing suspect alleges Pakistan bullied him - Post

WASHINGTON (Reuters) - Mohamed Sadeek Odeh, one of two suspects charged in the bombing of the U.S. Embassy in Kenya, claims Pakistani

investigators refused to let him eat, drink or sleep for three days until he was pressured into a false confession, the Washington Post reported Friday. Odeh's court-appointed lawyer Jack Sachs told the Post that his client said the Pakistanis also detained his pregnant wife and threatened to jail them both unless he admitted involvement in the Nairobi attack, which killed 253 people and injured more than 5,000. Odeh was charged with 12 counts of murder and one count each of conspiracy to murder and to use weapons of mass destruction. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555885205-da8>

*** Related: Freeh expects more charges in U.S. embassy bombings, see <http://www.infobeat.com/stories/cgi/story.cgi?id=2555877664-955>

*** Judge in Jones case urged to question Clinton

LITTLE ROCK, Ark. (Reuters) - A conservative legal foundation asked the judge in the Paula Jones sexual harassment case Thursday to question President Clinton in open court about "his apparent false testimony" involving Monica Lewinsky. Landmark Legal Foundation respectfully requests that this court compel the president to appear before it and answer questions, in open court, on his use of the Lewinsky affidavit and his apparent false testimony," the foundation said. The foundation noted in its filing in Federal District Court at Little Rock that Clinton recently acknowledged having a sexual relationship with Lewinsky, but he denied this in a sworn deposition in January in the Jones case. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555881974-1bc>

*** Judge orders Microsoft to turn over materials

WASHINGTON (Reuters) - A federal judge ordered Microsoft Corp.

Thursday to turn over a host of new materials, including Chairman Bill Gates' communications with Intel Corp., that government lawyers said could bolster their antitrust case against the software giant.

Judge Thomas Penfield Jackson rejected Microsoft's argument that the government's information requests dramatically expanded the landmark antitrust lawsuit less than three weeks before the case goes to trial. The Justice Department and 20 states sued Microsoft in May, charging that the Redmond, Wash., company illegally maintained a monopoly over operating system software with its Windows program and tried to expand that dominance to Internet browser software for the World Wide Web. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555879656-962>

*** Surrogate mother loses N.J. discrimination suit

MORRISTOWN, N.J. (Reuters) - A surrogate mother lost her discrimination lawsuit Thursday against the bank that fired her in 1996 after a jury found her termination did not stem from the bank's disapproval of her pregnancy. Roxanne Cook, 40, of Hopatcong, N.J., alleged that First Morris Bank in Morris Plains fired her from her job as branch manager May 6, 1996, because bank officials were worried her surrogate pregnancy might offend the bank's conservative clientele and hurt its image. The bank sometimes asked employees to project a better image by not wearing polyester clothes or driving

old cars. The bank contended it fired Cook on suspicions of stealing and insurance fraud. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880045-c2f>

*** Posh New NYC hotel sued for food poisoning

NEW YORK (Reuters) - A woman who said a hotel poisoned her with its fruit and cheese has sued the Waldorf-Astoria, a New York City luxury hotel, for \$6.5 million. The lawsuit alleged negligence and gross breach of contract, the complainant's lawyer said Thursday. The nightmare for New Jersey fashion consultant Elizabeth Jaffe began May 18, 1998, when another guest, "a virtually naked woman," tried to enter her room in the middle of the night and then urinated at her door, the suit said. The hotel sent Jaffe wine, fruits and cheeses as an apology. The woman awoke at 1 a.m. with "the worst case of episodic vomiting and diarrhea she had ever experienced in her life."

See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555879771-9cc>

*** Testimony seen starting soon in Fla. smoke case

MIAMI (Reuters) - Testimony may begin as soon as mid-September in Florida's landmark class-action suit against cigarette makers, with rival lawyers needing just 15 more potential jurors, a court official said Thursday. Jury picking, now ending its ninth week, began July 6 with lawyers screening hundreds of people before settling on 81 potential jurors. Judge Robert Kaye wants 96 people screened before lawyers select six jurors, and six to 12 alternates. The lawsuit,

Engle et al vs. RJ Reynolds et al, claims cigarette companies misled
100,000 or more Florida smokers with lung cancer and other ailments
by hiding the dangers of smoking while selling hazardous products.
See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555880294-83a>

World Front Page Stories

*** Russian Duma set to vote on Yeltsin's PM

MOSCOW (Reuters) - Russia's political crisis enters a decisive phase
Friday when the lower house of parliament votes on prime
minister-designate Viktor Chernomyrdin in the second of three
possible votes. Confrontation between President Boris Yeltsin and the
Duma over Chernomyrdin has added a new dimension to Russia's
spiraling crisis which has already devastated its financial markets.
Yeltsin made a new bid to reach a compromise when his chief of staff
told Duma speaker Gennady Seleznyov that the embattled president
wanted to reopen talks on a political agreement to try to halt
Russia's meltdown. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880043-dd0>

*** Related: Russian PM-designate seeks senators' support, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555885706-29e>

*** Also: Rules for appointment of Russian Prime Minister, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555885731-a9f>

*** And: Key constitutional issues in Russian crisis, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555885650-980>

*** And: Russia moving to 'economic dictatorship' - acting PM, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555885798-ff5> and

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555885938-468>

*** N. Korea demands money to end missile exports - Seoul

SEOUL, South Korea (Reuters) - North Korea has demanded money from the U.S. in return for ending its missile exports, South Korea's Unification Ministry said Friday. The North made the demand during recent talks with the U.S. in New York, National Unification Minister Kang In-duk told the National Assembly Thursday. Kang did not say how much money the North demanded in testimony before the assembly's Foreign Affairs, Trade and Unification Committee. The committee was convened to discuss North Korea's test-launch of its new Taepo Dong 1 missile Monday fired over Japanese territory. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555883357-34f>

*** Related: Japan could respond to missiles - defense head quoted, see <http://www.infobeat.com/stories/cgi/story.cgi?id=2555885165-33e>

*** Also: N. Korean ships near possible missile landing site, see <http://www.infobeat.com/stories/cgi/story.cgi?id=2555882691-fa8>

*** LatAm stocks throttled as contagion fears grow

MEXICO CITY (Reuters) - Latin American stock markets were throttled Thursday after investors fled on fears the region will be the next emerging-market domino to fall. Shares from the Rio Grande to Tierra

del Fuego sank after Moody's Rating Services heightened anxiety over the strength of the region's economies and currencies in the face of persistent market turmoil. Moody's downgraded foreign-currency debt ratings on Brazil and Venezuela, citing "the growing risk of payments disruptions" in the two countries. It also said Argentina's and Mexico's debt were under review, saying the two were "susceptible to contagion effects" from other emerging markets. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880600-0f8>

*** Related: IMF offers Latin America words of support, no cash, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555883370-383>

*** Also: Latin ministers blast credits agencies on ratings, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555883308-fe9>

*** And: Latam finance chiefs urge calm as markets plunge, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555879225-712>

*** Mugabe calls peace summit on Kabila's Congo

KINSHASA (Reuters) - Zimbabwe's President Robert Mugabe, already taking the lead in backing Democratic Republic of the Congo President Laurent Kabila against rebels, took the center of the diplomatic stage Thursday with a peace summit call. In a seeming change of heart as sudden as that which prompted South African President Nelson Mandela to drop his opposition to military intervention to support Kabila against a Tutsi-led rebellion, Mugabe set the summit for the weekend. The summit at Victoria Falls will include Kabila's military allies Zimbabwe, Angola and Namibia as well as rebel leaders and Uganda and Rwanda, accused by Kabila of supporting them. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555876568-dbd>

*** UNESCO meeting to fight child porn on Internet

PARIS (Reuters) - Officials and experts on child pornography will meet at the Paris headquarters of UNESCO next January to coordinate a world-wide offensive against pedophilia on the Internet, the United Nations agency said Thursday. The announcement was made the day after about 100 people in 12 countries were arrested in what police said was the biggest ever worldwide swoop on pedophiles operating on the Internet. The meeting will bring together police, experts in the problem of child prostitution and anti-pedophilia groups such as those created in Belgium after the sex killings of minors there, the United Nations Educational, Scientific and Cultural Organization said. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555873729-b45> ***

Also: German police hold 5 in new child porn raids, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555876476-d62>

The World Political Scene

*** Duma gears up for Yeltsin impeachment move

MOSCOW (Reuters) - Russia's opposition-dominated State Duma (lower house of parliament) could be ready to press on with impeachment

proceedings against President Boris Yeltsin next week, Communist speaker Gennady Seleznyov said Thursday. The move has little chance of succeeding under a 1993 constitution heavily weighted in the president's favor. But, amid the bitter conflict between Yeltsin and parliament at present, it would be highly significant if the Duma triggered an automatic constitutional requirement for Yeltsin to dissolve parliament by rejecting his nominee for prime minister. It could create a constitutional crisis because the basic law also bars a president against whom formal impeachment proceedings have been launched from dissolving the Duma. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555875363-b24>

*** Malaysia Anwar dealt political coup de grace

KUALA LUMPUR (Reuters) - Malaysia's dominant party expelled former finance minister Anwar Ibrahim Friday, stripping him of political power a day after he was sacked from the government. The decision by the United Malays National Organization marked a political coup de grace for Anwar and appeared to strengthen Prime Minister Mahathir Mohamad's hand. But in a sign of the deep split in UMNO, Mahathir faced a round of boos from some 2,000 Anwar supporters when he emerged from his first face-to-face encounter with Anwar since he was sacked. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555877264-aa2>

*** Lockerbie suspects' lawyers to query trial issues

TUNIS (Reuters) - Lawyers defending two Libyan suspects in the 1988 Lockerbie airliner bombing want to query a number of issues surrounding their clients' proposed trial in the Netherlands, one of them said Thursday. Issues such as where the Libyans would be jailed if convicted would be among points to be discussed by the 15-strong legal defense team when the lawyers meet in Tripoli Monday, Libyan lawyer Ibrahim Legwell said. Legwell said the team he heads would include lawyers from Britain, United States, Netherlands, Germany, Malta, Switzerland and Libya. They would arrive in Tripoli Sunday and the three-day meeting would start the following day. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555874084-a93>

*** Non-Aligned summit ends with Congo peace in sight

DURBAN, South Africa (Reuters) - The Non-Aligned Movement ended a summit in South Africa Thursday with a pledge to fight poverty and new plans for peace in Laurent Kabila's Congo. "We commit ourselves to work tirelessly for the eradication of poverty and underdevelopment," South African President and NAM chairman Nelson Mandela said in a closing statement. Leaders of the 113-nation movement said in their final communique it was their own responsibility to find a place in the new world economic order. But they said wealthy nations had a responsibility to share their wealth and to facilitate a review of the relationship between the commodity-based economies of the developing world and the manufacturing economies of the developed world. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555880626-1e9>

*** Related: Non-Aligned summit calls for Lockerbie talks, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878722-5c4>

*** And: Congo peace given a chance by Durban meeting, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880131-0d7>

*** Pakistan, India fail to get nuclear club nod from NAM

DURBAN, South Africa (Reuters) - Pakistan and India have been unable to win recognition from the Non-Aligned Movement for their standing as nuclear states, despite bitter wrangling over the issue at the 12th NAM summit. NAM declared that possession of nuclear weapons could not be justified and expressed their concern at the slow pace of progress towards nuclear disarmament, according to a final document due for release at the summit's close. Delegates from 113-member nations wrangled for days over the wording of the document. "Nothing has happened here to in any way legitimize the fact that there are two new nuclear weapons states," a summit source said. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555879582-114>

*** Taiwan accepts China invitation to resume talks

TAIPEI (Reuters) - Taiwan's top political envoy accepted an offer Thursday from arch-rival China to travel to the communist mainland in mid-October and resume cross-strait talks suspended since 1995. But Koo Chen-fu, chairman of the semi-official Straits Exchange Foundation, suggested an envoy be sent first in mid-September to

finalize details before his trip was made. "We hope that this will have a substantial meaning for the improvement of cross-strait relations and the improvement of relations between both cross-strait representative bodies," Koo said. Koo said he would travel to China between Oct. 14-19, with a stop first in Beijing. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555873022-4aa>

The Americas

*** Brazil's election overshadowed by plunging market

BRASILIA, Brazil (Reuters) - Brazilian stocks slid to their lowest level in more than two years Thursday as growing jitters in Latin America's biggest economy cast a shadow over general elections just a month away. Shares on the Sao Paulo stock exchange tumbled 8.6% by close of trade after U.S. ratings agency Moody's Investor Services downgraded Brazil's foreign currency debt, saying the country was more vulnerable to swings in investor confidence. "Whoever had any doubt the situation was terrible doesn't anymore," said one trader. A spokesman for President Fernando Henrique Cardoso said Moody's was treating Brazil unfairly. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880379-2cd>

*** Also: Brazil's Cardoso unveils plans for second term, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878129-a24>

*** Argentina's Videla testifies in 'disappeared' probe

BUENOS AIRES Argentina (Reuters) - Former Argentine military coup leader Jorge Videla emerged from his home prison Thursday to testify in an investigation of the fate of two guerrilla leaders who disappeared during the country's "Dirty War." According to Argentine news agencies, Videla told a judge he remembered an official communique informing him of the death of Mario Santucho and Benito Urteaga, two leaders of the People's Revolutionary Army. The leftist ERP was wiped out in the military's "Dirty War," a brutal campaign against leftist guerrillas and suspected sympathizers which some human rights groups estimate killed 30,000 people. The official toll of the "disappeared" is 15,000. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555882431-c5a>

*** Related: Argentine anthropologists to dig up torture camp, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555877346-644>

*** Quebec's Parizeau wants clear separation question

QUEBEC CITY, Canada (Reuters) - Former Quebec separatist premier Jacques Parizeau hailed Thursday a recent decision by the Supreme Court of Canada that declared illegal any unilateral declaration of independence by the French-speaking Canadian province. In a letter to Supreme Court judges published by the Montreal daily Le Devoir, Parizeau also said the question put to Quebecers during the 1995 referendum on secession from Canada was not clear enough. Parizeau was premier from Sept. 1994 to Jan. 1996 and helped lead the

separatist forces in the 1995 referendum campaign. The Supreme Court ruled Aug. 20 any future referendum question should be explained as clearly as possible to avoid misunderstanding. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555878863-ae8>

*** Strong quake hits Chile, injures 2 workers

SANTIAGO, Chile (Reuters) - A strong earthquake shook northern and central Chile Thursday, injuring two construction workers. The National Emergency Office said the quake's epicenter lay in the ocean, 42 miles north northwest of the seaside resort La Serena, Onemi. The University of Chile's seismology service said the quake measured 5.9 on the Richter scale. The U.S. Geological Survey reported the quake measured 6.5. No material damages were reported, but two construction workers in La Serena fell from a scaffold and were receiving medical treatment. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555879974-b18>

*** Canal proposed to revive Nicaraguan waterway

MANAGUA Nicaragua (Reuters) - Nicaraguan legislators proposed Thursday creating a \$50 million commercial waterway linking Nicaragua's Pacific region to the Caribbean, reviving a trade route that dates to the 16th Century. The proposal, introduced as a bill to the National Assembly, would grant EcoCanal S.A. the rights to the project, beginning with a feasibility study, in the hopes of starting construction in 2000, EcoCanal officials said. "The idea is to

rehabilitate an old commercial waterway for the 21st Century and the globalized market," said Tim Coone, EcoCanal's technical director.

The canal is meant to aid the transportation of goods within Nicaragua and is not seen as a competitor to the Panama Canal. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555881102-9e5>

*** Potato chips seasoned with cocaine in Mexico

MEXICO CITY (Reuters) - School children in north-central Mexico received cocaine instead of salt with their potato chips until authorities put a halt to it, Mexican TV reported Thursday. In San Luis Potosi, homemade potato chips sold outside a downtown school came with small packets of white powder wrapped in plastic. It may be salt, but after a few complaints Health Ministry officials analyzed the substance and found it to be cocaine, the Televisa network reported. So far no arrests have been made, but local education officials have taken to searching the backpacks of students as they enter school grounds, Televisa said. ###

Europe and Russia

*** Gorbachev: 'Yeltsin must go'

PARIS (Reuters) - Former Soviet President Mikhail Gorbachev, eased out of power by current Russian leader Boris Yeltsin more than six

years ago, was quoted Friday as saying all Yeltsin could now do to help Russia was to resign. "There is only one thing which Yeltsin can now do and that is to resign," Gorbachev said in an interview with the Paris daily Le Figaro. "He is an energetic man but he is not the right man to be president," said Gorbachev, who turned power over to Yeltsin in 1991. "Yeltsin must himself now hand over power rather than allowing the country to go deeper into crisis," said Gorbachev who predicted Russians would take to the streets if Yeltsin did not leave willingly. Gorbachev said replacement of Yeltsin by Gen. Alexander Lebed, currently governor of a vast Siberian region, "would not be the worst of solutions." ###

*** Peers approve British anti-terror bill despite doubts

LONDON (Reuters) - Britain's House of Lords approved the government's new anti-terror law Friday but top lawyers warned it would be ineffective in putting rogue Irish guerrillas behind bars and could undermine the right to a fair trial. "We cannot put legal principles at the service of political expediency," said prominent Labor lawyer Baroness Helena Kennedy. Lord Lloyd of Berwick, one of 12 Lords of Appeal who sit as Britain's highest court, told his fellow peers that British Prime Minister Tony Blair's anti-terror package was "a mere mouse of a bill and in some respects it is a dangerous mouse." See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555881523-de2>
*** Also: Failure to fund Tories cost me lottery - UK's Branson, see <http://www.infobeat.com/stories/cgi/story.cgi?id=2555880466-a75>

*** 70 die in French Alps during summer of 1998

PARIS (Reuters) - Seventy people died climbing or hiking in the French Alps during this year's summer holiday season, well below the death toll of 95 for each of the two previous years, rescue services said Thursday. Another 671 people were injured during the June-August period and three were missing, they said. Forty-five of this year's victims perished on Mont Blanc alone, which is Europe's highest peak and the most visited mountain in the Alps. Rescue services last month urged amateur climbers to avoid the mountain straddling the Franco-Italian border after 13 people died on it in less than a week. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555878589-b72>

*** U.S. official probing rights abuses in Kosovo

WASHINGTON (Reuters) - The State Department said Thursday its senior human rights official will visit Kosovo to look into "credible reports" of human rights violations. Assistant Secretary of State John Shattuck will arrive in Kosovo Friday and be joined there Saturday by former Sen. Bob Dole, who chairs the International Commission on Missing Persons. The two men are expected to meet with Serb and Kosovo Albanian leaders and with non-governmental groups. They will also visit sites in the Kosovo countryside where alleged human rights violations have occurred. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555881732-4f6>

*** Ukraine expected to win \$2.2 billion IMF loan Friday

WASHINGTON (Reuters) - After months of difficult negotiations, Ukraine was expected Friday to clinch a \$2.2 billion loan from the International Monetary Fund to fend off a Russian-style financial meltdown. Ukraine had anticipated loan approval in late August, but IMF officials said they needed the extra time to assess the impact on Ukraine of the mounting crisis in Russia. Following this review, IMF officials said Ukraine's loan was added to Friday's board schedule. Despite criticism of Ukraine's record on market reform and fears the IMF was running out of money, IMF Managing Director Michel Camdessus said last week that the loan program was strong and deserved international support. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555881909-d55>

*** Close call seen as Malta election campaign ends

VALLETTA, Malta (Reuters) - Maltese political parties held mass meetings Thursday to wind up a month-long electoral campaign before the island's 280,000 registered voters go to the polls Saturday. Prime Minister Alfred Sant, leader of the Labor Party who came to power in Oct. 1996 on a pledge of abandoning Malta's bid for European Union membership, said he was sure his party would be given a new mandate. Pollsters predict the election, called by Sant only two years into his five-year term, will again be a tight race with the opposition Nationalist Party sounding increasingly optimistic. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555879626-0b2>

Africa

*** Amnesty accuses all sides of atrocities in Congo

LONDON (Reuters) - Amnesty International accused all warring factions in the Democratic Republic of the Congo Friday of carrying out, or failing to prevent, human rights atrocities. Cataloguing what it called the arbitrary detention of ethnic Tutsis and the deaths of hundreds of unarmed civilians, the group called on all governments and armed groups fighting in the war-torn country to respect human rights and blamed the international community for standing idly by. "The international community has failed to take a decisive position against the perpetrators or to place itself on the side of the victims," the human rights' watchdog said in a report. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555875590-590>

*** Congolese rebels consolidate in east, continue west

GOMA, Congo (Reuters) - Rebels spearheading a revolt in the Democratic Republic of the Congo said on Thursday they were consolidating their positions in the east and continuing their push west across the country. "Tactically the main approach now is to consolidate our positions in the east and move as quickly as possible to the west of the country," Arthur Z'Ahidi Ngoma, vice-president of the rebels' political wing, the Congolese Democratic Coalition, told

reporters. "There are many difficulties we are facing now on the ground militarily...but our goal remains the same, to liberate the country," he said. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555875834-21c>

*** UN Rwanda court to sentence ex-P.M. for genocide

ARUSHA, Tanzania (Reuters) - A U.N. tribunal should sentence Rwanda's former prime minister Friday, who pleaded guilty to genocide in May, a decision officials hope will begin to answer Rwandans' demands for justice. A panel of three judges led by Laity Kama of Senegal will pass sentence on Jean Kambanda at the tribunal's headquarters in north Tanzania. Kambanda pleaded guilty May 1 to six counts of genocide, complicity to genocide and crimes against humanity. The International Criminal Tribunal for Rwanda has indicted 35 people. So far only Kambanda, the most senior civilian official in the tribunal's custody, has confessed. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555880662-57b>

*** Angola's UNITA dismisses call of breakaway faction

LUANDA (Reuters) - Senior members of Angola's former rebel movement UNITA loyal to veteran leader Jonas Savimbi on Thursday dismissed a statement by a breakaway faction that it was suspending Savimbi's role as leader. "This doesn't represent anything," said Horacio Junjunvili, a UNITA negotiator in Angola's peace process. "These people have no support. It's five of them and no one else," he added.

He was responding to a call Wednesday by some members of UNITA for the removal of their leader and UNITA founder, Savimbi. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555873151-408>

*** Rebels kill 5 soldiers in Algeria ambush - papers

ALGIERS (Reuters) - Five Algerian soldiers were killed in a rebel ambush near a key Islamist stronghold that has witnessed several attacks against government troops, newspapers reported Thursday.

Troops also shot dead five Islamist guerrillas in two separate clashes Monday and Tuesday, while the death toll in Monday's bomb blast in central Algiers rose to 28 after three more people died of their wounds, they said. "Five soldiers were killed when terrorists attacked their military patrol as they were heading on Wednesday to Tizi Ouzou," 60 miles southeast of Algiers, the daily Liberte said.

See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555872085-369>

*** Gunmen shoot dead Lesotho protester

MASERU, Lesotho (Reuters) - One person was shot dead and scores wounded Thursday when gunmen opened fire on hundreds of protesters gathered outside the king's residence to oppose recent election results, a witness said. Bonner Seakhoa, a spokesman for the opposition Basotho Congress Party, said the gunmen jumped out of two vehicles which drove up to the palace and began firing on hundreds of protesters camped outside. He said the shooting lasted for 30-40 minutes, killing one protester and injuring 16 people. Palace guards

opened the gate to allow the protesters to take refuge inside, he

said. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878111-614>

India and the Middle East

*** Taleban accused of massacring thousands

ISLAMABAD (Reuters) - Afghanistan's Taleban militia massacred thousands of civilians and possibly 10 Iranian diplomats and a journalist after seizing the northern town of Mazar-i-Sharif last month, Amnesty International said Thursday. But a Taleban spokesman dismissed the human rights group's report as "false" and said it was based on propaganda by the purist Islamic militia's enemies.

Heightened tension between the Sunni Taleban and Iran's Shiite Mulsim government over the fate of the Iranians, missing since Aug. 8, has sparked large-scale Iranian maneuvers on their common border. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555876450-59a> ***

Also: Afghan Taleban says Iran envoys may be dead. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555877217-b43>

*** Clinton sending envoy Ross back to Middle East

ARMAGH, Northern Ireland (Reuters) - President Bill Clinton will send U.S. Middle East envoy Dennis Ross to the region next week to help

narrow differences in talks between the Palestinians and Israelis, the White House said Thursday. The resumption of direct high-level U.S. involvement in the talks was ordered by Clinton at the request of both Israeli Prime Minister Benjamin Netanyahu and Palestinian President Yasser Arafat, the White House said. Clinton, visiting Northern Ireland and Ireland Thursday after a two-day summit in Moscow with Russian President Boris Yeltsin, spoke by telephone earlier in the week with both Mideast leaders. see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555876458-00e> ***

Also: Israel says scope of pullback no longer a problem. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555872059-598>

*** UN's Butler says Iraq adds new inspection curbs

UNITED NATIONS (Reuters) - Chief U.N. inspector Richard Butler said Thursday Iraq had placed additional restrictions on sites his teams could visit in addition to those Baghdad clamped on U.N. experts last month. Richard Butler, executive chairman of the U.N. Special Commission (UNSCOM), told the Security Council Iraq refused three times over the last month to allow inspectors to survey sites they had visited previously, thereby tightening curbs announced Aug. 5.

For part 2, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555876990-e69> ***

Also: UN draft would suspend Iraq sanctions reviews, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555877359-1af>

*** Afghan-Iran tensions mount as diplomats said dead

ISLAMABAD, Pakistan (Reuters) - Tensions have risen on the Afghan-Iran border as a Western human rights group accused Afghanistan's ruling Taleban of a massacre that could explain the disappearance of 10 Iranian diplomats. The quarrel is the bitterest yet between Tehran and the Taleban, a purist Islamic militia which controls most of Afghanistan but is refused recognition by most of the world. Although both espouse radical forms of Islam, Iran's ruling clergy are Shiite Moslems and have long encouraged religious and ethnic groups opposing the Sunni, mainly Pushtoon Teleban. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555880344-de5>

*** Afghan Taleban jets bomb enemy north of Kabul

KABUL, Afghanistan (Reuters) - Jets of Afghanistan's ruling Taleban bombed opposition positions north of Kabul Friday and their enemies retaliated by firing rockets at the capital, witnesses said. Taleban jets pounded areas under the control of Ahmed Shah Masood, the witnesses said. Masood is military chief of the ousted Afghan government, whose forces are on the main highway that links the capital to the north via the Hindu Kush mountains. Most of the missiles fired by Masood's forces in retaliation hit Kabul's airport. Kabul residents said fierce clashes erupted early Friday between the Taleban and the opposition, whose forces face each other on two main roads leading north from Kabul. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555885540-ce4>

*** Israel labor talks stall, strikes continue

JERUSALEM (Reuters) - Israel's Histadrut federation of unions and the Treasury failed Thursday to reach a deal to end a crippling nationwide strike in marathon negotiations over public sector pay. The Histadrut said it would suspend its general strike during the Israeli weekend Friday and Saturday - when most government workers are off anyway - but that stoppages would return in full force Sunday. The strike affected some 300,000 workers in government offices, state-owned Bezeq Israel Telecom, Israel Electric Co., courts, the Ports and Trains Authority. Schools have been shut down in a separate teacher wage dispute since Tuesday. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555878879-8bd>

The Far East

*** Malaysia PM tightens grip with Anwar purge

KUALA LUMPUR, Malaysia (Reuters) - Malaysian Prime Minister Mahathir Mohamad consolidated his grip over power Friday with the political purge of his former heir-apparent Anwar Ibrahim, and rights groups said a broader crackdown could follow. Former cabinet minister Anwar Ibrahim, once prime-minister-in-waiting, received a crippling blow Friday when he was expelled from Malaysia's main party and hit by a wave of criminal allegations. The expulsion came one day after Anwar

was sacked as deputy prime minister and finance minister, and marked the culmination of his stunning fall from grace. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555885834-4df>

*** Also: Rights groups fear Malaysia crackdown, see

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555884260-852>

*** NEC raided in Japan defense procurement scandal

TOKYO (Reuters) - Japan's defense contract-padding scandal spread to NEC Corp. Friday as Tokyo prosecutors raided the giant multinational electronics firm. The search followed raids on Japan's Defense Agency and Toyo Communication Equipment Co. Ltd., an NEC affiliate, Thursday, which resulted in the arrest of a senior defense official, the chairman and another executive of Toyo Communication and an NEC executive. Investigation sources said the raids were conducted on the suspicion that NEC authorized a deal that would give Toyo Communications a break on its overcharging on defense contracts in return for giving lucrative private-sector jobs to two defense bureaucrats. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555884362-be9>

*** Riot police seal off Yangon campus after protest

YANGON, Myanmar (Reuters) - Truckloads of riot police blocked off a Yangon campus Friday after hundreds of students protested again overnight against plans to move their campus, witnesses said. Between 500 and 900 students took part in the protest at the Hlaing campus of

the Yangon Institute of Technology, diplomats contacted in Yangon from Bangkok said. The demonstration appeared to have subsided by Friday morning. Witnesses said some 200 helmeted Lon Htein riot police were stationed around the campus Friday. Traffic was not allowed on a road through the campus and diplomats said students were apparently not being allowed out. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555885974-f0d>

*** Buddhist monk says Vietnam amnesty 'opportunistic'

WASHINGTON (Reuters) - Thich Quang Do, a prominent Buddhist monk freed recently from a Vietnamese jail, said Thursday Hanoi's sweeping amnesty for 5,219 prisoners was "sort of opportunistic." Asked in an interview with Radio Free Asia whether the amnesty signaled a change of policy by Vietnam, Do said, "All I know is that whatever they do is sort of opportunistic ... They will do whatever is necessary for the moment, so it's hard to tell." Do, 70, has been an outspoken critic of the Vietnamese government, as well as a member of the outlawed Unified Buddhist Church of Vietnam, which was banned after communist forces defeated the U.S.-backed Saigon regime in 1975. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555881591-7fc>

*** Also: Freed Vietnamese dissident arrives in U.S., see <http://www.infobeat.com/stories/cgi/story.cgi?id=2555885386-a9a>

*** Cambodian mob kills 2 Vietnamese over 'poison'

PHNOM PENH, Cambodia (Reuters) - A mob of Cambodians killed two

ethnic Vietnamese on a city center street in Phnom Penh Friday following a rash of wild rumors that Vietnamese have been poisoning food and water, police said. Rumors of poisoning have been swirling in the capital in recent days following the death late last month of dozens of people who drank homemade rice wine laced with methanol. Witnesses said an angry crowd attacked three Vietnamese people - two women and one man - near the French Embassy after accusing them of putting poison into food at nearby street stalls. They beat the man and one of the women to death. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555885741-59b>

*** Town in Indonesia's Aceh calm, 5 detained

LHOKSEUMAWE, Indonesia (Reuters) - The town of Lhokseumawe in the troubled Indonesian province of Aceh was quiet Friday after an explosion of rioting earlier in the week in which at least two people were killed, witnesses said. Police said five people who were suspected to have taken part in the violence Monday and Tuesday had been arrested. North Aceh police chief Lt. Col. Iskandar said Thursday the five had asked that they be handed over to the military. Locals have said the riots were organized by outsiders. One student said several men were waiting at his school when classes ended and told students to riot in the city, at the northern tip of the island of Sumatra. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555884170-989>

*** AIDS pioneer Jonathan Mann, wife die in air crash

GENEVA (Reuters) - Jonathan Mann, an impassioned but controversial pioneer in the global fight against AIDS, and his wife Mary Lou Clements, a vaccine expert, were aboard the Swissair flight which crashed off Canada, U.N. officials said Thursday. The two American doctors, who were on their way to attend meetings at the World Health Organization (WHO), were mourned at a WHO ceremony and praised for their dedication to public health. Swissair officials said they feared there were no survivors among the 229 passengers and crew aboard flight 111 from New York. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555876566-0c0>

*** FDA accuses MS drug maker of making false claims

BOSTON (Reuters) - The U.S. Food and Drug Administration accused a pharmaceutical company of making false statements about its drug's powers in treating multiple sclerosis, a disease that afflicts three million people worldwide. The federal agency ordered Teva Marion Partners, a Kansas City, Mo.-based firm to immediately halt promoting its drug Copaxone, generically known as glatiramer acetate, as effective in "slowing, preventing or reversing...the progression of MS." The FDA in a letter, obtained by Reuters Thursday, said such claims were misleading. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555877381-73d>

*** U.S. scientists say two cancer-causing genes related

WASHINGTON (Reuters) - Scientists have discovered a connection between two colon cancer genes and this could open up new ways to treat the disease, which kills about 56,000 Americans each year, researchers said Thursday. Researchers knew a damaged APC tumor suppressor gene could initiate the onset of colon cancer but they did not realize the role it played in regulating the tumor-causing c-MYC gene. "C-MYC is the classic cancer-promoting gene," said Kenneth Kinzler, a researcher at the Johns Hopkins Oncology Center, who led the study. "Now we know that APC functions in the colon by keeping c-MYC in check." See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555876583-828>

*** UK issues guidelines to reduce use of antibiotics

LONDON (Reuters) - Britain urged doctors Thursday to stop prescribing antibiotics for simple coughs, colds and sore throats because of the emergence of "superbugs" resistant to even the most powerful drugs. The recommendations were released ahead of a meeting of chief medical officers from European Union nations next week in Copenhagen to devise strategies to control the spread of antibiotic resistant bacteria which is posing a global threat to public health. "We found a wealth of evidence that the development of resistance is related to the extent of antibiotic use," Dr. Diana Walford, the director of the

Public Health Laboratory Service, told a news conference. See
<http://www.infobeat.com/stories/cgi/story.cgi?id=2555875968-ac1>

*** U.S. sees no improvement in maternal death rate

ATLANTA (Reuters) - The number of women who die of pregnancy or childbirth has remained the same since 1982, despite medical advances that could prevent half the maternal deaths, federal health officials said Thursday. The Centers for Disease Control and Prevention said that data from death certificates indicated seven to eight women died for every 100,000 live births between 1982 and 1996. The agency said no progress has been made since 1982 in reducing the number of maternal deaths, though medical advances have reduced infant mortality and increased the survival of premature babies. See
<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878170-bb1>

*** Young UK doctors have drink, drug problems - survey

LONDON (Reuters) - Many young British doctors drink too much and use cannabis and other illegal drugs, according to a survey released Friday. The poll of 114 junior doctors in northeastern England, published in a letter in The Lancet medical journal, showed more than 60% drank more alcohol than the recommended safe limits. More than 35% of male doctors and 19% of female physicians also admitted using cannabis and up to 13% took other drugs. The British Medical Association said the findings were consistent with its own research into the habits of junior doctors. See

Technology

*** Quark's bid for Adobe finds little support at publishing show

SAN FRANCISCO (Reuters) - After a debate over whether Quark Inc. should swallow chief rival Adobe Systems Inc. and what it would mean for the publishing community, not one designer raised a hand in favor of Quark's surprise bid made last week. While the results from the panel discussion at the Seybold Seminars Publishing Conference in San Francisco Wednesday were hardly scientific, it was clear that closely-held Quark - roughly one-fifth the size of Adobe - has a pitched battle ahead of it to win converts among its own customers. Some in attendance said it had to do with Quark's fear of K2, a new Adobe product due out next year, which has been dubbed the "Quark Killer." See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555862888-777>

*** VLSI says industry slowdown to hurt earnings

SAN JOSE, Calif. (Reuters) - Specialty chip maker VLSI Technology Inc. said its third quarter results would be lower than Wall Street expectations, due to an overall slowdown in the semiconductor industry. "Orders and shipments for the company's products have

slowed in the current quarter in line with the general slowdown in the semiconductor industry," VLSI Chairman Al Stein said. VLSI's charges and layoffs come amid one of the longest running slumps in the semiconductor industry. Most major companies in Silicon Valley, from Intel Corp., National Semiconductor Corp., to chip equipment maker Applied Materials have all announced job cuts or layoffs in the past few months. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555862857-401>

*** Cisco outlook neutral; Japan, Korea sales slide

FRANKFURT (Reuters) - Internet-switch maker Cisco Systems Inc. said Thursday that its current business outlook was neither optimistic nor pessimistic although the financial crises in Asia and Russia would dampen its business there. "We are in between," the company's chief executive John T. Chambers said. "We were happy with our momentum in the last quarter, but our growth is really tied to economic activity and capital spending." Chambers said Cisco's sales in Japan and Korea were no longer growing due to economic woes in those countries.

The Environment

*** Indian flooding worst in 60 years

LUCKNOW, India (Reuters) - A vast area of northern India, equivalent

to the size of Switzerland, has disappeared under water in the region's worst flooding in 60 years. "It's like a sea out there," said Geoffrey Dennis, head of the South Asia delegation of the International Federation of Red Cross and Red Crescent Societies. "I have seen a lot of floods and flooded areas, but the enormity of the calamity in this region is mind boggling," he said on his return from one of the worst-hit areas in the state of Uttar Pradesh, Gorakhpur. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555874825-1f4>

*** Animal groups disgusted with new dolphin-swim law

WASHINGTON (Reuters) - After years of pleading by animal welfare groups, the U.S. Agriculture Department issue rules today to protect dolphins at popular tourist attractions that give people an opportunity to swim with the mammals. But animal organizations, including the Humane Society, said the rules are weak, and questioned why it took the Agriculture Department 3-1/2 years from its first proposal to make the regulations law. Dr. Naomi Rose, a marine mammal scientist at the Humane Society, said the USDA made very few changes to its original proposals and the department's agency that developed the rules, the Animal and Plant Health Inspection Service, was favoring business bottom lines. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555881070-ecb>

*** EPA says vast majority of water supply healthy

WASHINGTON (Reuters) - The Environmental Protection Agency said

Thursday that Americans are served by safe drinking water systems with no reports of health violations except in the smallest of systems. The report was required by the EPA under revisions to the 1996 Safe Drinking Water Act to assess drinking water system compliance in the 50 states annually. Among the 1996 compliance report's major findings, 91% of community water systems, serving around 213 million people, or 86% of the population, had no reported violations of health-based standards. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878952-1cb>

*** Canadian Rocky Mountain park fire doubles in size

CALGARY, Canada (Reuters) - A wildfire devouring vast tracts of pristine forest in a Canadian Rocky Mountain park nearly doubled in size overnight, but officials said winds died down Thursday, aiding efforts to contain it. The blaze at Waterton Lakes National Park, a picturesque mountain tourist destination in southwestern Alberta bordering Glacier National Park in neighboring Montana, spread Thursday to cover about 2,350 acres of forest. That is nearly twice as big as it was Wednesday, when the fire forced about 50 people to flee from a back-country campsite and a Canada-U.S. border crossing to close. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878742-5ef>

*** New rules protect Canada polar bears in world zoos

WINNIPEG, Canada (Reuters) - The Canadian province of Manitoba, home

to one of the world's largest populations of polar bears, adopted strict rules Thursday governing exports of the large white predators to zoos. "Our new policy now is to donate only orphaned cubs," said biologist Ron Larche, with Manitoba's Protected Species Department. Larche said Manitoba would launch an approval process for zoos wishing to import bears. One requirement for zoos would be that they make sure bears have games to play so they do not get bored. The much-photographed polar bears are dangerous but also a source of public fascination for their white fur, endearing faces and large size. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555877548-ca7>

*** Chernobyl radiation linked to thyroid disease

LONDON (Reuters) - Children exposed to radioactive iodine from the Chernobyl nuclear disaster 12 years ago may be more susceptible to thyroid diseases, Italian doctors said Friday. In a report in The Lancet medical journal, researchers at the University of Pisa said their study of children in Belarus exposed to radiation from the world's worst nuclear accident showed they had more antibodies against the thyroid gland than other youngsters. Although there was no evidence that the gland was not working, the antibodies indicate the children may later suffer from hypothyroidism - a decreased production of the thyroid hormone that influences metabolism, weight gain and drowsiness. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555878371-07e>

Human Interest

*** Change of plans averts tennis tragedy in Swissair crash

NEW YORK (AP) - Intuition and an invitation prevented the flight of Swissair 111 from becoming a tragedy for tennis. Marc Rosset, Switzerland's top male player and the 1992 Olympic gold medalist, was scheduled to fly Wednesday night's New York-to-Geneva flight, but decided at the last minute to stay in New York one more night after losing at the U.S. Open. "It was a strange feeling when you realize that for just changing your mind you are still alive," Rosset said Thursday. The Swissair jet crashed into the water off the Canadian coast, killing all aboard. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555879761-17b>

*** Lasers fired in John Kennedy murder re-enactment

DALLAS (Reuters) - A film crew used laser beams Thursday to retrace the path of the bullets that killed President John Kennedy in 1963, in a re-enactment to test the official theory that Lee Harvey Oswald was the lone assassin. "We are just trying to use modern technology to help establish the facts," said Dan Goldman, producer of "The JFK Assassination Files" documentary, being made by Associated Television International and to be shown on the TNT cable channel in November. His TV crew fired laser beams with the same angle and trajectory as

the bullets Oswald allegedly fired from the sixth-floor window of the Texas School Book Depository as Kennedy's limousine drove through Dallas' Dealey Plaza Nov. 22, 1963. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555880705-46d>

*** Ding-ding, ice cream, hashish!

NEW YORK (Reuters) - Maybe the ice cream truck's jingle should have been "White Rabbit." Some Brooklyn teen-agers were allegedly feeding their heads and their stomachs from the local ice cream truck, until Brooklyn prosecutors indicted two Staten Island men and charged them with selling hashish and marijuana along with the usual Popsicles, fudge bars and other frozen treats. Alexy Zagrebin, 20, and James Lapointe, 20, owned the ice cream truck and were charged with selling the drugs to a group of teen-agers aged 15 and 17, Brooklyn District Attorney Charles Hynes' office said. See <http://www.infobeat.com/stories/cgi/story.cgi?id=2555878931-6cf>

*** Children cost a fortune to raise - French survey

PARIS (Reuters) - A French child will cost its parents an average 645,000 francs (US\$111,000) over the first 18 years of its life, a survey published in the magazine Le Point Thursday said. The magazine estimated that by the time a child was four, parents had already spent 140,112 francs on its upbringing. This figure rose to 346,717 francs by the age of 11, to 508,800 francs by 15 and to 645,000 francs at 18. The most expensive item was food, which from 15 onwards

cost a parent just under 10,000 francs a year per child. The survey, based on various family publications, price lists and state projections, said that boys cost the same as girls. A second child cost less than the first, but a third child cost more than the second. ###

*** Deserted Channel Island chain regains Union Jack

PARIS (Reuters) - British honor was restored Thursday when invaders from the non-existent kingdom of Patagonia handed back a flag seized five days earlier from the most southerly outpost of the British isles. However French eccentric Jean Raspail, self-proclaimed consul general of Patagonia, warned that his marines would swing back into action early in the next century and once again stake claim to the deserted Minquiers archipelago in the Channel. "Every so often the Kingdom of Patagonia needs some territory," Raspail said after handing back a slightly tattered Union Jack flag to the British Embassy. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555873536-ce3>

*** Milan mayor suggests creating red light areas

MILAN (Reuters) - Milan's mayor is considering creating red light prostitution districts as part of a growing effort in northern Italian cities to stem the rampant curbside sex trade, city officials said Thursday. "I'm not against the idea that prostitution could be limited to certain parts of the city - call them whatever you want -

or else in regulated private houses," mayor Gabriele Albertini told the Corriere della Sera daily. "It would be a big help in fighting prostitution rings." Albertini's spokesman said the mayor wanted to provoke public debate of the issue. See

<http://www.infobeat.com/stories/cgi/story.cgi?id=2555876012-bf4>

Visit Amazon.com to find and buy books, music, and more. Click here!

<http://www.amazon.com/exec/obidos/stores/infb05722045>

Fast, Fresh Flowers from \$29.95. ProFlowers.com

http://www.proflowers.com/index.cfm?REF=infobeat_emailbrick

Get the Most Out of News! Upgrade to Outlook Express at

http://www.oe.infobeat.com/text/?email=crowley_m@a1.eop.gov.

You are subscribed with e-mail address: [crowley_m@a1.eop.gov]

If you'd like to subscribe to other InfoBeat products or modify your current settings, visit our web site at

<http://www.infobeat.com>.

You are subscribed with e-mail address: [crowley_m@a1.eop.gov]

Copyright 1998 InfoBeat Inc. All rights reserved.

InfoBeat Services are for personal use only. Commercial
use or redistribution in any form, printed or electronic is
prohibited.

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

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
id <01J1EB3NTGO0003TSU@PMDF.EOP.GOV> for crowley_m@a1.eop.gov; Fri,
4 Sep 1998 05:22:30 EDT

Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
with ESMTP id <01J1EB3KNV5S005TWM@PMDF.EOP.GOV> for crowley_m@a1.eop.gov; Fri,

04 Sep 1998 05:22:26 -0400 (EDT)

Received: from sender07.lodo.infobeat.com ([209.38.216.71])

by STORM.EOP.GOV (PMDF V5.1-12 #29131)

with ESMTP id <01J1EB2TP7L4000KVG@STORM.EOP.GOV> for crowley_m@a1.eop.gov;

Fri, 04 Sep 1998 05:21:58 -0400 (EDT)

Received: from sender07.lodo.in.infobeat.com (news-errors@bounce.infobeat.com)

by sender07.lodo.in.infobeat.com

(version 3.34, queueup copyright InfoBeat Inc. 1998)

with stdio id EOPA1AAALZ14596; Fri, 04 Sep 1998 03:21:01 -0600 (MDT)

Errors-to: news-errors+1.0.0.crowley_m#a1.eop.gov@bounce.infobeat.com

X-TestFile: merc-news2-text-crowley_m@a1.eop.gov

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

ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: owner-pubpol-l (owner-pubpol-l@tc.umn.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 7-SEP-1998 14:28:00.00

SUBJECT: Change the IMF - Policy Discussion

TO: Lewis W. Oleinick (Lewis W. Oleinick@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

-- Public Policy Network - Posting to PUBPOL-L@tc.umn.edu --

Apologies for cross-posting. Please repost to any list.

It is clear that current IMF policies create the opposite of their intentions. Elementary management theory suggests that good managers learn to change tactics when results differ from objectives; yet, Michele Camdessus stated recently that the IMF will continue the same policies until things get better.

Obviously, Mr. Camdessus is a poor manager and must be replaced immediately.

But, what should policies should his successor follow? Now is a good time to begin that discussion.

I want to begin such a discussion by focusing on capital flows. Currency instability caused by speculative capital and capital movement liberalization have contributed to the current debacle. Years ago, the

Bretton Woods agreement was created to stabilize currency exchange rates while allowing for managed change and the result was many years of prosperity and economic growth. Recently the rules have changed to allow for free, instantaneous capital mobility. It is time to redress that change.

Unfortunately, until very recently some economists held that moving capital from one currency to another had no effect on the underlying economy since any capital inflow or outflow was automatically adjusted for by international borrowings or currency devaluation. Recent events, better theory (Dominick Salvatore, INTERNATIONAL ECONOMICS, 5th ED., Prentice-Hall, New Jersey, 1995, Chapters 15 and 16) and some recent academic work [see THE EFFECTIVENESS OF CAPITAL CONTROLS: THEORY AND EVIDENCE FROM CHILE, Salvador Valdes-Prieto and Marcelo Soto, EMPIRICA, 25, No. 2 (1998) Economic Policy Forum: Capital Flows to Eastern Europe - Lessons from Latin America and Asia, Kluwer Academic Press, [email: msoto@club-internet.fr]] have proven this out-moded theory wrong and it is now time to acknowledge that capital moving into or out of a currency increases or decreases the underlying economy's money supply, aggregate demand and GDP.

Since this is obviously the case, what can the IMF do about it? First it must abandon its insistence on capital liberalization as a condition for assistance. Countries must be allowed to protect their populations from the deleterious effect of currency speculators.

Second, it can require that the central bank of a country receiving assistance adhere to minimal banking standards of transparency [published credit standards and published results of lending practices], accountability [letting speculators lose their money] and control [administrative control of currency and foreign exchange]. The IMF can insist on approval of appointees or policies to facilitate this process.

Third, and most important, borrowing countries must be held to strict foreign exchange standards so that the total current account does not show more than a five or ten percent deficit each year. In strict free floating exchange rate regimes, this will mean a five or ten percent controlled devaluation and little or no need for the IMF; in managed exchange rate regimes, this will require some IMF intervention. I believe that history shows that most governments prefer some sort of control over exchange rates and do not choose free floating rates when given a choice. Capital accounts can be managed with a variety of restrictions, see Prieto and Soto.

This single criterion will result in much pain and will keep the IMF's reputation intact, but it will also result in positive long term change.

The current policies create immediate pain but do not create any long term change. Long term improvement will result when capital is prevented from fleeing the country - capital seeks safety and returns and will create both sound structures and employment inside a country when it cannot leave the

country.

Finally, what should the USA do as the creator of the world's reserve currency? Perhaps it should continue slightly differently than recent history, that is, the FED should allow modest inflation in the USA to encourage growth in the US and elsewhere.

Thank you for your interest. This is an important debate and I hope that many of you will contribute your thoughts to these cursory remarks.

Mike P. McKeever

Founder: NETIGENCE, a service of

The McKEEVER INSTITUTE OF ECONOMIC POLICY ANALYSIS (MIEPA)

1511 Woolsey Street, Berkeley, CA 94703 USA

Telephone 510-486-0275

email: mckeever@ccnet.com

URL: <http://www.mckeever.com/> (Note: there is no 'c' in mckeever.

This is a free site)

Public Policy Network - PUBPOL-L

<http://www.hhh.umn.edu/pubpol/pubpol.htm>

Commands to: Listserv@tc.umn.edu

Subscribe: SUB PUBPOL-L "Your Name"

Unsubscribe: UNSUB PUBPOL-L

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Return-path: owner-pubpol-l@TC.UMN.EDU

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDf V5.1-9 #29131)
id <01J1J15O9QR4006MCI@PMDf.EOP.GOV> for OLEINICK_L@a1.eop.gov; Mon,
7 Sep 1998 14:31:42 EDT

Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDf V5.1-9 #29131)
with ESMTP id <01J1J15MDOWW0061EN@PMDf.EOP.GOV> for OLEINICK_L@a1.eop.gov;
Mon, 07 Sep 1998 14:31:39 -0400 (EDT)

Received: from mhub0.tc.umn.edu ([128.101.131.40])
by STORM.EOP.GOV (PMDf V5.1-12 #29131)
with SMTP id <01J1J14XA59W00011E@STORM.EOP.GOV> for OLEINICK_L@A1.EOP.GOV;
Mon, 07 Sep 1998 14:31:05 -0400 (EDT)

Received: from mhub0.tc.umn.edu by mhub0.tc.umn.edu; Mon,
07 Sep 1998 13:28:48 -0500

Received: from TC.UMN.EDU by TC.UMN.EDU (LISTSERV-TCP/IP release 1.8b)
with spool id 368100 for PUBPOL-L@TC.UMN.EDU; Mon, 07 Sep 1998 13:28:46 -0500

Received: from mhub3.tc.umn.edu by mhub0.tc.umn.edu with ESMTP; Mon,
07 Sep 1998 13:28:45 -0500

Received: from mailhub2.ncal.verio.com by mhub3.tc.umn.edu with ESMTP; Mon,
07 Sep 1998 13:28:40 -0500

Received: from mckeever (oak-alg-gw15-19.ncal.verio.com [207.21.142.146])
by mailhub2.ncal.verio.com (8.8.7/8.8.7) with SMTP id LAA20741 for
<pubpol-l@tc.umn.edu>; Mon, 07 Sep 1998 11:28:37 -0700 (PDT)

X-Sender: mckeever@pop.ncal.verio.com

X-Mailer: Windows Eudora Light Version 1.5.2

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

ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: MAWALDMAN (MAWALDMAN@aol.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:13-SEP-1998 18:28:00.00

SUBJECT: for gene

TO: Maryanne B. Green (Maryanne B. Green@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Draft 9/13/98

Waldman

PRESIDENT WILLIAM J. CLINTON

ADDRESS ON THE INTERNATIONAL ECONOMY

COUNCIL ON FOREIGN RELATIONS

NEW YORK, NEW YORK

September 14, 1998

Acknowledgments: Pete Peterson, chair of CFR; Les Gelb, Pres; admin
alumni incl. Dan Tarullo and Anne Luzzatto;

The Council on Foreign Relations was founded in the bitter wake of
World War

I by farsighted Americans who recognized our national interest required
international engagement. After World War II, this organization was
"present

at the creation," helping provide the intellectual force for a generation
of

American leaders who contained communism and established a new world
economic

system. Now, at century,s end, we have witnessed a stunning triumph of the

ideal for which you fought, the ideal of freedom. At times, its triumph seemed so uncontested, so complete, that we forget how fragile its hold can be. Now our generation must rise to its responsibility. And I want to speak to you about the newest challenge we face as we seek to build the world of the 21st Century.

I speak at a time of unsurpassed American economic strength -- but also at a time of undeniable turmoil in the world economy. At a moment of increasing interconnectedness among the nations of the world, the future of our prosperity and the contours of the world economy will depend upon how we all work to restore confidence, stabilize the financial system, and spur robust global growth. The challenge of global growth is the central economic challenge of this moment. Meeting it is starkly in our national interest.

A generation of Americans grew up seared by the inflation of the 1970s, and saw the economic devastation it could bring. Low and stable inflation is critical to our economic health. But the balance of risks has now shifted. We must also guard against the danger of global deflation -- the spiral downward of prices and economies that wipes out wealth and eats away hope within nations, and sows seeds of conflict among them. In 1998, the industrial world's chief priority must be to spur growth. In the world economy, as in

our domestic economy, there is no substitute.

Today I want to give you a status report on what we have done, and to tell you

what I believe we must do in the days and years to come. We must continue to

take immediate steps to contain the current financial turmoil around the world: We will work with Japan, Europe and other nations, acting together to

spur growth. We will urge the IMF to stand ready to use the \$18 billion in its emergency fund to help stop the financial contagion from spreading to Latin America and elsewhere. We will work with other nations to find a way for viable businesses in stricken Asian economies to emerge from crippling debt burdens so they can once again contribute to growth and job creation. We

will urge the World Bank to double its support for the social safety net in Asia, to help those people who are the innocent victims of financial turmoil.

And we will urge Congress to live up to its responsibility for continued prosperity by meeting America's obligations to the IMF. And as we take these

immediate steps, we will continue our efforts to plan for long-term reform of

the international financial system, convening a major meeting of finance ministers and central bankers this fall to adapt the international financial architecture to the new realities of the 21st Century.

Let's understand the reality of the situation, and why it matters.

America's economy remains the strongest in a generation. We have the lowest unemployment in 28 years, the lowest inflation in 32 years, the highest homeownership in history. In two weeks, on October 1, we will have the first balanced budget in a generation -- thanks to the discipline of the American people. Our strategy of fiscal discipline, investment in the skills of our people, and open trade has worked for working Americans -- wages are now rising again, advancing at twice the rate of inflation after decades of stagnation.

The pillars of our prosperity stand strong. But we live in a world of swirling, sometimes breathtaking change. The dynamic global economy we have done so much to create) which has brought so much benefit to our nation and the world -- faces a profound challenge. It began last year with currency fluctuations in Asia. In the past month it has hit the Russian economy hard. And today it threatens to engulf Latin America. This crisis threatens to undermine those who have sought to act responsibly, yet still find themselves pulled under by economic currents stronger than they are. Today, one

quarter

of the world's population -- one third of the world's economy -- is in recession, and some of these nations are facing financial collapse.

More than ever, this rolling financial crisis has brought home to the American people that what happens around the world can and will deeply affect what happens here at home. More than ever before, opportunity for American families depends upon the rising fortunes of millions of unseen people in other lands.

All nations are now linked in a global financial system, in which over \$1 Trillion rushes across around the world every day -- in which what happens in Seoul matters in Saginaw, and what happens on the trading floor matters on the shopfloor. Fundamentally, as Federal Reserve Chairman Greenspan said, we cannot be an oasis of prosperity in a sea of misery. Growth at home depends upon growth in the world.

Why? Why should Americans care if Asia, or Russia, or South America is on solid economic footing?

These nations are our customers -- with fully one third of our economic growth

coming from exports, much of it to emerging markets. If their economies flatten, our exports will falter, and our own growth will slow.

These nations are our competitors -- and when their currencies succumb to overwhelming financial stress the price of their goods falls and we risk a flood of imports at fire-sale prices, undercutting sales of goods made here at home. Thus far, we have not seen this kind of import surge, but we can anticipate that it will occur soon.

These nations are our friends and allies -- and the United States has a profound stake in the spread of freedom and democracy around the world.

Nowhere is the link between economic freedom and political freedom clearer than in Russia, which I visited earlier this month. That country is facing an economic crisis that threatens the extraordinary progress the Russian people have made in just seven years, building a new society from the ground up. The ruble and the stock market there have plummeted, banks are weak, tax collection has slowed, and the government has trouble paying its debts. Some Russians have become wealthy, but many more struggle to provide for their

families. Amid political uncertainty, some now talk of abandoning the path of freedom and returning to policies of the past -- policies that have already failed. Russia has a new Prime Minister, Mr. Primakov, in office only four days. We very much hope that under his leadership, and that of President Yeltsin,s, Russia will stay on the path of prosperity and freedom. And will do everything we can to encourage that.

Over the last year, we have seen a new kind of crisis, demanding a new type of response -- one that recognizes the unstoppable realities of global economic change. Here is the lesson that has been hammered home for the United States and our trading partners this past year: No nation, rich or poor, democratic or authoritarian, can escape the fundamental economic imperatives of the global market. No nation can escape the discipline of the market. No nation can avoid the responsibility to do its part.

In confronting this economic crisis, we have been guided not by inflexible ideology, but by a hard-headed understanding of the inescapable rules of the road in the global economy. These new rules of the road are clearly

marked.

In the new global economy, for good or ill, all economies are interdependent.

A loss of confidence or drop in demand that begins in one country can ripple

across the globe. Even a decade ago, fluctuations in the Thai or Korean currencies would not significantly affect American

businesses and families; today they do. We hope that investors will judge the

economic soundness of each nation on its own merits. But it is also true that

at times like these, simple fear and uncertainty about the economy of one country can prompt investors to pull out money from another country

thousands

of miles away. This is one responsibility the leaders of the financial

community, many of whom are here today, can and must bear: I ask you to

recognize the differences between those emerging nations who are playing by the rules of the world marketplace -- and those that are not.

So we must work together through our international financial institutions to

help restore confidence globally and tame economic crisis in every affected nation -- not only to ease the economic and social costs where they occur,

but to prevent the economic disease from spreading. Plainly the crisis has continued to spread, but if we had not acted, and acted responsibly,

matters

would certainly be worse today.

As we have moved to help these economies, we recognized that we can only help those nations who are willing to help themselves. For in the new global economy, every nation is subject to the exacting discipline of the global marketplace. As we recognized when we put our fiscal house in order in 1993, no nation can finance its prosperity with fiscal irresponsibility. If a nation chooses to print money, to wink at cronyism or corruption, to hide bad loans and protect corrupt or inefficient banks, then investors will ultimately withdraw their investments, with consequences both swift and severe. In the new economy, all the outside assistance in the world can not help a nation that does not first demonstrate that it is willing to commit to take the often tough steps to restore investor confidence. That is why we support the basic approach of the International Monetary Fund: extending assistance only when nations have taken responsibility, strengthening their banking systems, introducing honest accounting and open markets, and awarding contracts on merit instead of collusion.

So in the face of this new kind of challenge, America can and must continue

to act -- to take the urgent steps needed today to douse the flames of financial crisis) to restart the engine of growth in Asia and to minimize the impact of the financial turmoil on other nations. These steps will benefit us in the short-term. And as we do so, we must also make certain that the institutions and rules of international finance are prepared to support steady and sustainable growth into the future.

First and foremost, the leading economic nations of the world must act together to spur global growth.

[POSSIBLE REFERENCE TO G-7 STATEMENT]

No nation can do it alone; every nation must do its part.

The United States can rightly say that our strong and growing economy has been the major engine of global growth. This was far from predetermined. Six years ago America's chronic deficits were a ball and chain holding back the world economy. When I attended my first meeting of what was then the G-7 in Tokyo, every other nation urgently agreed with what I said when I ran for President: America put its house in order. We did. Now our greatest

contribution to growth must be to maintain our own fiscal discipline that has lowered interest rates and fueled a period of historic investment and job growth. This is the most important thing we can do for the United States and the global economy.

Europe must pursue the policies that will spur growth and keep their markets open, so they, too, will be able to provide growing markets for Asian goods as those nations seek to find their footing.

And Japan, one of the world's economic superpowers, has a particularly critical role. Japan, the second largest economy in the world, is by far the largest economy in Asia. More than anything else, renewed growth in Asia would underpin renewed confidence around the world -- and Japan holds the key. As they well recognize, they are facing serious risks -- financial crisis, economic decline and diminished confidence -- with dramatic consequences for Japan and the rest of Asia. For the benefit of its own people and the world, Japan must be prepared to do whatever it takes to restore strong economic

growth) to spur domestic demand, revive its banking system, restore confidence, deregulate its economy and open its markets.

The second immediate step we must take is to continue working to achieve the fastest possible economic recovery in Asia. Where countries such as South Korea and Thailand have taken strong and responsible steps, the free-fall has ended and progress is being made. But the human cost of Asia's collapse is only now fully being felt. As recent press reports have described, an entire generation that worked its way into the middle class is plummeting into poverty. It is in America's interest -- our farmers, interest, our workers, interest, our businesses, interest -- that these nations recover, their markets grow, and their people once again become our fastest-growing customers.

We have worked with international lenders like the IMF to help these nations to adopt pro-growth budget, tax and monetary policies. But we can and must do more to help Asia grow and to help its people thrive, committing ourselves to the quick restoration of economic growth in the region.

We must work to lift the weight of private sector debt that has

frozen Asian

economies. Today I am asking Secretary Rubin to work with other financial authorities and international economic institutions to accelerate efforts to explore, reinforce, and accelerate comprehensive plans to help Asian corporations to emerge from massive debt, where individual firms have been swept under by systemic national economic problems. In order to restore growth we need we need to get credit flowing again and get businesses back to making products, providing services, and creating jobs.

Asian businesses need assistance, but so do millions of Asian families. We must recognize that economic adjustments, necessary for the long-term, can be painful in the short-term -- especially for those nations that have never established an adequate social safety net for their people. Wrenching economic transition without an adequate social safety can sacrifice lives in the name of economic theory -- and can generate so much resistance that reform grinds to a halt.

With our support and encouragement, the World Bank and the Asia Development Bank have taken significant strides to deal with these challenges. Today, I

call on the World Bank and Asian Development bank to greatly expand their efforts by seeking to gradually double their aid through an expanded Social Compact initiative -- focusing on job assistance, basic needs during economic transition, on children and the elderly, and groups most vulnerable to economic change. [I have spoken to Jim Wolfenson this weekend, and I commend him for his efforts and willingness to spearhead this expanded effort]

Third, we must be ready to respond immediately and with financial force if the currency crisis continues to spread) as indeed, over the past several days, it has threatened the economies of Latin America.

The IMF and other international financial institutions must stand ready to offer support to those nations seeking to reform themselves, particularly those who had struggled to make progress, only to be swamped by economic storms outside their control. So I call on the major economies to be willing to activate the \$18 billion now in the emergency fund of the International Monetary Fund -- the General Agreement to Borrow -- to ensure that the IMF continues to support reform and fight economic contagion.

And by far the most important thing we in America can do to that end is to

meet our obligations to the IMF. We are learning every day, even countries with the right economic policies can fail if the international community fails to help. The key to all this is the International Monetary Fund. After a year of financial firefighting, the IMF's resources are badly strained. Every day we do not act, we undermine the confidence the world needs that in time of crisis, the community of nations is ready to act.

The U.S. Congress simply must step up to its responsibility for leading in this new economy. In my State of the Union Address, I said that it is far better to prepare for a storm now than when the clouds are overhead. Today, eight months later, the clouds are much closer, and we can hear the thunder. By an overwhelming bipartisan majority, the Senate has moved rapidly and responsibly on this imperative. There are only [5] weeks left in the congressional session, and there is still no action from the House of Representatives.

Let me put it as plainly as I can: Failure by this Congress to pay our dues to the IMF will put our prosperity at risk. Failure to act will send a sharp

signal that at a time of economic challenge, lawmakers were unwilling to protect America's workers, businesses and farmers from the risks of global economic change.

Concerted action to spur growth (helping Asia through private sector debt restructuring and a strengthened social safety net (helping protect the rest of the world through use of the IMF's emergency fund, and by meeting our own obligations to the IMF (these are the immediate steps we must take to hold back the tide of financial crisis.

But wise stewardship of this new economy demands that we look forward. A global economy that lurches from boom to bust, that rides a roller coaster of financial instability, is not serving its purposes or the people. A half century ago, visionary leaders heeded the lessons of Depression and war and built a global trading and financial system that was a platform for decades of growth. Together with the movement toward more open markets and open capital flows, we have lived through an unparalleled period of economic prosperity. Now, facing new realities, our generation must learn the lessons of our time, and make sure that the world financial institutions are as modern and sophisticated as the markets they serve.

By creating the World Trade Organization we began to build a modern trading system. [reprise of WTO speech to come]

Next year we will host the meeting of the world's trade ministers in Washington, where we will set the agenda for expanded trade in the first decade of the new century. History teaches us that at a time of worldwide difficulty, it would be folly to retreat into a protectionist shell. We must keep trade flowing among nations. This November, when I meet with the leaders of the Asian economies at APEC, we will move forward to further open markets in Asia. It is more important than ever. And when Congress returns in the new year, I will work to pass a comprehensive trade agenda) from trade negotiating powers to the African trade initiative) that can win the support of a broad majority of both parties.

And from the meetings in Naples to Halifax to Birmingham, we have begun to lay plans for a new financial architecture. For the first time this year, we have included key emerging markets in this process, in a new Group of 22, recognizing their important stake in the global economy. Even as we respond to urgent alarms, it is not too early to begin absorbing the lessons of today's turmoil and speed the pace of our work.

So today I ask Secretary Rubin and Chairman Greenspan to convene the finance ministers and central bankers of the world's leading economies in Washington D.C. to develop to a preliminary report to the heads of state by the beginning of next year on strengthening the world financial system. We need to consider best ways extend emergency financing when countries are battling crises of confidence due to worldwide financial distress. We must adapt the IMF so it can better face the new kinds of financial crises and minimize their human costs. We must develop policies so countries can reap the benefits of free-flowing capital in a way that is safe and sustainable. We must find ways to tap the energy of global markets without sentencing the world to an endless cycle of continued crises. For half century, in national economy, we have learned to temper the swings of the business cycle; now, in the 21st Century, we must do so in the global economy as well.

I have discussed this in recent days with Prime Minister Blair, the Chair of

the G-7, and he shares my belief that this is an urgent task. It is critical to the mission he and I will be discussing next week at New York University School of Law) how to make the world economy work for the people who are in it.

In all these ways, we will continue to work to address the current financial emergency, and to build a system where such emergencies don't happen in the first place. There is no mission more critical to the strength and security of our country.

For what is at stake is more than prosperity; more, even, than the spread of free markets that has created an integrated global economy. For there is an extraordinary convergence at the edge of a new century. The same factors that allow nations to thrive in the new global economy are also those that deepen the democratic liberties that allow us to thrive as individuals. The free flow of ideas and information. Open borders and easy travel. The rule of law, fair and evenhanded enforcement, protection for consumers. A skilled and educated workforce. Each of these things is vital not only to the wealth

of nations, but the spiritual and democratic health of nations. Many nations today are in transition, but some of their citizens tire of waiting for democracy and free markets to deliver a better life. There is real risk in such nations that democracy and free markets, instead of continuing to thrive together, will perish together (that countries where economic turmoil has plunged millions into sudden poverty will face at least instability and at worst the risk of a return to dictatorship. This would pose great risks for our security. For as we see around the world, the international aggressors, the harborers of terrorists and drug lords, are authoritarian nations without democracy and free markets. Nations that give their people freedom at home are also good neighbors to other nations. When nations turn away from freedom, they turn toward tension, hatreds and instability.

At this moment of financial turmoil, we are called upon once again to lead

--

to organize the forces of a committed world, not with force of arms this time, but to channel the unruly energy of a new global economy. Each and every one of you here must play your part, just as generations of leaders did before you.

If America once again rises to its responsibility, as we have so many times

before, then we can redeem the promise of the global economy, and strengthen

our nation for the 21st Century. Thank you etc. ===== ATTACHMENT 1

=====

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
id <01J1RN8CCJTS008TW6@PMDF.EOP.GOV> for green_m@a1.eop.gov; Sun,
13 Sep 1998 18:30:08 EDT

Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
with ESMTP id <01J1RN87HV8W006EDW@PMDF.EOP.GOV> for green_m@a1.eop.gov; Sun,
13 Sep 1998 18:30:01 -0400 (EDT)

Received: from imo18.mx.aol.com ([198.81.17.8])
by STORM.EOP.GOV (PMDF V5.1-12 #29131)
with ESMTP id <01J1RN7A6S4W000W52@STORM.EOP.GOV> for green_m@a1.eop.gov; Sun,

13 Sep 1998 18:29:23 -0400 (EDT)

Received: from MAWALDMAN@aol.com by imo18.mx.aol.com (IMOV16.1)
id AGXP04367 for <green_m@a1.eop.gov>; Sun, 13 Sep 1998 18:28:57 -0400 (EDT)

X-Mailer: AOL 3.0 for Windows 95 sub 49

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

ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Anita Chomsky (Anita Chomsky (anitac@clark.net@INET@EOPMRX)
[UNKNOWN])

CREATION DATE/TIME:14-SEP-1998 19:03:29.00

SUBJECT: Ag Perspectives

TEXT:

WORLD PERSPECTIVES, INC.

~~Confidential~~ Report to Clients

**DETERMINED TO BE AN
ADMINISTRATIVE MARKING**
INITIALS: AC3 DATE: 12-13-2019
2019-0152-F

Ag Perspectives Monday, September 14, 1998 1800EDT

TOPIC	SUMMARY
-------	---------

WEATHER: 1. US WEATHER
2. WORLD WEATHER

MARKETS: 3. CLOSING FUTURES PRICES.
4. COMMENTARY: First One Way, Then Another.
5. EUROPE: Waiting For Turkey.

ANALYSIS: 6. Argentina Feels Turmoil of Brazilian Market Assault.
7. Global Market Crisis--Does Worse Mean Better (Part 2).

POLICY: 8. Lifting the Loan Rate Cap is "DOA."

POLITICS: 9. Corn Growers Fund Fast Track Ad.

CALENDAR: 10. Tomorrow.

WEATHER

I. US WEATHER: Taylor Spies

MIDWEST (OH, IN, MI, IL, MO, IO, WS, MN) Showers & rain (.5" to 1.5") MO & east IO. Scattered showers (.1"-.5") IL, IN, OH, & east MO over the next two days. Dry weather expected later this week into the weekend.

GREAT PLAINS (MT, WY, ND, SD, CO, NB, KS): Scattered Showers MT & ND (.5"-.45" 50% coverage) today. Mostly dry weather expected to support fieldwork throughout the rest of the region Mon. & Tues.

DELTA & SOUTHERN PLAINS (MS, LA, AR, OK, TX): Periodic showers throughout Delta and eastern TX & OK today into tomorrow. Drier weather in the Delta later in the week is expected to benefit crop conditions in this area.

PACIFIC NORTHWEST (WA, OR, ID): Dry Mon., showers along coast Tues. moving across much of area Wed.

SOUTHWEST: (CA, NV, UT, AR, NM): Mostly dry except eastern higher elevations which may see scattered showers temps 4-8 deg above normal

NORTHEAST (MN, NH, VT, MA, CT, RI, NY, PA, NJ, DE, MD, WV): Gen dry Mon. Showers and thundershowers across west and north of region Tues. Scattered

showers in Midatlantic on Wed.

SOUTHEAST (VA, KY, TN, NC, SC, GA, AL, FL): Dry weather expected to continue through tomorrow, possibility of scattered thunderstorms Wed & Thurs.

2. WORLD WEATHER: Taylor Spies

CANADA: Near to above normal temps mostly dry with isolated shower activity in west, central, and parts of east through beginning Tues.
abundant rainfall predicted later this week

MEXICO, CENTRAL AMERICA, & CARRIBEAN: New trop weather system developing in Gulf could cause more flooding rains throughout eastern Mexico later in week. Cent Amer will experience continued abundant rainfall throughout region all week.

SOUTH AMERICA: Scat. Showers cent & north Brazil Mon. & Tues. Argentina remains very dry much needed rain may fall later this week. North central and northeast areas very wet after continued rain and thunderstorms over weekend localized flooding in Venezuela.

WESTERN EUROPE: Rain continues across area this week drier weather needed to allow for preparation for fall crop planting.

EASTERN EUROPE & FSU: Rain in northwest slowed progress of fieldwork.
Dry warm weather in remainder of FSU will benefit crop maturation and

harvest.

SUB-SAHARAN AFRICA: Isolated showers across Ethiopia and Kenya today.

Showers and thunderstorms across northern and central sections of west Africa.

SOUTH ASIA (India, Pakistan, Afghanistan, Bangladesh, Nepal): Heavy rainfall expected in major soybean and peanut producing areas of western central and western India resulting from tropical depression over western Mahya Pradesh.

SOUTHEAST ASIA (China, Taiwan, Burma, Thailand, Cambodia, Viet Nam, Indonesia, Philippines): Showers in northeast China and over the southernmost provinces over weekend. Cooling trend forecast over Heilongjong in Northeastern China as showers subside on Tues. Warm and humid with scattered thundershowers throughout areas south of the Yangtze River. Heavy rain and localized flooding through Laos and Vietnam as tropical depression moves inland from South China Sea. Scattered showers through Wed across portion of Indonesia, Malaysia, and Philippines.

NORTH ASIA (Mongolia, Japan, Korea): Isolated showers across Japan and Korea.

AUSTRALIA & NEW ZEALAND: Rain from Victoria through southern Queensland (0.08"-0.75" 70% coverage) today continuing into tomorrow. Light rain and drizzle in eastern Australia continuing into tomorrow.

MARKETS

3. CLOSING FUTURES PRICES:

WU	248 1/2	+ 5	CKU	196 3/4	+ 1
WZ	263	+ 4 3/4	CNZ	208	+ 1/4
KCU	273 1/2	+ 1 1/2	SUB	529 3/4	+ 2 3/4
KCZ	287 3/4	+ 3 3/4	SXB	531 1/4	+ 2 1/4
MPU	311	+ 4 1/2	SMU	131.5	+ 0.2
MPZ	323 1/4	+ 4 3/4	BOU	25.20	+ 0.04

4. COMMENTARY: FIRST ONE WAY THEN THE OTHER: Gregg Doud

During the latter part of last week we discussed how the market seemed to run out of buyers so the only alternative was for the market to go down once sellers entered the scene. Today it was just the opposite side of the pendulum. The wheat market moved little and the corn market started lower but moved higher by midday.

Late in the day, buy orders by locals and funds triggered a fairly significant move to the upside in Chicago as sellers had once again failed to move the market lower. This failure apparently triggered technical buying signals via the 10-day moving average and positive comments from President Clinton, which spurred the international financial markets higher today, didn't hurt matters either.

There was also some talk in Kansas City today about the 7-10 day forecast that fails to include any moisture for HRW wheat country. We've been

talking about this for about 10 days internally but we haven't mentioned it "on paper" yet as we feel it is still a little soon to discuss. We will say, however, that IT IS extremely dry in parts of Texas, Oklahoma, Colorado, Kansas and Nebraska. If 2-3 inches of precip across a wide area does not arrive by October 10-15, this will quickly become a major issue for wheat futures. Until then, we are not concerned.

In the also ran category seemed to be corn which managed to close higher with December closing only 3/4 of a cent off the day's highs. Things were on the positive side of the ledger for soybeans most of the day with meal and oil also managing to end higher. This rounded off one of the few days during the last several weeks where the entire board managed to close in the green (up side) rather than the red (down side).

5. EUROPE: WAITING FOR TURKEY: Gregg Doud

The market in Europe has been slow for weeks and traders returned today for more of the same. There was nothing new as far as tenders were concerned with only a little discussion in the September area. Today Sept buyers were in the 88-89 dlr area with sellers wanting 92-93 dlrs. At least this is closer than where they were on Friday.

For Oct-Nov, sellers were in the 94 dlr area with 96 dlrs being the going rate for Nov-Dec French wheat. Buyers were not interested.

At least there was probably a good reason for today's wait and see attitude. Turkey's latest tender is going on and prices are in a very wide (78-88 dlr) range for red milling wheat with most around 84-85 dlrs.

The best price for white milling wheat seemed to be about 91 dlrs. Durum looks to be worth about 105 dlrs/mt.

Barley on the other hand is only about 55 dlrs. We hate to poke fun, but the bargain of the day was rye -- 10,000 bid for 32.28 dlrs/mt and 10,000 mt for 28.28 dlrs/mt were two examples. Results should be available late tomorrow.

ANALYSIS

6. ARGENTINA IMPACTED BY BRAZILIAN MARKET ASSAULT: Carole Brookins

As expected, financial operators stalking the world for market plays, Brazil became the next vulnerable target. Emergency measures by the Cardoza Govt ahead of the election on 4 October were designed to stop the hemorrhaging of foreign exchange reserves, stem capital flight and stabilize the foreign exchange market. An increase in the base lending interest rates to nearly 50 pct last Thursday seems to have temporarily stabilized markets. Cardoza is expected to win his election easily and observers expect that attention will focus on rescheduling of domestic debt over the near-term, as economic recession may undo the economic gains of the past several years if the government is forced to maintain tremendously high borrowing costs. Additionally, as we have discussed in previous reports, the Chilean example of capital controls (to stem short-term speculative capital imports) could well enter into policy.

WPI ANALYSIS: Finance Ministers from Latin America descended on Washington earlier this month to seek concerted action from the IMF and US

Government in order to maintain stability Hemisphere. Clearly, the heightened attention of the Clinton Administration and G7 (See Below) and commitment to action are meant to shore up the financial system and send speculative sellers to the sidelines.

At the same time, we understand that there are already repercussions from anxious bankers being felt in Argentina. Our sources indicate that some smaller banks are pulling their limits and inter-bank lines are drying up, with caution from key European banks. Argentina is preemptively negotiating a 6 bln dlr package with the IMF to cover any additional funding necessary over the next 9 months if it is not able to get additional funding in the markets. Although only 30 pct of Argentina's exports go to Brazil (and trade accounts for 10 pct of GDP), it is obvious that if Brazil is forced to devalue, Argentina will not be able to maintain its dollar convertibility.

7. GLOBAL MARKET CRISIS--DOES WORSE MEAN BETTER (PART 2): Carole Brookins

On 31 August in this report, I wrote that: "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 hard as well the investors and businesses in Europe, Latin America and the U.S., the crisis is becoming big enough to get action.

Much as the old adage 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), the world's finance officials respond similarly to BIG problems much more sympathetically when a lot of countries are threatened."

Since that report, we've had the Russian meltdown, Malaysia's decision to fix exchange rates and impose capital controls and the latest assault by market marauders on Brazil.

I predicted on 31 August 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: Based on my earlier analysis, I would point out that the G7 is holding emergency meetings and President Clinton today called for a new financial architecture to support the world economy, along with a major new World Bank initiative to provide a social safety net to the Asian crisis economies.

I also pointed out on 31 August that: "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)."

Are the world's financial gurus now going to try and keep global recession from spiraling downward through re-inflating the economy? Was I correct on 31 August in signaling a broad change ahead in policy? First, Fed Chmn Alan Greenspan has signaled the potential for a rate cut. Second, President Clinton essentially called for shift away from fighting inflation to spurring growth in a speech today to the Council on Foreign Relations in New York:

"If you consider today's economic difficulties, disruptions...it is clear to me that there is now a stark challenge not only to economic freedom, but if unaddressed, a challenge that could stem the rising tide of political liberty as well."

Clinton said: "the balance of risks now has shifted with a full quarter of the world's population living in countries with declining economic growth or negative economic growth" and he called for six immediate steps to contain the current financial turmoil around the world.

These measures include:

- (1) Working with Japan and Europe, amongst others, to spur growth (WPI ANALYSIS: this could mean coordinated lowering of interest rates, and commitment to domestic spending, etc. in our view);
- (2) Expanding effort to enable viable Asian businesses to emerge from

crippling debt burdens (WPI ANALYSIS: this could mean debt restructuring, with potential conversion of private debt to government debt packages)

(3) World Bank doubling its support for Asian safety net

(4) IMF 15 bln dlr emergency funds readied to stem financial contagion in Latin America and elsewhere

(5) Ex-Im Bank will increase its activities supporting business/trade in the developing world (WPI ANALYSIS: Is GSM also going to be part of the package, with an accelerated or expanded role?)

(6) Congress is being asked to fund the IMF so the US can meet its commitments.

Perhaps the most important concept for commodity markets is the political/policy shift away from fighting inflation to re-stimulating the global economy. If this is carried through, then maybe my "Does Worse Mean Better?" theory will translate into market impacts.

POLICY

8. LIFTING THE LOAN RATE CAP IS "DOA": Gregg Doud

We received several calls from clients today about Secretary Glickman's announcement Friday that he was reversing his stance and would be in favor of lifting the cap on the non-recourse marketing loan rate. This announcement was coordinated with an amendment offered by Sen. Tom

Harkin (D-IA) to the Interior Dept's appropriation bill (we'll explain later) that would essentially do three things:

1. Impose a one-year lifting of the cap on loan rates. Previous to the 1996 FAIR Act, loan rates were determined by taking 85 pct of the 5-yr Olympic (drops the high and the low) average national average farm price for a given commodity. Harkin is proposing a one-year return to this calculation. Secretary Glickman, probably to avoid an appearance of conflicting positions within the Democratic Party, flip-flopped his position on Friday to go along with this proposal.

Capping loan rates was done in the 1996 Farm Bill (FAIR Act) to arrive at 1.444 bln dlrs in budget savings over 7 years. Harkin's one year "cap lifting" has been scored at 5 bln dlrs over a 5-year period.

(Farm bill scoring is done on an expected value or probability basis.

Since prices were higher then, the probability of an LDP greater than 50 cents per bushel was quite low--roughly less than 30 pct vs. a probably score of 100 pct today. Scoring done on any current proposal is done on a current market value basis.)

Current farm program payment limitations are 40,000 dlrs per entity for transition or AMTA payments and 75,000 dlrs per entity for marketing loan gains and/or loan deficiency payments. From a budget standpoint, it is rumored that one of the ways to avoid at least some this amendment's expense by limiting the level of LDP payments per producer to 50,000 dlrs.

2. USDA/CCC would pick up the tab of storage costs on grain put under loan.

3. Extends the loan period from the long-standing 9 month maturity to a 15 month time period.

Harkin is also calling for USDA to institute a livestock price reporting mechanism (worded as protection of livestock producers against retaliation by packers--the whole captive supply issue, labeling of imported meat, etc.) and various disaster assistance measures mostly livestock related.

WPI ANALYSIS: For those clients who didn't call, here's what you need to know. This whole loan rate issue is going nowhere...period. It's "dead on arrival" in a Republican controlled Congress. Senate Ag Cmte Chairman Lugar today stated that lifting the cap on loan rates would be "unwise."

So, why then did Senators Harkin, Dorgan (D-ND), Wellstone (DMN), Conrad (D-ND) and Johnson (D-SD) monopolize the floor of the Senate for half the afternoon to carry on about the crisis in farm country?

We can't say for certain but we would guess it was because the National Farmers Union is said to have rented out an entire hotel building in town today (about 240 people) to hold a rally and talk to Congress about these low commodity prices. Essentially today's presentations (including what can best be described as an explanatory lecture to his fellow Senators and any farmers watching by Senate Ag Cmte Chairman Lugar) was an effort to say Congress IS going to do something this session to put money into producers pockets before this session ends.

However, anything involving a change to "Freedom to Farm" is unlikely to succeed. Sen. Baucus (D-MT) first proposed extending loan rates earlier this summer but pulled his proposal before it even came to a vote. Next came a "clean" proposal on loan rates that was defeated 56 to 43.

Make no mistake, though, there will be something done in this Congress to help farmers deal with these extremely low commodity prices. Although this analyst discussed a "regional" farm crisis a couple of months ago, the situation has deteriorated significantly since that time. Today there IS a crisis in farm country with not only farmers, but also rural banks that are now going bankrupt in several parts of the country. We are also seriously concerned about the financial stability of the US livestock industry today.

Our sources indicate that "something" is likely to be a 2-3 bln dlr emergency spending package that puts more money back into this fiscal year's AMTA (transition) payment program for distribution. Legislation already signed into law makes available all FY '99 AMTA payments up front (Oct '98) and this has no budget cost as it involves the same fiscal year.

Discussions are being held in the ag committees to put additional money into the FY'99 AMTA account for distribution this fiscal year. They are strongly considering this idea for three reasons:

1. It's quick (there isn't much time for debate);

2. It's probably the most equitable way of allocating the money to grain producers, and;

3. It's totally in sync with the freedom to farm concept. (It's the least market distorting.)

So how does Congress pay for such a proposal? Well...under normal budget rules offsets would be required. However, if it is declared emergency spending, no offsets are needed. Our understanding is that a big (8-10 bln dlr) omnibus emergency supplemental spending bill is being developed to be the last item of business this session.

What started out as a 500 mln dlr indemnity to the Northern Plains is now likely to be 2-3 bln dlrs in emergency ag spending, money to deal with the year 2000 computer problem and money for Bosnian relief efforts. This 8-10 bln dlrs, however, will be OFF BUDGET.

In the meantime, Congressional leadership will hold the line on Freedom to Farm ('96 Farm Bill). About 260 mln dlrs has already been spent on loan deficiency payments for wheat this year and Sen. Lugar estimated that the LDP tab will be about 2-3 bln dlrs by the time corn and soybeans get paid.

The advancement of FY'99 transition payments in addition to the potential for more transition payment money before then end of the year means that Uncle Sam, in classic fashion, is opening up his wallet to producers in an election year.

The big difference from years gone by is that these expenditures will not be linked to commodity prices or production. They will be added into the farm revenue (AMTA) safety net. Look for this 2-3 bln dlrs to eventually be referred to as a "sanctions indemnity payment."

Our biggest concern at this point, however, is that so much emphasis is put on the grains sector that that livestock sector may get only a fraction of the supplemental spending when it may actually be in the worst financial condition in aggregate.

POLITICS

9. CORN GROWERS FUND FAST TRACK AD: Dave Juday

With Washington occupied by the Starr report on the President, ag interests are focusing on a trade agenda. More than 300 producers, from National Corn Growers, National Pork Producers' Association, and the American Farm Bureau Federation, will be in Washington this week to push for a broad ranging trade agenda, prior to next week's vote in the House on fast track.

Coordinated with this week's effort will be the unveiling tomorrow of a new television and radio ad calling for Congress to pass fast track, IMF funding, and sanctions reform. The production costs of these spots was fronted by the National Corn Growers' Association. As we reported this spring, NCGA scored a major victory on ethanol over Ways and Means Cmte Chmn Bill Archer (R-TX), but now they will be on his side. In the ethanol battle, the NCGA went to the airwaves and apparently are convinced that

the same strategy will work on fast track.

The ad will run under the auspices of Ag for Fast Track coalition, but that coalition became less energetic as the issue wore on this year.

NCGA's efforts could jump-start the coalition for what is literally a one week effort; the commodity group has taken a strong pro-trade stance (see Bob Kohlmeyer's piece, WPI 09/01/98).

The ads will be targeted to congressional districts where fast track votes are needed, and potentially could be won. At this point, we are told that the coalition does not have the necessary funding to hit all their target districts between now and next week when the vote will occur.

Very interesting to us, is the fact that one of the key states which meets the coalition's criteria--Indiana. At this point, at least 4 Republican members from the Hoosier State, including Ag Cmte member Rep. John Hostettler, are somewhere from "questionable" to "leaning against" fast track. This underscores the potential difficulties in getting fast track through the House, despite Majority Leader Dick Armey's (R-TX) assertion that it will pass. Indiana must be a "base" state to building any winning strategy. Ironically, Indiana is home to Senate Ag Cmte Chmn Dick Lugar (R), an influential proponent of fast track. Fast track has already passed the Senate; Lugar is also primary author of sanctions reform legislation.

The ads will follow a successful format from another issue advocacy campaign-- the health care debate's Harry and Louise. The new spots will

feature a kitchen-table discussion between a farm couple named John and Brenda.

10. CALENDAR: TOMORROW

September 15, 1998

TUESDAY

USDA/NASS Milk Production Report

1150 18TH STREET NW, SUITE 275 WASHINGTON, DC 20036

ATT/EASYLINK # 62817020 TELEPHONE: 202-785-3345

<http://www.worldperspectives.com> FACSIMILE: 202-659-6891

Copyright AG Perspectives 1998. Reproduction of any portion of this report is strictly prohibited without permission of World Perspectives, Inc. The information contained herein has been obtained from sources believed reliable, but is not necessarily complete and cannot be guaranteed. Any opinions expressed are subject to change

without notice.===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Message Mail Header

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

Delivery Receipt Requested

Creation Date: 14-Sep-1998 07:02:02.00 pm
Modification Date: 14-Sep-1998 07:02:02.00 pm
Submit Date: 14-Sep-1998 07:03:29.00 pm
Delivery Date: 14-Sep-1998 07:03:00.00 pm

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

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

===== ATTACHMENT 2 =====

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
id <01J1T2OXR15C0097C0@PMDF.EOP.GOV> for heath_d@a1.eop.gov; Mon,
14 Sep 1998 19:03:24 EDT

Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
with ESMTP id <01J1T2ORBA68008F39@PMDF.EOP.GOV> for heath_d@a1.eop.gov; Mon,
14 Sep 1998 19:03:19 -0400 (EDT)

Received: from postal.clark.net ([168.143.0.17])
by STORM.EOP.GOV (PMDF V5.1-12 #29131)
with ESMTP id <01J1T2O8F1P60016JF@STORM.EOP.GOV> for heath_d@a1.eop.gov; Mon,

14 Sep 1998 19:02:51 -0400 (EDT)

Received: from shell.clark.net (anitac@clark.net [168.143.0.8])
by postal.clark.net (8.9.1/8.9.1) with ESMTP id TAA01379; Mon,
14 Sep 1998 19:02:02 -0400 (EDT)

Received: from localhost (anitac@localhost) by shell.clark.net (8.8.8/8.8.8)
with ESMTP id TAA15398; Mon, 14 Sep 1998 19:02:02 -0400 (EDT)

X-Authentication-warning: shell.clark.net: anitac owned process doing -bs

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